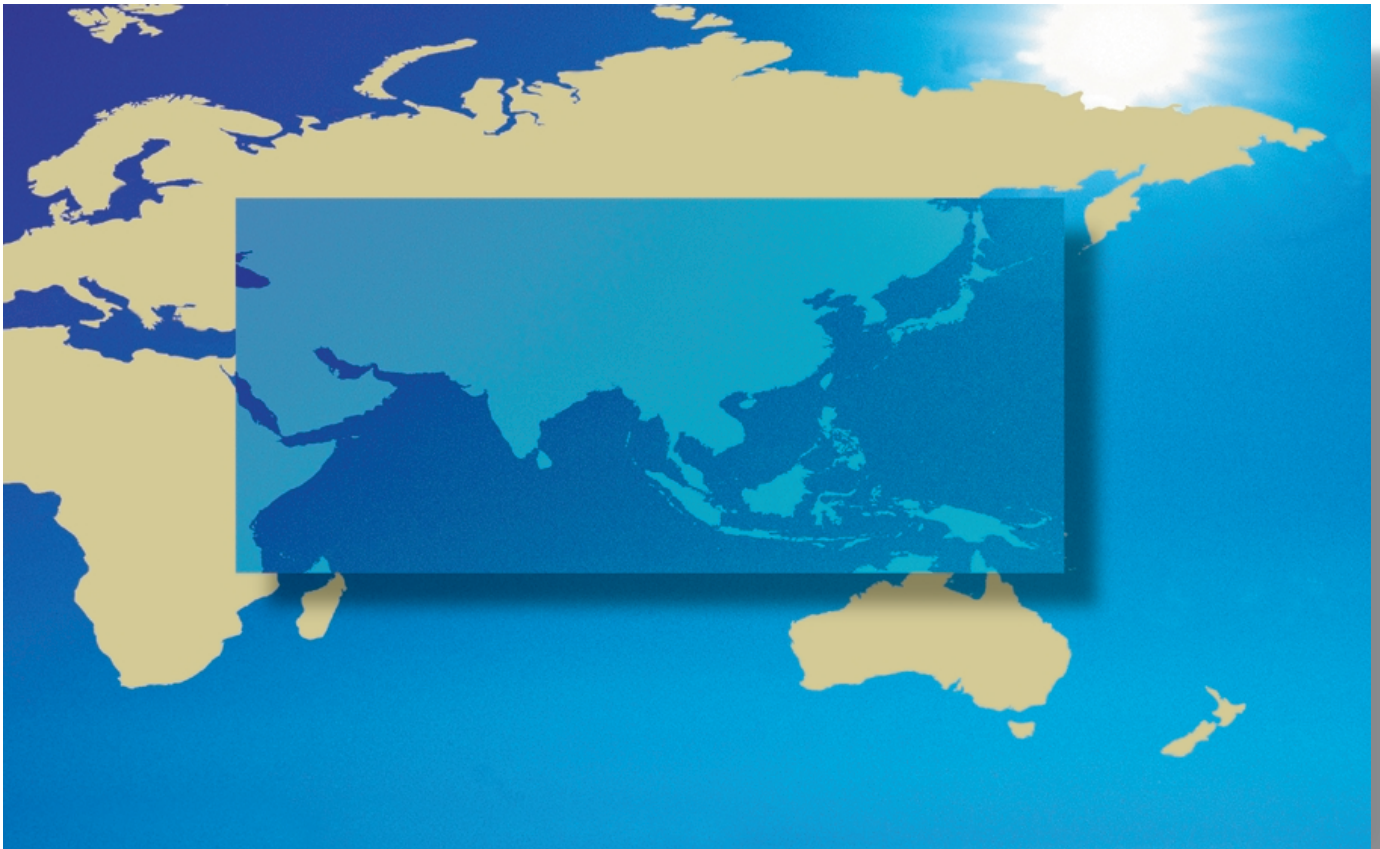


OPRF MARINT Monthly Report

August 2009



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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.

Publisher: Masahiro Akiyama

Staff writers:

Kazumine Akimoto, Takehisa Imaizumi, Tsutomu Inuzuka, Tetsuo Kotani,
Masahiro Kunimi, Aki Mori, Takehisa Tomomori, Hideshi Ueno, Yuko Takada

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Major Events in August 2009

Security: On the 1st, the Norwegian naval frigate sailed from Norway to take part in EU fleet, EU NAVFOR. The frigate will be part of EU NAVFOR for six months, safeguarding UN's food program shipments, as well as conducting anti-piracy activity in the Gulf of Aden. On the 2nd, Dutch naval frigate sailed from the Netherlands to the Gulf of Aden to participate in the EU fleet, EU NAVFOR. On the 18th, a Belgian naval frigate is leaving the Port of Zeebrugge on its way to the "Horn of Africa." Belonging to the EU fleet, the frigate will engage in anti-piracy operations in the waters between the Gulf of Aden and the Seychelles from September 1 until December 13.

On the 2nd, Somali pirates released a Malaysian-flagged tug with a barge in tow. The tug named the *Masindra 7* (262GT) was freed after an unspecified ransom was paid.

While conducting anti-piracy mission in the Gulf of Aden under the CTF-151, South Korean naval destroyer *Munmu the Great* seized and then released suspected pirates for lack of evidence on the 5th. The incident is the first time the South Korean navy has seized suspected pirates.

On the 13th, two Egyptian fishing vessels- the FV *Momtaz 1* and FV *Samara Ahmed*-escaped from Somali pirates after seizing the weapons from the pirates. The kidnappers had held the 34 Egyptians hostage since hijacking two vessels in the Gulf of Aden on April 10.

In the 17th, the NATO commenced a new phase of anti-piracy operation - Operation Ocean Shield. This new mission builds on the experience gained during Operation Allied Protector, NATO's previous counter-piracy mission, and develops a distinctive NATO role based on the broad strength of the Alliance by adopting a more comprehensive approach to counter-piracy efforts.

On August 19 and 22, there were findings of a suspected vessel and the confiscation of weapons by an on-the-spot inspection under the coordination between a P-3C maritime patrol aircraft of the Japanese Maritime Self Defense Force (JMSDF) and the EU fleet in the Gulf of Aden. According to the homepage of the Japanese Defense Ministry, the JMSDF P-3C maritime patrol aircraft confirmed a small, suspicious boat (skiff) with a ladder onboard during its surveillance mission in the Gulf of Aden on the 19th. The P-3C maritime patrol aircraft provided information to the merchant ships and naval vessels of other nations sailing in the surrounding areas. Receiving information, a German navy's frigate of the EU fleet went to the scene. Conducting an on-the-spot inspection, the frigate captured weapons, and let the boat free. Also, on the 22nd, a JMSDF P-3C maritime patrol aircraft found a suspicious skiff sailing with ladders onboard, and provided information to the merchant ships and foreign naval vessels sailing in the surrounding areas. Receiving information, Norwegian frigate of the EU fleet conducted an on-the-spot inspection. The marines seized weapons, and arrested seven pirate suspects, but released them later due to lack of positive evidence.

On the 22nd, the Philippines' Department of Labor and Employment (DOLE) said at least 40,000 Filipino seafarers stand to benefit from a new Japanese anti-piracy law.

On the 26th, Somali pirates aboard Taiwanese Motor Vessel (M/V) *Win Far 161* they had hijacked fired weapon at a U.S. Navy SH-60B Helicopter launched from USS *Chancellorsville* (CG

62), the U.S. Navy said. No rounds of ammunition struck the SH-60B. No personnel injuries resulted from the incident.

Military: China is buying four Zubr-class hover-craft from Ukraine. The Chinese are buying two Zubrs to be built in Ukraine, and another two built in China, with the help of Ukrainian engineers and technicians. Apparently China is intending to get the Zubr construction technology.

The PLA News dated August 24 (Online) carried an article on a status of the Japanese Maritime Self –Defense Force (JMSDF) with a photograph of the “Hyuga” which was signed by Den Shizeng. It commented that, in the Asia-Pacific region, apart from the U.S. Navy, the JMSDF is one of the most powerful naval forces, which has relatively strong, ocean-going, and mobile operational capabilities.

The two-day meeting based on the Military Maritime Consultative Agreement (MMCA) between the experts of the United States and China was held in Beijing on August 26-27. China side asked the U.S. side to decrease and eventually stop U.S. military air and sea surveillance and survey operations in China's exclusive economic zone (EEZ).

The Vietnamese Defense Ministry on August 28 announced it would set up an additional naval unit to protect Vietnam's southern continental shelf from Binh Thuan to Bac Lieu provinces.

On the 31st, Indonesian Navy chief of staff told Indonesian navy is continuing to intensify operations to secure the country's outermost islands.

Diplomacy and International Relations: According to the Australian newspaper, *The Australian* dated August 10, China and Taiwan said they would end a battle for aid that appears to be politically driven for support from the countries in the South Pacific at the summit meeting of the Pacific Islands Forum recently held in Cairn, Australia.

