



S. RAJARATNAM SCHOOL OF INTERNATIONAL STUDIES
A Graduate School of Nanyang Technological University

Broader Horizons

A Monthly Maritime Bulletin and Perspectives of the Maritime Security Programme at the S. Rajaratnam School of International Studies

Featured *MSP Perspectives*:



Senkaku/Diaoyu Islands: Buyer Beware – p.1

By Euan Graham



Indonesia's South China Sea Dilemma – p.2

By Ristian Atriandi Supriyanto

MSP Perspectives:

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SENKAKU/DIAOYU ISLANDS: BUYER BEWARE

By Euan Graham
Senior Fellow

Japan has sensibly avoided militarising the territorial dispute of the Senkaku/ Diaoyu Islands with China and Taiwan. However, as long as narrow domestic considerations dictate policy towards the Senkaku, the risk of inflaming the security dynamics will remain. This should also be a concern for the United States, which recently clarified that its treaty defence commitments extend to the islands.

The disclosure on 8 July that Japan's central government is seeking to purchase the Senkaku/Diaoyu Islands marks a further destabilising intrusion of domestic politics into an already volatile territorial dispute with China and Taiwan. Four of the five uninhabited islands administered by Japan are privately owned by a Japanese citizen, who has rented them to the government since 1972. This arrangement aroused little controversy until April, when the mayor of Tokyo, Ishihara Shintaro, proposed buying the islands on behalf of the Tokyo municipal government. Prime Minister Noda Yoshihiko's move to pre-empt Ishihara's planned purchase, although certain to raise the temperature of Japan's relations with China and Taiwan, may be read as an attempt to politically neutralise Ishihara's nationalist appeal and his capacity for stoking further friction with China.

Ishihara's plan to buy the remote Senkaku islands on behalf of the capital city makes no administrative sense, but won widespread support, securing public donations exceeding US\$16 million. His proposal has caused concern within foreign policy circles, including strong opposition from Japan's ambassador to Beijing.

Ishihara's recent statement extolling the economic value of the islands may have tipped Noda into taking action.

Noda's move could be interpreted as a populist measure to shore up the ruling party's weakened base, possibly ahead of fresh elections. However, pre-emptively purchasing the islands for the central government could also be rationalised as a high-stakes damage-limitation exercise. Motivations aside, the move will be seen in China as a calculated provocation. Japan – though a non-claimant - is also starting to raise its diplomatic voice in the South China Sea, irritating

Beijing further. The issue has also strained Japan's otherwise strong ties with Taiwan. Taiwanese trawlers regularly encroach on territorial waters around the islands as a form of protest. On 4 July, a minor collision took place involving Japanese Coast Guard ship and a Taiwanese patrol vessel less than 2 kilometres off Uotsurishima, the largest of the islands, suggesting that Taipei has already toughened its line.

While the move has prompted fresh incursions of Chinese vessels and diplomatic fallout at the ASEAN Regional Forum, it is not clear whether Noda's gambit can pay off, since Ishihara's fund-raising campaign has gathered substantial momentum and the owner has also indicated a preference for dealing with the Tokyo government. Nor is it clear if the DPJ would gain much popularity if the purchase goes ahead. With the opposition LDP jumping on the bandwagon, the Senkaku appears set to continue as a hot-button issue in Japan's domestic politics, which will have a spillover effect on regional dynamics.

[A]s long as narrow domestic considerations dictate policy towards the Senkaku, the risk of inflaming the security dynamics will remain.

INDONESIA'S SOUTH CHINA SEA DILEMMA

By Ristian Atriandi Supriyanto

Research Analyst, Maritime Security Programme

Is Indonesia a claimant state in the South China Sea (SCS)? The answer is unequivocally no with regard to the disputed ownership of islands located therein. But Indonesia's interests are at stake, especially considering the overlap between China's "9-dotted-line" claim and Indonesia's exclusive economic zone (EEZ) in the Natuna Sea, located at the southern part of SCS. However, Indonesians do not discuss this publicly for it could tarnish the image of a neutral party in the disputes. But this image will soon become untenable.