In the Intelligence Assessment in this monthly report, the OPRF summarized the present status and the issues about the recent rivalries of the concerned nations over the maritime borders in the South China Sea based on the testimonies at the public hearing in the U.S. Senate Foreign Relations Committee held on July 15 and other sources of information.

Shipping, Resources, Environment and Miscellaneous: On the 10th, giant container-lifting cranes arrived at the Red Sea Gate Terminal (RSGT) in Jeddah port, Saudi Arabia. When all of the six new cranes are installed, they will put RSGT in the front rank of the world's container terminals.

According to the Panama Maritime Authority (AMP), the Panama Registry now has 8,644 vessels of more than 500DWT with a total gross tonnage (GT) of 202.6m, which is up from 8,605 vessels totaling 183.5m GT as of December 2008. This represents 21.87% of the world's total fleet.

Revenues from the Suez Canal reached \$382.9m in July, a 22% fall on the corresponding month in 2008. The figure nevertheless represents the highest monthly receipt so far in 2009. The previous high for 2009 was June's figure of \$348.2m. On the other hand, canal revenue dropped 7.2% in the 2008-2009 financial year, falling from a record \$5.1bn to \$4.7bn in the wake of the global economic downturn.

The Korean-led consortium developing a gas field off Burma's coast is to invest billions of dollars in a project to supply gas to China over 30 years, including a plan to build a supply pipeline between the countries. Starting in 2013, the consortium will feed 500m cubic feet of gas a day, or approximately 3.8m tons a year, to China National United Oil Corp.

On the 28th, a Panamanian-flagged product carrier split in half before sinking near the southern entrance to the Suez Canal. The carrier was unloaded and headed from Yemen to a dry-docking at the Suez Port for maintenance.

1. Information Digest

1.1 Security

August 1 “Norway sends warship to EU Fleet” (Maritime Security, Horn of Africa, Press Release, August 3, 2009)

On the 1st, the Norwegian naval frigate HNoMS *Fridtjof Nansen* sailed from Norway to take part in EU fleet, EU NAVFOR. The *Fridtjof Nansen* will be part of EU NAVFOR for six months, safeguarding UN's food program shipments, as well as conducting anti-piracy activity in the Gulf of Aden. In addition to its 140 crew members, a unit of the Norwegian Special Naval Force (MJK), legal, surgical capacities and translators are onboard the vessel. The *Fridtjof Nansen* is a first participant in the EU NAVFOR coming from a country that is not a member of the EU.

August 2 “Pirates attack tug & barge in SCS” (ReCAAP • ISC, Incident Report, August 2, 2009)

According to ReCAAP • ISC report, on the late evening of the 2nd, a Singapore-registered tug boat, *Tahir* towing a barge - Baran was underway in the South China Sea (SCS) when five robbers armed with parangs and machetes boarded the tug boat. The tug boat had departed Vietnam and was en route to Singapore. Of eleven Indonesian crew members, except tug's master who sustained a cut on his leg, the others escaped unscathed from the incident. The SCS has emerged as a new potential piracy hot spot after a seventh attack in less than four months.

August 2 “Somali pirates release Malaysian tug & barge held over 7 months” (Trade Winds, August 3, 2009)

On the 2nd, Somali pirates released a Malaysian-flagged tug with a barge in tow. The tug named the *Masindra 7* (262-GT) was freed after an unspecified ransom was paid. The tug was seized in the Gulf of Aden on December 16, 2009 while en route unloaded from Yemen to Malaysia with a barge called *AMD 1* in tow. The tug was with 11 Indonesian crews in all.

August 2 “3rd Chinese naval escort TF commences mission”(PLA News, Online, August 3, 2009)

On the 2nd, the third Chinese naval escort taskforce (TF) dispatched to Somalia started its mission in the Gulf of Aden. The first mission was to escort nine merchant vessels including Greek and Panamanian-flagged ships. It was the 87th escorting mission in all for the Chinese flotilla.

【Related Story 1】**“3rd Chinese naval escort TF makes 1st visit to Oman”(PLA News, Online, August 16, 2009)**

On the 14th, the destroyer “*Zhoushan*” of the third Chinese naval escort taskforce (TF) entered Port Salalah of Oman for the first rest, maintenance, and replenishment. Wang Zhiguo, commander of the taskforce told the reporters, “To organize rest regularly while performing escort missions can enable the officers and men who are engaged in continuous tasks for a long time at the sea to have a rest physically and mentally as well as sufficient supply of logistics materials and a timely maintenance, check, repair and service as well.”

【Related Story 2】**“2nd Chinese naval escort TF visits India, Pakistan on its way home”(PLA News, Online, August 9, 2009)**

On the 5th, the frigate “*Huangshan*” and the comprehensive replenishment ship “*Weishanhu*” of the Second Chinese naval taskforce (TF) made a three-day visit to Karachi, Pakistan for three days. During this period, both ships conducted navigational and communication exercises with Pakistani navy off Karachi and exchanged their experiences of escorting activities off Somalia. On the other hand, the destroyer “*Shenzen*” visited Cochin on the 8th to exchange the experiences of escorting missions off Somalia with the Indian Navy.

【Related Story 3】**“China's 2nd naval escort TF visits to encourage soldiers in Spratly”(PLA News, Online, August 21, 2009)**

The second escort taskforce (TF) visited to encourage the soldiers stationed in the Spratly Islands. On that occasion, the “*Shenzen*” and “*Huangshan*” conducted aerial landing-drills of the Special Forces by using the helicopters launched from their ships. Political Commissar Lu Yonghua of the garrison in the Spratly Islands said, “Whether or not it is for the defense of the Spratly Islands, or for the escort of taskforce, we are on sentry duty for our country and escorting the vessels for our country.”

August 2 “Netherlands sends warship to EU Fleet” (Maritime Security, Horn of Africa, Press Release, August 3, 2009)

On the 2nd, Dutch naval frigate HNLMS *Evertsen* sailed from the Netherlands to the Gulf of Aden to participate in the EU fleet, EU NAVFOR. The *Evertsen* will take over the role of EU NAVFOR from the Spanish naval frigate SPS *Numancia* on August 13, and Dutch commodore on board the *Evertsen* will become commander of EU NAVFOR.

August 3 “Somali pirates release German ship” (Maritime Security, Horn of Africa, Press Release, August 3, and Reuters, August 3, 2009)

According the Maritime Security Center, Horn of Africa (MSC-HOA) run by the European

Union (EU), Somali pirates released a German-flagged container vessel, MV *Hansa Stavanger* (2,526 DWT) on August 3. The container was captured about 400 miles off the southern Somali port of Kismayu on April 4. As for its crew, the vessel was with five Germans, three Russians, two Ukrainians and 14 Filipinos on board.

According to the Reuter's news dated the 3rd, the pirates holding the German ship told they received a \$2.7 million ransom.

August 5 “South Korean navy frees pirate suspects after seizure” (Lloyd's List, August 7, 2009)

Launching its helicopters and three high-speed boats (RHIBs), South Korean naval destroyer *Munmu the Great* seized and then released suspected pirates for lack of evidence on the 5th. While conducting anti-piracy mission in the Gulf of Aden under the CTF-151, *Munmu the Great* was deployed to the area, following a distress signal from a Bahamas-flagged vessel about 70 miles away. According to the South Korean navy, the marines seized a knife and an AK-47, but it appears the pirates had thrown weapons and ladders into the water before the capture. The incident is the first time the South Korean navy has seized suspected pirates.

August 5 “India's Coast Guard detains NK suspicious vessel” (The Times of India, August 8, 2009)

According to the Indian daily newspaper, *The Times of India* dated August 8, the Indian Coast Guard (ICG) detained on the 5th a suspicious North Korean ship, MV *Mu Sen*, which had dropped anchor off the Andaman and Nicobar in the Gulf of Bengal. The report said the *Mu Sen* was found to have been at anchor off the Islands for which it had no permission. The *Mu Sen* didn't respond to the signals from the ICG. When ICG ship approached it, *Mu Sen* tried to escape, forcing coast guard men to fire twice in the air. The ship was finally captured and brought to Port Blair. The ship was with 39 people from North Korea on board. According to an investigation of Indian authorities, the *Mu Sen* left Thailand on July 27, carrying 6,500 tons of sugar from Thailand to Iraq, and made at Singapore on July 30. The vessel started Singapore on July 31, but no passport stamping was done in Singapore. Inspections found that the vessel was carrying sugar.

【Related Story】

“Cargo was sugar: Indian Navy Chief” (The times of India, August 9, 2009)

On the 8th, Indian Navy chief Admiral Sureesh Mehta said all the cargo on the North Korean ship MV *Mu Sen* was around 16,000 tons of sugar.

August 6 “Croatia to join EU' fleet, paying own costs” (Lloyd's List, August 6, 2009)

Croatia is to join the European Union's fleet (EU NAVFOR) which is conducting anti-piracy mission off Somalia. The Balkan country, an EU applicant at present, has agreed to pay its share of costs and put its forces at the disposal of EU NAVFOR commanders. Foreseeing the possibility that pirates will be arrested by Croatian naval forces and transferred to Croatia for trial, Croatia

has promised to respect the human rights of pirates.

August 7 “U. S. Coast Guard chief urges to introduce closer surveillance of leisure boats” (AFP, August 7, 2009)

U.S. Coast commandant Guard Admiral Thad Allen said that despite public opposition to increased registration and tracking of largely-recreational vessels, “we need to be moving in that direction.” Currently, boaters on vessels smaller than 300 gross tons, up to 21 meters long, are largely free to move around unrestricted and without transponders, while small aircraft traffic is closely monitored and controlled. The Department of Homeland Security, which oversees the coast guard, has been looking into other small boat-based threat scenarios, including their combined use with portable surface-to-air weapons to attack airports and with improvised explosive devices. Fifty-five water-accessible U.S. ports and facilities have been identified as particularly vulnerable or important and would be hardened, he added.

August 9 “Somali pirates release Italian tug” (AFP, August 9, 2009)

The Italian-flagged ocean-going tugboat TB *Buccaneer* was freed on the 9th, the foreign ministry in Rome said. TB *Buccaneer* was seized by Somali pirates in the Gulf of Aden on April 11. The tug was with 16 crew-members on board -- 10 Italians, five Romanians and a Croat. In its statement, it said the Foreign Minister Franco Frattini had expressed his thanks to the Somali authorities as well as to the Italian special forces and Intelligence services for helping to have the TB *Buccaneer* released.

【Related Story 1】

“\$4 million ransom may be possible” (Garowe Time, August 10, 2009)

Somali pirates received a \$4 million ransom to free the TB *Buccaneer*, a member of the gang said. On the other hand, Andrew Mwangura, coordinator of regional maritime group, East African Seafarers' Assistance Program, said the pirates received \$5 million.

【Related Story 2】

“Italian FM denies release by use of force, ransom payment” (Trade Winds, August 10, 2009)

Italy's foreign ministry (FM) said TB *Buccaneer* was released without the use of force or any ransom being paid. FM told, however, that the ship owner (SO) had only paid a few hundred dollars to buy food and water for the crew members. On the other hand, while denying any ransom payment, the SO said the Italian government promised some good things to Somalia before the ship was released. It is regarded to be including economic assistance to Puntland, the semi-autonomous region of Somalia. The SO also denied that the two barges being towed by the tug were carrying industrial waste explaining that the pirates had tried to say this to justify the seizure. The barges were, in fact, empty.

August 11 “U.S. shipping company demonstrates non-lethal, anti-piracy system in drills” (Maritime Global net, August 11, 2009)

On the 11th, NEMESIS 5000 Company, a maker of non-lethal anti piracy device fitted on board the U.S. merchant ships, conducted a demonstration exercise of a new anti-piracy system – Nemesis 5000 - off New Jersey. The Nemesis 5000 is a non-lethal, extremely high pressure water system intended to prevent pirates from boarding the ship. It does not require specialists for its installation, maintenance, and use. And, if a fire breaks out on board the ship in the midst of a pirate attack, the Nemesis 5000 will not affect the performance of the fire suppression system.

August 11 “Turkish navy seizes 5 pirate suspects” (Bosphorus Naval News, August 12, 2009)

On the 11th, a Turkish navy's frigate, TCG *Gaziantep* which belongs to NATO fleet, detained five pirate suspects inside the International Recommended Transit Corridor in the Gulf of Aden. The naval commandos on board of TCG *Gaziantep* in assistance with the on board helicopter intercepted a skiff with five men on board. The commandos found 22 cans of fuel, global positioning system (GPS) receiver and cell phones and ladders for climbing on board the skiff. Most probably the guns were ditched by the pirates to the sea upon the sight of incoming Rigid Hull Inflatable Boat (RHIB). Two merchant ships, Marshall Islands flagged M/V *Dal Madagascar* and British flagged M/V CMA CGM *Hydra* were in close vicinity. Therefore it is assumed that a potential pirate attack was foiled with this operation. The total of captured pirates by Turkish Navy rose to 17. Below is a scene of the pirates being captured by TCG *Gaziantep*.

August 13 “Egyptian fishing vessels detained by Somali piracy escape from captors” (Khaleej Times, August 14, 2009)

On the 13th, two Egyptian fishing vessels - the FV *Momtaz 1* and FV *Samara Ahmed* - escaped from Somali pirates after seizing the weapons from the pirates. The kidnappers had held the 34 Egyptians hostage since hijacking two vessels in the Gulf of Aden on April 10. Two pirates were killed in a shoot-out, several were captured and one was rescued after being stabbed and thrown into the sea.

【Related Story】

“Egyptian fishermen head home after detaining 8 pirates” (AFP, August 16, 2009)

According to the Red Sea director of the Egyptian fishermen's trade union on the 16th, 34 Egyptian fishermen who had escaped from pirates were heading home with eight of their former Somali captors held captive in their boats. The plan of their escape was successfully drawn up by the Egyptian authorities. Egypt's state-owned newspaper, *Al-Ahram* said that one of Egypt's main security agencies played a key role in the operation to free the fishermen.

On the other hand, Somali pirates told they found seven dead colleagues floating in the ocean on the 15th and vowed to take revenge against Egyptian fishermen. (Reuter, August 15, 2009)

August 17 “NATO begins new anti-piracy mission” (NATO News, August 17, 2009)

The North Atlantic Organization (NATO) commenced a new phase of anti-piracy operation - Operation Ocean Shield on the 17th. This new mission builds on the experience gained during Operation Allied Protector, NATO's previous counter-piracy mission, and develops a distinctive NATO role based on the broad strength of the Alliance by adopting a more comprehensive approach to counter-piracy efforts. While at-sea counter-piracy operations will continue to be the focus, a new element of regional state counter-piracy capacity building has been developed for Operation Ocean Shield. NATO's capacity building effort will aim to assist regional states, upon their request, in developing their own ability to combat piracy activities. This element of the operation is designed to complement existing international efforts and will contribute to an improved maritime security situation off the “Horn of Africa.”

Allied Joint Command Lisbon, Portugal, is in overall command of Operation Ocean Shield while Maritime Component Command Headquarters Northwood, United Kingdom, will execute day-to-day tactical control. Naval forces in support of the operation currently consist of units comprising the Standing NATO Maritime Group 2 (SNMG2), which include the United Kingdom frigate HMS *Cornwall* as flagship, the Italian frigate ITS *Libeccio*, the Greek frigate HS *Navarion*, the United States destroyer USS *Donald Cook* and the Turkish frigate TCG *Gediz*.

August 18 “Belgium to join EU fleet” (Expatica, August 18, 2009)

The *Louise-Marie*, a Belgian naval frigate, is leaving the Port of Zeebrugge on its way to the “Horn of Africa” on the 18th. Belonging to the European Union (EU) fleet, the frigate will engage in anti-piracy operations in the waters between the Gulf of Aden and the Seychelles from 1 September until 13 December. This is the first time that the Belgium has worked to combat piracy, as part of Operation Atalanta of the EU fleet. At present, the countries participating in EU fleet are Belgium, Britain, France, Germany, Italy, Greece, the Netherlands, Spain and Sweden.

August 19 “U.S. military to deploy unmanned recon-aircraft to Seychelles” (Reuters, August 19, 2009)

The U.S. military said on the 19th it would be deploying unmanned reconnaissance aircraft in the skies above the Seychelles archipelago to bolster anti-piracy patrols.

August 19 , 20 “JMSDF P-3C finds suspected ship; EU fleet tackles it”(Japanese Defense Ministry HP, and MSCHOA, Press Release, August 22, 2009)

On August 19 and 22, there were findings of a suspected vessel and the confiscation of weapons by an on-the-spot inspection under the coordination between a P-3C maritime patrol aircraft of the Japanese Maritime Self Defense Force (JMSDF) and the European Union (EU) fleet in the Gulf of Aden. According to the homepage of the Japanese Defense Ministry, the JMSDF P-3C maritime patrol aircraft confirmed a small, suspicious boat (skiff) with a ladder onboard drifting during its surveillance mission in the Gulf of Aden on the 19th. Later, the boat began to sail toward a tanker nearby. The P-3C maritime patrol aircraft provided information to

the merchant ships and naval vessels of other nations sailing in the surrounding areas. Receiving information, a German navy's frigate of the EU fleet went to the scene. Conducting an on-the-spot inspection, the frigate captured AK-47 assault rifles in the skiff, and let the boat free.

Also, on the 22nd, a JMSDF P-3C maritime patrol aircraft found a suspicious skiff sailing with ladders onboard, and provided information to the merchant ships and foreign naval vessels sailing in the surrounding areas. Receiving information, a Dutch frigate, HNLMS *Evertsen*, of the EU fleet launched its helicopter, which fired warning shots to stop the suspicious boat. Arriving at the scene, Norwegian frigate of the EU fleet launched two fast RHIB's to conduct an on-the-spot inspection. Seizing ladders and weapons including a rocket launcher, the marines arrested seven pirate suspects, but released them later due to lack of positive evidence.