As a non-claimant state, Indonesia believes it is well-suited as a potential mediator in the disputes. This effort had begun in 1990 when Jakarta initiated a series of informal workshops among interested parties of the SCS. More than twenty years on, however, this self-perceived image is untenable for several reasons. Firstly, Indonesia views with caution Chinese creeping maritime assertiveness supported by modernised and capable navy and marine paramilitary units. Secondly, it becomes increasingly difficult for Jakarta to understand, let alone empathize with, Beijing's viewpoint based upon "historical" jurisdiction which is not supported by the United Nations Convention on the Law of the Sea (UNCLOS). Thirdly, Indonesia differs from China on the process of drafting the Code of Conduct of Parties in the SCS (CoC). Fourthly, contrary to China, Indonesia does not oppose the participation of external powers, such as the United States, to discuss the issue in regional forums. Last, but not least, while proclaiming itself a non-claimant state, Jakarta tacitly acknowledges its own interests, some of which may run counter to the Chinese wishes.

Despite the 2005 bilateral Strategic Partnership Agreement between them, Jakarta maintains a

closeted yet persistent anxiety toward Beijing's ambitions. Central to its concerns are Chinese intentions in the Natuna Sea, which is also one of the world's largest gas fields: the East Natuna Block, also known as Block D-Alpha, contains 46 Trillion cubic feet (Tcf) of recoverable natural gas. Beijing has not formally assured Jakarta regarding its "historic waters" claim overlapping the area. Apart from energy, Indonesia also has a stake in the security of sea lines of communication (SLOC), where the bulk of its trade transits the SCS. For example, the four Northeast Asian largest economies (Japan, South Korea, China and Taiwan) collectively account for around 34% and 45% of Indonesia's non-oil-and-gas exports and imports, respectively. Furthermore, the Natuna Sea is a rich fishing ground which greatly contributes to the local economy.

Notwithstanding the divergent interests, Jakarta is keenly aware that it would have more to lose if relations with Beijing turn sour. In fact, current bilateral relations have never been better. However geopolitical realities might soon prod Jakarta to realign itself, especially if the situation in the SCS deteriorates. This could pose tough choices for Jakarta's elites to either bandwagon with an aggressive China, or balance it with like-minded powers. But whatever choices it makes, Jakarta must also understand that its best defence will in all events rely on self-help, namely through continued modernisation of the navy and air force to bolster its presence and enforcement in the Natunas and its surrounding waters.

It becomes increasingly difficult for Jakarta to understand, let alone empathize with, Beijing's viewpoint based upon 'historical' jurisdiction...

Naval Development & Policy

CHINA-PHILIPPINES | 5 JUNE | THE PHILIPPINE DAILY INQUIRER

Chinese, PH ships 'reposition' inside Scarborough Shoal in bid to 'ease tensions'

MANILA, Philippines – Government vessels from the Philippines and China have moved out from an area inside the disputed Scarborough (Panatag) Shoal, the Department of Foreign Affairs said Tuesday. In a text message to INQUIRER.net, DFA spokesman Raul Hernandez said China moved out two government ships from a lagoon at the center of the rock formation of the shoal and a research ship from the Philippine's Bureau of Fisheries and Aquatic Resources did the same.

[Full Report](#)

JAPAN – N. / S. KOREA | 4 JUNE | YONHAP NEWS AGENCY

N. Korea denounces Japan's move to deploy destroyers near S. Korea

SEOUL, June 4 (Yonhap) -- North Korea's propaganda Web site on Monday lashed out at Japan's move to deploy Aegis destroyers in international waters between South Korea and China. The Uriminzokkiri associated Japan's plan with what it claimed was South Korean President Lee Myung-bak's "toadyism" to the United States and Japan, accusing Lee of seeking to collude with Japan in military affairs.

[Full Report](#)

INDIA-JAPAN | 5 JUNE | DEFENSE NEWS

India, Japan To Conduct First Joint Naval Exercises

NEW DELHI — As part of their increased defense ties, the navies of India and Japan will hold their first joint exercises June 9-10 in Japanese waters. The joint naval exercises follow agreements reached during the visit of Indian Defense Minister A.K. Antony to Japan in November 2011. Both navies will also conduct routine

passage exercises during the visit of Japanese ships to Indian ports this year.

[Full Report](#)

AUSTRALIA-JAPAN | 1 JUNE | NAVY.GOV.AU

Australian Navy Frigate Arrives in Japan for Bilateral and Trilateral Maritime Exercises

The Anzac class frigate, HMAS *Ballarat*, arrived in Japan yesterday on the final stage of its North East Asian deployment after completing a successful series of exercises with the maritime forces of both China and Korea. After a short visit to the city of Kure, HMAS *Ballarat* will participate in the Australian-Japanese bilateral Exercise Nichi Gou Trident 2012 from 4 to June 2012.

[Full Report](#)

PAKISTAN | 6 JUNE | DEFENSE NEWS

Pakistan Budget Up for Army, Air Force; Down for Navy

ISLAMABAD — Pakistan's new defense budget increases funding for the Army and Air Force and slightly decreases it for the Navy, but challenging economic conditions put near-term procurements in doubt. The fiscal 2012-2013 defense budget, in current U.S. dollars, allocates \$2.8 billion to the Army, an increase of \$128 million; \$1.2 billion for the Air Force, an increase of \$64 million; and \$562 million to the Navy, a \$1.4 million decrease from the previous year.

[Full Report](#)

INDONESIA-NETHERLANDS | 6 JUNE | UPI

New frigate for Indonesia

VLISINGEN, Netherlands, June 6 (UPI) -- Damen Schelde Naval Shipbuilding of the Netherlands is constructing a guided missile frigate for Indonesia. The SIGMA 10514 Guided Missile Frigate, PKR (PerusakKawalRudal), will be assembled locally.

[Full Report](#)

INDIA | 8 JUNE | DEFENSE NEWS

Indian Carrier Begins Sea Trials

The refurbished aircraft carrier Vikramaditya reportedly began its long-delayed sea trials June 8, leaving its Sevmas shipyard in northern Russia and heading for the White Sea. The Russian news agency RIA Novosti reported the ship, with a mixed Russian-Indian crew, was underway after a series of delays and postponements.

[Full Report](#)

TAIWAN | 11 JUNE | DEFENSE NEWS

Taiwan Probes 'Stealth' Ship's Missing Computer

TAIPEI — Taiwan's military said June 11 that it is looking into how a top-secret computer from a "stealth" warship went missing, amid concerns it might

have fallen into Chinese hands. The laptop, installed onboard a Kuang Hua No. 6-class guided-missile vessel, disappeared late last month while the vessel was anchored at the southern port of Tsoying, Taiwan's largest naval base, the military said.

[Full Report](#)

INDIA – CHINA | 12 JUNE | HINDUSTAN TIMES

Indian warships to dock at Chinese port after 6 yrs gap

After a gap of six years, an armada of Indian warships would dock at the Chinese port city of Shanghai tomorrow to begin a five-day goodwill tour in a show of camaraderie in spite of misgivings about each other's rise. The frontline warships include Rana, a Rajput class guided missile destroyer, Shivalik, a stealth frigate, Karmuk, a Kora class Corvettes and INS Shakti, a fleet tanker, and comprise about 1400 sailors would berth at Shanghai's picturesque "Bund" to make a big splash.

[Full Report](#)

U.S.-JAPAN-S.KOREA | 15 JUNE | U.S. DEPARTMENT OF DEFENSE

Locklear: Naval Exercise Will Help Regional Understanding

TAIPEI - Taiwan is arming more of its fleet with its new "carrier killer" anti-ship missiles as China conducts further sea trials of its first aircraft carrier, local media said Monday. Five of the Taiwanese navy's eight Perry-class frigates have been armed with the supersonic Hsiung Feng (Brave Wind) III weapons, the Taipei-based China Times said.

[Full Report](#)

U.S.-NEW ZEALAND | 20 JUNE | DEFENCE TALK

US, New Zealand sign defense cooperation accord

The United States and New Zealand signed an agreement to expand defense cooperation but the deal does not alter Auckland's longstanding ban on

port visits by nuclear-armed American warships, officials said. The accord was the latest in a series marking US attempts to shift its strategic focus to the Asia-Pacific, as Washington keeps a wary eye on China's rising power.

[Full Report](#)

AUSTRALIA | 20 JUNE | THE AUSTRALIAN

Australian new landing ship out of action

THE Royal Australian Navy's new landing ship, HMAS Choules, bought from the British last year with great fanfare, is likely to be out of action for at least six months and possibly 12 months after a major breakdown. In another big embarrassment for the navy, the amphibious landing ship limped back to Sydney last week after a mechanical failure reduced it to half-power.

[Full Report](#)

INDIA-RUSSIA | 23 JUNE | THE HINDU

Russia completes India's submarine modernisation programme

The INS Sindhurakshak submarine came off the slips at the Zvezdochka shipyard in Severodvinsk on Saturday, marking the completion of a mid-life refit programme for the Indian Navy's Kilo-class diesel-electric submarines in Russia. During a two-year in-depth modernisation the torpedo-firing INS Sindhurakshak, built in 1997, has been equipped with the tube-launched Club-S cruise missiles effective against surface vessels and submarines at a range of about 200 km.