August 22 “The Philippines highly evaluates new Japanese anti-piracy law” (GMANews. TV, August 22, 2009)

At least 40,000 Filipino seafarers stand to benefit from a new Japanese anti-piracy law, the Department of Labor and Employment (DOLE) said the 22nd. The DOLE said the new law dovetails with the wider efforts of the United Nations (UN) to ensure safe passage in maritime trading areas. The new Japanese anti-piracy law, while aimed at protecting Japan-flagged vessels, would reinforce the safety and well-being of the more than 40,000 overseas Filipino seafarers currently manning the majority of Japan's global merchant marine fleet, the DOLE said. The Philippines supplies a third of the world's seafarers and has been tagged as one of the most vulnerable nationalities to pirate attacks.

August 26 “Somali pirates fire on US Navy helicopter” (U.S. Naval Forces Central Command Public Affairs, August 27, 2009)

On the 26th, Somali pirates aboard Taiwanese Motor Vessel (M/V) *Win Far 161* they had hijacked fired weapon at a U.S. Navy SH-60B Helicopter launched from USS *Chancellorsville* (CG 62), the U.S. Navy said. No rounds of ammunition struck the SH-60B. No personnel injuries resulted from the incident. The *Win Far 161* that was pirated April 6, 2009, and over the past 135 days it has been used as a “mother ship” to conduct other known pirate attacks, most notably the U.S. flagged *Maersk-Alabama* on April 8, 2009. The helicopter was conducting a routine surveillance flight of M/V *Win Far 161* currently held at anchorage by Somali pirates south of Garacad, Somalia when the incident occurred. The aircrew could not ascertain they were fired until review of Forward Looking Infrared Radar (FLIR) video, which recorded the incident. The helicopter was approximately 3,000 yards from Win Far when it was fired upon. More than 30 crewmembers remain as hostages aboard the pirated vessel M/V *Win Far 161*.

August 28 “EU sends 2 maritime reconnaissance aircraft to Seychelles” (AFP, August 28, 2009)

According to the European Union (EU), the EU fleet is to deploy two anti-piracy surveillance

planes - Swearingen Merlin III aircraft- to the Seychelles to strengthen anti-piracy activity in the area around the Islands in September in time for an expected surge in pirate activity. The two planes will be provided by the Luxembourg government and will be equipped with search radar and an electro-optic turret which will enable the operators to detect pirate craft by day and night.

1.2 Military

August 11 “China to buy hovercraft from Ukraine” (Strategy Page, August 11, 2009)

China is buying four *Zubr*-class hovercraft from Ukraine. The *Zubr*-class watercraft was developed by the Soviet Union during the 1980s. But three years after the first *Zubr* entered service, the Soviet Union dissolved in 1991, and the shipyard that built the *Zubrs* went to Ukraine. Before the *Zubr* was exported to Greece in 1990, four were in service - two in the Russian Navy, and two in the Ukrainian. The Greeks paid \$50 million each for four of them. The Chinese are buying two *Zubrs* to be built in Ukraine, and another two built in China, with the help of Ukrainian engineers and technicians. China is paying about \$80 million each for their *Zubrs*. Apparently China is intending to get the *Zubr* construction technology.

The *Zubr* hovercraft can carry about 150 tons of cargo, including three tanks. Alternately, ten smaller armored vehicles can be carried, or trucks, or up to 500 troops. The big advantage of the *Zubr* is that it moves over coastal waters at speeds of up to 110 kilometers an hour. Range is about 480 kilometers. Armament consists of a 30mm auto-cannon for defense against anti-ship missiles, and two quad launchers with SA-N-5 anti-aircraft missiles with 6,000 meter range. The *Zubr* is also designed to carry 140mm unguided rockets, or up to 80 naval mines. The *Zubr* have a crew of 31, and usually stay at sea for less than six hours per sortie.

August 21 “India, Maldives strengthen defense security cooperation” (BBC News, August 21, 2009)

On the 21st, India and the Maldives agreed to greater levels of cooperation on matters of defense and security. Reports indicated that India has offered to establish a comprehensive maritime surveillance plan by installing a network of ground radars in the Maldives and linking them with the Indian Coastal Command. Analysts see the move as a possible response to Chinese efforts to establish a “string of pearls” throughout the Indian Ocean, including a Chinese listening post in Madagascar and an underground submarine base at Hainan Island.

August 24 “PLA News comments on the status of JMSDF”(PLA News, Online, August 24, 2009)

The PLA News dated August 24 (Online) carried an article on a status of the Japanese Maritime Self - Defense Force (JMSDF) with a photograph of the “*Hyuga*” which was signed by Den Shizeng. The gist of the report is as follows.

- (1) Air defense capability of the Aegis missile destroyers is extremely high and its technological level is first-class in the world. At present, Japan is researching and making a new type of destroyer. Moreover, the Japanese capability in the “net-work oriented battle” and missile-defense capability are increasing and stealth capability is improving.
- (2) The first Japanese helicopter carrying destroyer “*Hyuga*” was officially commissioned in the fleet on March 18, 2009. The key equipment of “*Hyuga*” is FCS-3 air defense installation which has a radar system of the small type of Aegis. Its outward configuration looks very similar to that of the aircraft carriers, and “*Hyuga*” enables the land, navy and air force helicopters to land. The JMSDF has an expectation to this extraordinary large size of destroyer. It is because the ship can accommodate anti-submarine warfare (ASW) helicopters as well as large-sized transport helicopters, which can project power beyond over-the-horizon range and perform other missions including the amphibious operations.
- (3) In the Asia-Pacific region, apart from the U. S. Navy, the JMSDF is one of the most powerful naval forces, which has relatively strong, ocean-going, and mobile operational capabilities.

August 26-27 “US, China holds maritime security meeting of experts in Beijing” (Xinhua, August 26, 2009)

The two-day meeting based on the Military Maritime Consultative Agreement (MMCA) between the experts of the United States and China was held in Beijing on August 26-27. The chief delegations attending the session were Guan Youfei, deputy director for China's Defense Ministry's Foreign Affairs Office, and Randolph Alles, director of the Strategy and Policy Bureau of the U.S. Pacific Command. In the session Xiao Xinnian, Deputy Chief of Staff of Chinese Navy and Sheafer, U. S. Deputy Defense Secretary also attended. In the session the United States and China expressed their views on issues relating to China-U.S. maritime military security, and discussed ways and channels to settle relevant problems. China side pointed out that the constant U.S. military air and sea surveillance and survey operations in China's exclusive economic zone (EEZ) had led to military confrontations between the two sides. They added that the way to resolve China-U.S. maritime incidents is for the U.S. to change its surveillance and survey operations policies against China, decrease and eventually stop such operations. Regarding this issue, the U.S. side agreed to continue discussions with Chinese counterparts through the mechanism of the MMCA on effective methods of ensuring safety of naval vessels and warplanes of the two sides. Both the United States and China agreed to continue negotiations through the mechanism of MMCA and to solve gradually on the military security issues between the two navies and air forces.

August 29 “Vietnam establishes naval unit to defend continental shelf” (VietNamNet, August 28, 2009)

The Vietnamese Defense Ministry on August 28 announced it would set up an additional naval unit to protect Vietnam's southern continental shelf from Binh Thuan to Bac Lieu provinces. The unit, which is called the Region 2 Navy, will be based in Nhon Trach, Dong Nai province. The new

naval unit will be responsible for managing and protecting Vietnam's sovereignty over the sea area of more than 300 square km over the southern continental shelf of Vietnam. The move is likely a response to what is perceived as a more aggressive posture in recent years by Chinese naval forces in the region. Vietnam recently negotiated a deal with Russia for the purchase of six *Kilo*-class submarines.

August 31 “Indonesian naval commander strengthens littoral defense in remote areas” (Antara News, August 31, 2009)

On the 31st, Indonesian Navy chief of staff Admiral Tedjo Edhy Purdijatno told Indonesian navy is continuing to intensify operations to secure the country's outermost islands. Admiral said he had already prepared Special Forces to secure the islands. According to Admiral, the navy is supported by ships from the police and other institutions to secure the islands. The Navy has already deployed six warships to Ambalat maritime area on the eastern coast of Kalimantan where possible conflict with Malaysia is anticipated.

1.3 Diplomacy and International Relations

August 10 “China, Taiwan end war over South Pacific aid” (The Australian, August 10, 2009)

According to the Australian newspaper, *The Australian* dated August 10, China and Taiwan said they would end a battle for aid that appears to be politically driven for support from the countries in the South Pacific at the summit meeting of the Pacific Islands Forum recently held in Cairns, Australia. At present, six of the 14 South Pacific island nations recognize Taiwan, eight China. Taiwan's Deputy Foreign Minister said the parties had a tacit understanding that neither would try to poach the other's island. On the other hand, the head of Pacific relations at China's Foreign Ministry pointed out, as its background, an improvement in relations between China and Taiwan. However, they are not yet talking directly with each other.