[Full Report](#)

INDIA | 25 JUNE | DECCAN HERALD

India to build second aircraft carrier

India plans to build its second indigenous aircraft carrier after the first one becomes operational by 2015-16. The first one – 40,000 tonnes Indigenous Aircraft Carrier 1 (IAC-1) – is being constructed at Cochin Shipyard Limited (CSL) since 2009 and is expected to be inducted by 2017.

S. KOREA | 26 JUNE | CHANNEL NEWS ASIA

South Korea to build navy base on frontline island

SEOUL: South Korea's navy is to build an advance base on a frontline island to bolster defences near the disputed Yellow Sea border with North Korea, officials said on Tuesday. The navy has been given local government approval to reclaim 23,489 square metres (250,000 square feet) at Baengnyeong island to build the base, said an official at Incheon city, west of Seoul, which oversees the islands.

[Full Report](#)

MALAYSIA | 26 JUNE | REUTERS

Submarine scandal surfaces to trouble Malaysia PM ahead of polls

(Reuters) - Malaysia's government will address allegations on Tuesday over its purchase of two French submarines, responding to a scandal that threatens to tarnish Prime Minister Najib Razak ahead of elections he is expected to call later this year. Defence Minister Ahmad Zahid Hamidi is due to speak in parliament on allegations that Malaysian navy documents were sold to French shipbuilding giant DCNS to help its bid for the 1 billion euro (\$1.25 billion) contract it won in 2002.

[Full Report](#)

U.S. - CHINA | 26 JUNE | THE KOREA HERALD

RIMPAC not targeting N.K., China, U.S. says

WASHINGTON (Yonhap News) — As they conduct the world's largest multinational maritime exercise, the U.S., South Korea and 20 other nations are not taking direct aim at either China or North Korea, a top American Navy officer said Tuesday. "RIMPAC is not focused on any specific geographic area within the Pacific," Vice Adm. Gerald Beaman, commander of the U.S. Third Fleet, said during a teleconference with Asian reporters.

[Full Report](#)

Aviation trials of INS Vikramaditya to start in July

NEW DELHI: Russia will deploy a MIG-35 and other aircraft to check out the aviation facilities of INS Vikramaditya, the Russian aircraft carrier which is set to join the Indian Navy by the year end. The 'aviation facilities complex trials' of the aircraft carrier will begin sometime in the middle of July in the Barents Sea, Navy sources said. A team of about 20 Navy aviation personnel including pilots are on their way to Russia to observe the trials, which will be carried out by a Russian crew.

[Full Report](#)

Maritime Safety and Security



GLOBAL | 1 JUNE | TRADEWINDS

Interpol adds weight to piracy fight

Detailed criminal investigation and a massive database of information on acts of piracy collected by Interpol are now playing an increasingly important role in the successful prosecution of pirates. The international police organisation says that through a breakthrough agreement, it is now collecting evidence of pirate attacks from Nato's combined naval force operating in the Gulf of Aden and Indian Ocean. Evidence including DNA and fingerprints is being collected using Interpol's standard procedures in criminal investigations.

Full Report Available Upon Request

PHILIPPINES | 3 JUNE | THE PHILIPPINE STAR

POEA: 30 Pinoys still held hostage by pirates

The Philippine Overseas Employment Administration (POEA) said yesterday that there are still 30 Filipino seafarers being held hostage by pirates. POEA Administrator Hans Cacdac, however, could not immediately ascertain the period during which these Filipino mariners were captured. Cacdac noted in an interview over radio station dzRH that it was highly probable that Filipinos are on board hijacked ships because they comprised 30 percent of the world's seafarers.

[Full Report](#)

PHILIPPINES | 3 JUNE | THE PHILIPPINE STAR

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[Full Report](#)

PHILIPPINES | 7 JUNE | WALL STREET JOURNAL

More Philippine Disputes With China Loom, Says Aquino

A potentially dangerous confrontation with Chinese forces over the use of disputed waters has eased after two tense months, but other brewing conflicts may not be so easily defused, the Philippine president said Thursday. President Benigno Aquino III said that Manila and Beijing have withdrawn government ships from an area of the South China Sea known as Scarborough Shoal, where Chinese fishing boats were operating in defiance of Philippine claims. The fishing boats have remained, possibly due to rough weather, leaving the dispute festering, but Manila-Beijing talks are continuing.