1.4 Shipping, Resources, Environment, and Miscellaneous

August 10 “Giant container-lifting cranes arrive in Jeddah port, Saudi Arabia” (Arab News, August 11, 2009)

On the 10th, giant container-lifting cranes arrived at the Red Sea Gate Terminal (RSGT) in Jeddah port, Saudi Arabia. The structures are of the first four of six container-lifting cranes built in Shanghai, China. They were carried here on board the deck of *Zhen Hua 25*. Each crane will require two days to unload from the ship before being set-up in the quay. The cranes were especially constructed for the next generation-container ships which will carry 12,000 full-sized containers. Each crane can handle two 40-foot containers and four 20-foot containers respectively.

The remaining two container-lifting cranes will be installed in September. When all of the new cranes have been delivered, they will put RSGT in the front rank of the world's container terminals.

August 11 “Panama-flagged vessels increase” (Maritime Global Net, August 11, 2009)

According to the Panama Maritime Authority (AMP), the Panama Registry now has 8,644 vessels of more than 500 DWT with a total gross tonnage (GT) of 202.6 m, which is up from 8,605 vessels totaling 183.5 m GT as of December 2008. This represents 21.87% of the world's total fleet. On the other hand, of Panama-flagged vessels, the ratio of their detentions fell to 2.5%, down from 12.7%. Japan is the largest customer of Panama's Ship Registry accounting for 45.4% of the total fleet, followed by Korea, 7.1%, China, 6.7%, Greece, 6.4% and Taiwan, 4.3%.

August 17 “Suez Canal income drops” (Lloyd's List, August 17, 2009)

Revenues from the Suez Canal reached \$382.9 m in July, a 22% fall on the corresponding month in 2008. The figure nevertheless represents the highest monthly receipt so far in 2009. The previous high for 2009 was June's figure of \$348.2m. On the other hand, canal revenue dropped 7.2% in the 2008-2009 financial year, falling from a record \$5.1bn to \$4.7bn in the wake of the global economic downturn. 19,354 ships passed through the key waterway in the period, down from 21,080 in 2007-2008. Goods carried totaled 811.4m tons, down 8.9% from 890m tons the previous year. As the cause for decreasing revenues, experts are pointing out the impact of the current Somalia piracy crisis, in addition to the current global economic downturn. However, observers will need to strip out the impact of the current Somalia piracy crisis. Suez Canal Authority has been publicly keen to play down the piracy issue, insisting that the damage it has inflicted on the business has in fact been limited. In order to keep up volume, the authority took the decision to freeze canal fees in 2009. Discounts of 25-30% on the published rates can readily be negotiated. Owners such as Qatar LNG have pushed the reduction as high as 50%, although that is likely to be attributable at least in part to political negotiations between Egypt and nearby Qatar.

On the other hand, extensive dredging work is also underway, which should see the deepening the canal from 62 ft to 66 ft. Once the work is complete, the canal will be accessible to around two-thirds of the world tanker fleet and an estimated 99% of all dry cargo ships by the end of 2009.

August 18 “Australia to provide LNG to China” (CNN, August 19, 2009)

On the 18th, China and Australia signed an energy deal worth more than \$40 billion -- the largest trade deal ever between the two nations. In this deal, PetroChina will receive liquefied natural gas (LNG) from the Gorgon Gas Field off Australia's west coast for the next 20 years. More than two million tons of gas will be shipped to China each year. Exxon Mobil has a 25 percent stake in the field.

August 25 “Korean consortium to invest in Myanmar-China pipeline” (The Financial Times, August 25, 2009)

The Korean-led consortium developing a gas field off Burma's coast is to invest billions of dollars in a project to supply gas to China over 30 years, including a plan to build a supply pipeline between the countries. Starting in 2013, the consortium will feed 500m cubic feet of gas a day, or approximately 3.8 m tons a year, to China National United Oil Corp. The entire project is estimated to cost \$5.6 bn. The consortium will spend the money on building an offshore production platform, pipelines and a land terminal. The pipeline from the Burmese coast will bring energy direct into China's impoverished Yunnan state, while bypassing the Malacca and Lombok/Makassar Straits.

August 28 “Tanker sinks in Suez Canal” (Trade Winds, August 31, and Lloyd's List, September 1, 2009)

On the 28th, a Panamanian-flagged product carrier, TV *Elli* (94,300-DWT), split in half before sinking near the southern entrance to the Suez Canal. The *Elli* was unloaded and headed from Yemen to a dry-docking at the Suez Port for maintenance. According to the Lloyd's List dated September 1, the vessel ran aground on a sandbank off the coast of Yemen in June and was re-floated after several days. Although there have been no reports of bottom damage from the earlier incident, the 23-year-old vessel had to be towed to Suez for a dry-docking. It is understood that managers had concerns about the engine and steering gear but the docking would also have permitted a closer look at the hull.

2. Intelligence Assessment

Rivalry among concerned nations in South China Sea ~Territorial Claims and over pros and cons of military activities of third nations in EEZ~

In a bird's-eye view, the South China Sea (hereafter SCS) has Malaysia and Indonesia at the bottom, which is surrounded by the Asian continental part as well as Borneo Island and the Philippine Islands on both sides. The SCS is covered from the top by Taiwan, and the maritime area which has a configuration of a slightly narrow vase is three million square kilometers. From these geographical features of the SCS, several straits including the Malacca and Singapore Straits, the Sunda Strait, the Lombok Strait, the Bashi Strait and the Taiwan Strait form important chokepoints as doorways to the SCS. In addition, the sea-lane is extending as far as Northeast Asia from these straits via the SCS.

In addition to its major islands of the Paracels Islands and Spratlys Islands, the SCS has more than 200 islets, atolls, and reefs among others which are spread all over the area. Moreover, the oil and natural gas resources are being probed and explored in the area. China, Vietnam, Malaysia, the Philippines, and Taiwan among others are making entire or partial territorial claims on the islets, atolls, reefs and so on. Before the deliberations by the Commission on the Limits of the Continental Shelf (CLCS) on the submissions of extending the outer limits of the continental shelf based on the UN Convention on the Law of the Sea (UNCLOS) rivalry over the demarcation of the maritime borders of the concerned nations is being intensified.

On the other hand, the activity areas of the PLA Navy are being expanded into the western Pacific, and military frictions between the United States and China in the maritime areas in East Asia are getting tangible. This is forcing a controversial problem in the UNCLOS upon the third countries as the realistic issue of whether or not the coastal nation can regulate the military activities of the third countries in its exclusive economic zone (EEZ). In this regard, the United States cannot remain unconcerned about rivalry over the maritime borders in the SCS.

Under these circumstances, on May 15, the U.S. Senate Committee on Foreign Relations held a public hearing on the maritime disputes and sovereignty issues in East Asia. In the background, they are more than ever worried about China's insistence on territorial rights in the SCS and increasing military powers. Senator Jim Webb (Democrats-VA), chairman of subcommittee of the East Asia and Pacific, said in his opening remarks that the SCS region has enjoyed relative peace for the last 30 years, but China's efforts to expand its control over the area threatens to upset the balance in the area. Webb pointed out, "China has sought not only to expand its economic and political influence but also to expand its territory. China's military modernization has directly supported this endeavor." Moreover, speaking on the U. S. role in territorial dispute in East Asia, Webb stressed, "The United States is uniquely positioned to help find a solution to these disputes. Only the United States has both the stature and the national power to confront the obvious

imbalance of power that China brings to these situations.”

Regarding the recent rivalry among the concerned nations over the maritime borders in the SCS, the OPRF has summarized the present status and issues by analyzing the testimonies in the aforementioned public hearings and other sources of information, as follows.

1. Rivalry of concerned nations over territorial claims in the SCS

(1) China’s claim on U-shape territorial claims

The SCS has two large archipelagos called the Paracel Islands and Spratly Islands, and coastal nations are claiming their territorial rights of these islands. Regarding the Paracel Islands, although China, Vietnam, and Taiwan are claiming their territorial rights, China has been occupying these islands since it took them by force in 1974. The Paracel Islands, with as many as 130 islands, atolls, and reefs, is located in a position to command the frontal part of the Hainan Island. Regarding the Spratly Islands, the Philippines and Malaysia claim the territorial rights over a part of the Islands, while China, Taiwan and Vietnam claim their territorial rights over the whole islands. At present, of more than 100 atolls, the Philippines occupies eight islands, Malaysia three, Taiwan one, Vietnam 20. The Philippines, Malaysia, Vietnam, China, Taiwan are deploying their small garrisons in about 45 atolls or reefs respectively.¹

China claims territorial rights to the Paracel Islands and Spratly Islands. China’s claim is said to be the “nine-dotted line,” which has been on official Chinese maps dating back to 1947 when the Kuomintang ruled China. Since then, it was succeeded by the present China, and Chinese maps published since 1953 have displayed the nine-dotted line (See Data 1). Connecting this line encloses all SCS in U-shaped lines, which makes the Chinese claim cover about 80 percent of the SCS.²

Then, is China claiming the sovereign rights to all maritime area inside the U-shaped or is Beijing regarding it as internal waters or territorial sea, considering the U-shaped line as their maritime borders? As to this point, Peter Dutton, associate professor for the China Marine Studies Institute of the US Naval War College testified before the Senate Foreign Relations Committee’s subcommittee of the East Asia and Pacific issues on the July 15, the gist of which is as follows.

(a) China has not claimed its sovereignty over the water space in the SCS per se. China’s claims of legal control over the sea space of the SCS are based in part on its assertion of territorial sovereignty over all of the islands in the SCS articulated in China’s 1992 Law on the Territorial Sea and Contiguous Zone--under which China claims sovereignty over all islands - the Dongsha (Pratas) Islands, the Paracel Islands, the Zhongsha (Macclesfield Bank) Islands and the Spratly Islands. (Note: The Law also stipulates Chinese sovereignty over Senkaku

¹ Pham Thuy Trang, “Eastern Sea Disputes and United States,” Issues & Insights, Pacific Forum CSIS, July 2009, p.1. And Michael Richardson, “Energy & Geopolitics in the South China Sea: Implications for ASEAN & its Dialogue Partners,” Institute of South East Asian Studies (ISEAS), Singapore, April 2009 draft. <http://www.iseas.edu.sg/aseanstudiescentre/ascdf2.htm>

² Michael Richardson, “Energy & Geopolitics in the South China Sea: Implications for ASEAN & its Dialogue Partners.”

(Diaoyu) Islands in the East China Sea.) In addition, China has the “China’s Exclusive Economic Zone (EEZ)” law enacted in 1998, which asserts its claim to an EEZ extending 200 nautical miles from the baselines from which the breadth of the territorial sea is measured.

- (b) Since all of the islands in the SCS are claimed as Chinese territory and included in the baselines section of the 1992 Territorial Sea Law, the effect of the 1998 law is to claim an EEZ around each of them. In combination, therefore, the two Chinese laws effectively claim a Chinese EEZ covering nearly the entire SCS.³

Regarding the territorial rights of the coastal States, associate professor Peter Dutton points out that Chinese-claimed U-shaped line seems to coincide with the extension into the South China Sea of the so-called ‘first island chain.’ In addition, China making continuous efforts in strengthening “access denial and area denial” power as well as building up the military forces to support their theory. More will be mentioned on this matter later.

(2) Philippine territorial baseline law enacted (Data 2)

Regarding to the territorial rights in the SCS, the Republic of Philippines (RP) also threw a stone. On March 10, Philippine President Gloria Macapagal-Arroyo signed Republic Act (RA) No. 9522 - the Philippine Archipelagic Baselines Law. The deliberations in both Houses did not go smoothly over a settlement of the Scarborough Shoal and Kalayaan Group of Islands (Tagalog for the Spratlys group). The Senate and the House adopted a different law respectively. The House bill includes the Scarborough Shoal and Kalayaan group of islands within the country’s baselines, but the Senate bill includes the Scarborough Shoal and Kalayaan group of islands as “regime of islands” out of the baseline (in Article 121 in UNCLOS.) Eventually, the Senate draft bill that had been adopted at the both Houses of Congress was signed by President Arroyo to become law. Although the Philippine Archipelagic Baselines Law includes only the major archipelagic islands within the territorial baselines, the Article 2 clarifies the Philippines sovereignty over the Scarborough Shoal and Kalayaan Group of Islands. The Data 2 shows the conceptual framework of the Philippines’ territorial baselines defined in the Philippine Archipelagic Baselines Law.

China strongly protested on the Philippine Archipelagic Baselines Law. On March 11, the embassy of China in Manila reiterated that country’s strong opposition and solemn protest on what it called the Philippines’ illegal and invalid claim to the disputed territory in the SCS. A statement by Chinese embassy spokesperson stressed that Huangyan Island (the Scarborough Shoal) and Spratly Islands have always been parts of Chinese territory and that the People’s Republic of China has indisputable sovereignty over these islands and their adjacent waters. (Regarding the move over territorial baselines, refer to OPRF MARINT Monthly Reports, February & March 2009, 1.3 Diplomacy and International Relations.)

³ Regarding Dutton ‘s testimony, see below;

<http://foreign.senate.gov/testimony/2009/DuttonTestimony090715p.pdf>

And regarding testimonies of other witnesses, see below;

<http://foreign.senate.gov/hearings/2009/hrg090715p.html>

(3) Submissions of extension of outer limits of continental shelf by coastal states

Another important move on the issue of the territorial rights in the SCS is a submission of extending the outer limit of the continental shelf by the coastal States. The article 76 of the UNCLOS stipulates that the continental shelf of a coastal State comprises the seabed and subsoil of the submarine areas that extend beyond its territorial sea to a distance of 200 nautical miles (nm) from the baseline. In addition, the article 76 stipulates, whenever the continental margin extends beyond 200nm, the coastal State shall extend the limits of its continental shelf to either of the farther lines between to a maximum of 350nm beyond 200nm and to 100nm from the 2,500 meter isobaths. If a coastal State establishes a continental shelf beyond 200nm, it has to submit information on the limits of the continental shelf beyond 200nm from the baselines to the CLCS. In addition, the article 4 of Annex II in UNCLOS stipulates that the coastal State that intends to establish the outer limits of its continental shelf beyond 200nm shall submit particulars of such limits to the Commission along with supporting scientific and technical data. The CLCS shall make recommendations to coastal States on matters related to the establishment of the outer limits of their continental shelf. The limits of the shelf established by a coastal State on the basis of these recommendations shall be final and binding.

For a State that became the member of the UNCLOS before May 13, 1999, the ten-year period from the date of its membership is designated as the deadline for a submission, and the party shall submit an application document by May 12, 2009 (under the decision of the Meeting of States Parties). To the State, which entered the UNCLOS after 13 May 1999, is applied a stipulation of the Annex II Article 4: "It shall submit particulars of such limits to the Commission ...as soon as possible but in any case within 10 years of the entry into force of this Convention for that State."

Regarding an extension of the outer limits of the continental shelf in the SCS, both Vietnam as a single party and Malaysia and Vietnam as a joint-party submitted to the CLCS the document on extending limits of the continental shelf respectively. On May 7, Vietnam submitted to CLCS the document on extending the limits of the continental shelf beyond 200 nautical miles from the baselines in respect of the southern part of the SCS. The document is "a partial submission" and Hanoi is due to submit later another document on extending the limits of the continental shelf in respect of the middle part of the SCS. On the other hand, on May 6, Malaysia and Vietnam jointly submitted to the CLCS the document on extending limits of the continental shelf in the southern part of the SCS. (Data 3)

On May 8, Chinese foreign ministry spokesman refuted Vietnam's submission of a report on outer limits of continental shelf to the United Nations (UN), saying its claim, which infringes upon China's sovereignty, sovereign rights and jurisdiction over the SCS, is illegal and invalid. The spokesman stressed that China has indisputable sovereignty over the Paracel and Spratly Islands and their adjacent waters, and has sovereign rights and jurisdiction over the seabed and subsoil in the region. According to the spokesman, the Chinese Permanent Mission to the UN had already presented a note to UN Secretary-General Ban Ki-moon, in which he urged the CLCS not to consider the Vietnamese submission. On the other hand, Vietnamese Foreign

Ministry spokesman refuted May 8 that a note sent by China and the accompanying seriously violated Vietnam's sovereignty and jurisdiction in regard of the Eastern Sea (South China Sea). In addition, the spokesman emphasized that China's statement bears no legal or historical evidence and is completely unrealistic by confirming Vietnam has sufficient historical evidence and legal grounds.

Thus, the nations that submitted the documents for an extension of the outer limits of the continental shelf in the SCS are only Malaysia and Vietnam. But China and the Philippines reserve the rights for submitting the documents for the SCS in future. China submitted initial information on the outer limits of the continental shelf beyond 200 nautical miles to the CLCS, a foreign ministry spokesman said on the May 11. The document submitted by China includes the outer limit of the continental shelf beyond 200 nautical miles of some sea area of the East China Sea (ECS). The foreign ministry spokesman stressed China has indisputable sovereignty, sovereign rights and jurisdiction over SCS islands and their adjacent waters. He added that China reserves its right to submit information on the outer limits of the continental shelf beyond 200 nautical miles in other sea areas.

On April 8, the Philippines submitted particulars of the outer limits to its continental shelf to the CLCS, regarding Benham Rise in the Philippine Sea off the eastern side of Luzon. The current submission made clear it was only "partial submission," which means that other submissions, including those over disputed territories, would be made later. This time, by filing the claim over Benham Rise, which is undisputed territory, the government has stopped the clock on the UN deadline and buys time to sort out border issues with its neighbors over the Kalayaan islands and Scarborough Shoal. (Regarding the submissions for an extension of the continental shelf by the coastal nations, refer to OPRF MARINT Monthly Report, April 2009, April & May editions, 1.3 Diplomacy and International Relations respectively.)

2. Rivalry between U.S. and China over military activities of third party in EEZ

(1) Chinese harassment to U.S. naval surveillance ship

Another significant event in the SCS was Chinese harassment to the U. S. surveillance ship in the SCS. Five Chinese vessels shadowed and aggressively maneuvered close to the USNS *Impeccable* in the South China Sea on March 8, a Pentagon spokesman said on March 9. The U.S. oceanographic ship was conducting routine operations in international waters 70 nautical miles south of Hainan Island. (Data 4) The ship operates under the auspices of the Military Sealift Command. All her crew members are civilians and unarmed. The Pentagon spokesman said these were dangerous close maneuvers that these vessels engaged in. A Chinese patrol vessel shined a high-intensity spotlight on March 4 on the USNS *Victorious* operating in the Yellow Sea 125 miles from China's coast. Chinese maritime aircraft buzzed the ship 12 times on March 5. A Chinese frigate crossed the bow of the *Impeccable* at a range of about 100 yards on the same day. Maritime aircraft buzzed the ship after that incident. On March 7, another Chinese ship challenged the *Impeccable* over radio, calling its operations illegal and directing the American ship to leave the area or suffer the consequences. U.S. ships routinely operate in the area.

On May 1, two Chinese fishing vessels made an unusual approach to the US surveillance ship USNS *Victorious* repeatedly, closing once within 30 yards on the international waters in the Yellow Sea between China and the Korean peninsula. Also, on June 11, a Chinese submarine hit an underwater sonar array being towed by the destroyer USS *John McCain*. The destroyer's sonar was damaged, but both the submarine and the destroyer did not collide. The incident occurred near Subic Bay off the coast of the Philippines. (As to these incidents, refer to OPRF MARINT reports, March & June 2009, 1.2 Military, respectively.)

The incidents that recalled our first serious attention include two cases of a collision between the US Navy's surveillance ship USNS *Bowditch* and Chinese Navy's frigate "*Huangshi*" on March 24, 2001 and another one between US and Chinese planes in the same year. In the latter case, a U.S. electronic surveillance plane EP-3 collided with a Chinese air force fighter plane off Hainan on April 1. In the incident the Chinese aircraft crashed and the pilot died. The U.S. electronic surveillance plane EP-3 made an emergency landing on Lingshui air force base on Hainan Island without a previous approval. In the background of these incidents there are various problems to be debated at the UNCLOS which include whether or not the coastal nations can regulate the military activities of the third nation in their own EEZs.

(2) Positions of the US and China over the military activities of the third Party in EEZ

The EEZ is a product of the UNCLOS. The UNCLOS divides the sea into the "territorial sea" of the coastal State, the "internal waters," the "exclusive economic zone," the "archipelagic waters" of an archipelagic State, and the "high seas" that does not belong to any other States.

The incident of the USNS *Impeccable* has made it clear again that there are the differences between the United States and China in an interpretation on the national jurisdiction of the coastal State over the military activities of the third Party in the EEZ.

Mark Valencia, visiting fellow of the Maritime Institute of Malaysia, says as follows. According to the 1982 convention, marine scientific research in a foreign EEZ can only be undertaken with the consent of the coastal state, and the research must also be for peaceful purposes only. China maintains that what the United States is doing comes under the marine scientific research provisions of the convention and that it did not give the required consent to the United States. However, the United States distinguishes between marine scientific research, which requires consent, and hydrographic and military surveys, which are mentioned separately in the convention. The United States maintains that the latter do not require consent and that they are an exercise of the freedom of navigation.⁴

Regarding the U.S. interpretation, Professor Ji Guoxing of Shanghai Jiaotong University mentions the gist of it as follows.

(a) The United States believes that "All waters seaward of the territorial seas are international waters where the ships and aircraft of all States enjoy the high seas freedom of navigation and over-flight;" "International waters include the contiguous zone, exclusive economic zone and

⁴ Mark Valencia, "The Impeccable Incident: Truth and Consequences," *China Security*, Vol.5 No.2, Spring 2009, pp.22-28.

high seas;" and "The international respect for freedom of the seas guarantees legal access up to the territorial waters of all coastal countries of the world."

- (b) Although the United States has not ratified the UNCLOS, it supports the EEZ regime. However, the United States continues to use the phrase "international waters" when referring to the EEZ, in an attempt to support its desire for unimpeded freedom of navigation. But since UNCLOS took effect, the words "international waters" have no legal meaning. According to Article 86 of the Convention, "high seas" refer to "all parts of the sea that are not included in the exclusive economic zone, in the territorial sea or in the internal waters of a State, or in the archipelagic waters of an archipelagic State." UNCLOS does not use the notion of "international waters."⁵

According to Professor Ji Guoxing, the issue of military and information-gathering activities in the EEZ is an unspecified "grey area" in the UNCLOS. Taking the position that the issue of military and information-gathering activities in the EEZ has not been clearly prohibited in the UNCLOS, the nations including United States, Italy, Germany, the Netherlands and Britain actively advocate the freedom of military and information activities in the EEZ. On the other hand, China highly respects Article 58 (3) in the UNCLOS. Although the freedom of navigation of other States in the EEZ is referred to in Article 58, in exercising it, "States shall have due regard to the rights and duties of the coastal State and shall comply with the laws and regulations adopted by the coastal State in accordance with the provisions of this Convention and other rules of international law in so far as they are not incompatible with this Part." Therefore, Professor Ji Guoxing points out, "The United States enjoys the freedom of navigation and over-flight in the China's EEZ, but its freedom is not unlimited. The U. S. ships and aircraft shall comply with the laws and regulations in accordance with the provisions of this Convention which have been adopted by China,"

Associate professor Peter Dutton aforementioned expressed the same position in the public hearing that China, as a coastal State, has the rights and duties to regulate or prohibit the military activities of the third countries in its EEZ. Peter Dutton is regarding this Chinese interpretation as a part of Chinese strategy of establishing exclusive military controlling jurisdiction over the U-shape maritime area connecting the "nine-dotted line" in the SCS. In addition, Peter Dutton points out that China is implementing the continuous campaign from the three sides - legal warfare, public opinion warfare and psychological warfare - to establish the Chinese sovereignty over the islands in the SCS as well as international and domestic legitimacy to the Chinese rights to regulate the military activities in the entire area in the SCS. The countries that have the rights to regulate the foreign military activities in the EEZ are not limited to China alone. According to Peter Dutton, Iran, Pakistan, India, Bangladesh, Myanmar, Malaysia, Vietnam and North Korea also have the same position as having the rights, as coastal States, to regulate the foreign military activities in their EEZ. "An arc of anti-access" is spread in the maritime area extending from the Arabian Sea to the Japan Sea as the most vital sea lane in the ocean worlds.

⁵ Ji Guoxing, "The Legality of the 'Impeccable Incident'," *China Security*, Vol.5 No.2, Spring 2009, pp.16-21.

3. Future Issues

(1) Strategies of U.S. and China cross in SCS

The basic factor that directs the national security strategy of a nation is a geographical position of the country, and the geographical position of the nation is an unchangeable factor in the international relations. No nations can develop their security policies by disregarding their geopolitical factors. The United States is regarded to be “an insular power of continental size”⁶ which is geopolitically located between the Pacific Ocean and the Atlantic Ocean.⁶ Therefore, for the United States, the oceans at both ends of the Eurasian continent are said to be the foremost fronts of its national security strategy. Japan, with the United Kingdom, is an allied nation in its foremost line an island nation located in both ends of east and west in the Eurasian continent.

On the other hand, China is a continental power which occupies a greater part of the Eurasian continent. However, the modernization of the Chinese military forces in recent years, in particular, an expansion of naval and air force operational areas into the maritime fronts will make the strategies of the United States and China crossed in the maritime domain in East Asia which is the foremost line for the United States. Therefore, military frictions between the US and China is expected to be intensified in the coming years.

On March 25, U. S. Defense Department released the Annual Report to Congress on “Military Power of the People’s Republic of China 2008.” According to the report, the ranges to be reached by China’s air and naval forces are in the trend toward expanding beyond Taiwan. China is prioritizing the development of measures to deter or counter third-party intervention in any future cross-Strait crisis. China is making constant efforts to develop the capabilities to deter the military forces of the third country to be deployed to the western Pacific in the remote areas by “anti-access” strategy or to deny their operations in its own areas by “area-denial” strategy. The China’s goal in these strategies for the time being is regarded to be securing the capabilities of threatening the surface combatants in these maritime areas with the multiple layers of defense systems which cover the “second island chain” (i.e., the islands extending south and east from Japan to the surrounding area of Guam) beyond the “first island chain.”

As it was already mentioned that the U-shaped line in the SCS claimed by China overlaps the so-called “first island chain,” China is building up the military power to support these claims. At the public hearing in the US Senate, some witnesses pointed out China is strengthening submarine force and anti-ship missile capabilities. There was a testimony that China is on the verge of achieving its long-sought “dominance” in the SCS. (Peter Dutton)

What is notable as a point of this strategy is a naval base constructed on Sanya Hainan Island. Attending the public hearing at the U. S. Senate as a witness, guest fellow David Blumenthal of the American Enterprise Institute testified on this base that China could use it to deploy naval vessels secretly and to make access to open ocean. Also, the aforementioned Annual Report to Congress on “Military Power of the People’s Republic of China 2009” said for the first time on the

⁶ Collin S. Gray, *The Politics of Super Power* (Lexington: The University Press of Kentucky, 1988), p.45.

new naval base on Hainan Island that the base can accommodate a mix of attack and ballistic missile submarines (SSNs and SSBNs) as well as a variety of the latest types of surface combatants. The People's Liberation Army Navy (PLAN) can use the base to deploy stealthily into the South China Sea and access international waterways.

The incident in which Chinese-side hindered the passage of the U. S. Navy's surveillance vessel occurred in international waters 70 nautical miles south of Hainan Island on March 8. Mentioning that the USNS *Impeccable* was trailing a Chinese submarine, Guest fellow Mark Valencia of Maritime Institute of Malaysia aforementioned pointed out the possibility that the *Impeccable* was checking how far they can detect the submarines in the Sanya base. This is why China showed a strong negative response to it, as China considered the incident, in particular, to an attempt of neutralizing their SSBN force.

(2) Guideline on the military activities within EEZ needed

Regarding the U. S. activities in this area, Deputy Assistant Secretary of Defense Robert Scher, testifying at the hearing, stressed, "Our military activity in this region is routine and in accordance with the UNCLOS. We will continue to conduct operations in the South China Sea, and U.S. activity will be based on our interest in the region and our desire to preserve security and stability throughout the western Pacific." In addition, other witnesses equally stress that the United States, as a "resident Pacific Power" will continue strong military presence in East Asia. Also, regarding the military activities in EEZ, Robert Scher testified that the 200-mile EEZ occupies about 40 percent of the world sea, and keeping the freedom of navigation in the EEZ is indispensable for the global economy as well as international peace and national security, and that we will reject any attempt to regulate the freedom of using the sea in the EEZ.

It may be not easy to fill the gaps of the positions between the United States and China, as they are derived from the military strategies of the two countries. The task for the time being will be whether or not the two countries can build up some kind of confidence-building measures which will deter military friction in the sea and its escalation by mortgaging the U. S. military presence in East Asia and navigational freedom in the sea and over its space. There is the "U.S.-China Military Maritime Consultative Agreement (MMCA)" between the United States and China which was signed in January 1998. The meeting based on MMCA between the experts of the two countries was held in Beijing for two days on August 26 - 27. In this session the United States and China agreed to gradually settle the naval and air military security problems between the two nations through MMCA mechanism. (Refer to this monthly report, 1. 2 Military.)

Aforementioned Professor Ji Guoxing says it is important that they could try to reach some consensus on the military information activities in the EEZ. For example, they could specify that activities such as collecting marine meteorological information to safeguard safe navigation are permissible, and that activities such as collecting military intelligence for military purposes are not permissible.

Regarding the status of military activities, the Ocean Policy Research Foundation of Japan (OPRF) issued the "Guidelines for Navigation and Over-flight in the Exclusive Economic Zone

(EEZ) (hereafter guidelines)”⁷ in September 2005. The “guidelines” was made by the EEZ group 21 which was composed of experts from respective countries after the discussions of four years. The “guidelines” defines the “military activities” as “the deployment of naval vessels, military aircraft, and military equipment, in which intelligence collection, exercises, tests, and use of arms are included.” After setting up some restriction, the “guidelines” says, “The naval vessels and military aircraft have rights of navigating and flying over the EEZ of other nations and engaging in the other legal activities in company with the military activities under international law.” According to the “guidelines,” in the background of releasing the document lies:

- (a) Maritime situation in Asia is specific and complicated from the geographical features of the sea, the size of EEZ, confrontation over territorial jurisdiction, and others.
- (b) In Asia judicial status and interpretation of EEZ is ambiguous and there are widths in its recognition.
- (c) There are several cases in which legislature by the coastal States, developments of the coastal regions, and intensive naval activities by non-coastal country including the intelligence collections, surveys and/or exercises are beginning to cause confrontations. After four years of releasing the “guidelines” “making EEZ regime clearer to reach a consensus” is regarded to be an urgent issue.

(3) Tasks in territorial issues

The future of territorial issues in the SCS has many difficulties with relation to the status of military activities in the EEZ. On November 4, 2002, China and ASEAN nations signed “the Declaration on the Conduct of Parties in the South China Sea (hereafter declaration)”⁸ directed toward the peaceful settlement of the problems of territorial rights. The declaration which has no legal bindings was advising to promote various cooperative relations among the nations involved in the conflicts in the SCS. The work toward establishing “The Standards of the regional activities in the SCS” which designates concrete actions and has judicial bindings did not make a big progress. During this period China continued to criticize these countries for the development of energy resources in the SCS and moves over the territorial rights. On the other hand, China strongly asserted the U-shaped territorial claim in the SCS and made efforts to strengthen the military power to support its policy. The other coastal nations are not in the state to stand against China militarily.

Regarding the ASEAN’s tackling of territorial disputes in the SCS, Scot Marciel, a US state department official in charge of affairs related to the ASEAN, said in a testimony at the Senate that regional grouping should be involved in any negotiation with China. “Chinese would prefer to deal one on one with individual members of ASEAN. For the ASEAN, it makes sense to deal more as a group,” Marciel said. Malaysia’ *KL Security Review* dated July 29 estimates that in the not

⁷ Regarding the guidelines, refer to online below; http://www.sof.or.jp/jp/report/pdf/200509_20051205_j.pdf
 Additionally, refer to Sakamoto, Shigeki, a member of the group that proposed the guidelines, “EEZ niokeru Gunjikatudo” (The Military Activities in the EEZ) in Kuribayashi, Tadao, and Akiyama, Masahiro ed., *Umi no Kokusaititujō to Kaiyou Seisaku* (International Maritime Order and Ocean Policy), Toshindo, 2006, Chapter 3.

⁸ Regarding details, refer to online below; <http://www.aseansec.org/13163.htm>

distant future “Southeast Asian Spratly Group” will be formed to stand against the problems of China’s territorial sovereign rights. Also, the Review is pointing out even the possibility of expanding the “Southeast Asian Spratly Group” by adding the United States, Singapore, Australia, Japan and others as potential members of the group which regard the freedoms of navigation as their fundamental national interests.

With regard to the issue of territorial dispute in the South China Sea, the United States has kept a neutral position in principle. As Chair Jim Webb of the US Senate Foreign Relations Committee points out, “The United States is in peculiar position to support the settlement of the territorial disputes. Only the United States has the capabilities to address the unbalance which China is bringing out in the area.” Therefore, the future movement of the United States will exert great influence on the formation of maritime orders in East Asia. For this purpose, it goes without saying that the continued US military presence in Asia Pacific region is of vital importance.

(By Hideshi Ueno, editorial staff of OPRF MARINT Monthly Report)

Data 1

Territorial claims of nations in South China Sea

Note: Broken line indicates China's "nine-dotted line."

Source: CIA Maps and Publications for the public

<http://community.middlebury.edu/~scs/maps/EEZ%20Claims,%20Oil%20and%20Gas%20Resources.jpg>

China's "first island chain"& "second island chain" Source: China Military Report 2009, U.S. Department of Defense

http://www.defenselink.mil/pubs/pdfs/China_Military_Power_Report_2009.pdf

Data 2

Conceptual chart of Philippines' territorial baselines

http://www.ellentordesillas.com/wp-content/uploads/2008/03/map3_cmoa_option.JPG

Data 3

Map for Vietnam's submission of extension of outer limits of continental shelf

http://www.un.org/Depts/los/clcs_new/submissions_files/vnm37_09/vnm2009n_executivesummary.pdf

Map for Vietnam's & Malaysia's joint submission of extension of outer limits of continental shelf

http://www.un.org/Depts/los/clcs_new/submissions_files/mysvnm33_09/mys_vnm2009executivesummary.pdf

Data 4

Location of incident over USNS *Impeccable*

Source: BBC News, March 10

<http://news.bbc.co.uk/2/hi/asia-pacific/7934138.stm>

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Maritime Global Net	http://www.mgn.com/
Maritime Security Centre, Horn of Africa	http://www.mschoa.org/Default.aspx
NATO HP	http://www.nato.int/cps/en/natolive/index.htm
PLA Daily	http://english.chinamil.com.cn/
ReCAAP	http://www.recaap.org/index.asp
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Strategy Page	http://www.strategypage.com/
The Australian	http://www.theaustralian.news.com.au/
The Financial Times	http://www.ft.com/home/asia
The Times of India	http://timesofindia.indiatimes.com/
Trade Winds	http://www.tradewinds.no/
U.S. Naval Forces Central Command	http://www.cusnc.navy.mil/
VietNamNet	http://english.vietnamnet.vn/
Xinhua	http://www.xinhuanet.com/english/

Ocean Policy Research Foundation

3F, Kaiyo Senpaku Bldg., 15-16 Toranomom 1-Chome, Minato-ku, Tokyo 105-0001, Japan
TEL.81-3-3502-1828 FAX.81-3-3502-2033

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