[Full Report](#)

SOUTH KOREA | 12 JUNE | NEWSREPORTER.IN

S Korea interested in coordinated patrolling in Gulf of Aden

South Korea has expressed interest in joining the coordinated patrolling done by warships of India, China and Japan in the Gulf of Aden for escorting merchant vessels safely through the region. The navies of India, China and Japan started coordinated patrols for anti-piracy operations in the Gulf of Aden starting from January 1. South Korea has shown interest in joining the coordinated patrols with the three countries with one of its warships deployed in the Gulf of Aden, sources said here.

[Full Report](#)

INDONESIA | 13 JUNE | THE JAKARTA POST

RI says no to private armed guards aboard vessels

While calling for global efforts to combat piracy and vessel hijacking, Indonesia opposes the proposed recruitment of private armed security guards (PCASP) on ships aimed to ensure security and safety on international waters. Transportation Minister E.E. Mangindaan said the hiring of private armed security guards on ships had been a pretty hot issue at the recent meeting of the International Maritime Organization's (IMO) maritime safety committee in London; it had also been the subject of prolonged debate among stakeholders at home.

[Full Report](#)

INDIAN OCEAN | 15 JUNE | THE SCOTSMAN

UK ships may fire on pirates

Armed guards on ships in the Indian Ocean have permission to fire first to fend off Somali pirates, under new guidance issued to UK-flagged ships. Foreign Office minister Henry Bellingham said the new advice was clearer than earlier versions and was intended to give security teams instructions on when they can act.

[Full Report](#)

Mr Bellingham made his remarks in a Commons debate on Somalia, called to discuss a report on the country by the Foreign Affairs Select Committee

[Full Report](#)

INDIA | 20 JUNE | DNA INDIA

Piracy menace in Indian Ocean has minimised in last 2 yrs

Chief of Naval Staff Admiral Nirmal Verma on Wednesday said that the Indian Navy had shown exemplary courage in controlling the menace of piracy in the Indian ocean in the last two years. He was addressing a gathering after presenting the President's Gallantry and Non-Gallantry awards to the navy personnel at a naval investiture ceremony held at the Eastern Naval Command (ENC) in Visakhapatnam on Wednesday.

[Full Report](#)

JAPAN | 21 JUNE | REUTERS

Pirates shoot gas tanker off Oman

Pirates fired guns and rocket-propelled grenades at a liquefied natural gas tanker off the coast of Oman on Wednesday, and three shots hit the vessel, the International Maritime Bureau's anti-crime arm said. Pirates in a dhow armed with guns and RPG fired upon a LNG tanker under way. The dhow closed to 50 metres from the ship and fired shots, of which three hit the vessel," the IMB said in a report. LNG industry sources said on Thursday the LNG Aries, managed by Japan's Mitsui O.S.K. Lines, was the victim of the attack, but the company was not available for immediate comment on the condition of the ship. The IMB said the ship was not boarded by the pirates but did not say whether it was hit by grenades.

[Full Report](#)

SOMALIA | 22 JUNE | REUTERS

Somali piracy death toll rises as violence worsens

Somali pirates seizing Indian Ocean ships were responsible for at least 35 hostage deaths in 2011, a report showed on Friday, with levels of violence rising. The number of prisoners taken by pirates fell to 555, at least, in 2011 from 645 in 2010, the report by the U.S.-based One Earth Future foundation and International Maritime Bureau said.

[Full Report](#)

SOMALIA | 22 JUNE | LLOYD'S LIST

Somalia counter-piracy militia collapses as UAE pulls funding

THE Puntland Maritime Police Force, an armed counter-piracy militia, trained by private security and operating inside the Somali state, has collapsed after the UAE government withdrew its funding. Over 600 Somali soldiers had been employed as part of the operation to target pirate gangs on shore. The abandonment of the police force has in effect left the now highly trained force unemployed, unpaid and with access to sophisticated equipment.

Full Report Available Upon Request

HONG KONG | 23 JUNE | EUREK ALERT

Inderscience Publishers; Piracy all at sea

Researchers in Hong Kong have analyzed the incidence of maritime piracy during the last decade and have developed a way to predict whether or not a particular vessel, with a specific cargo, shipping in a given patch of water is likely to be a target for piracy and what degree of violence might be involved. Mei Chi Wong and Tsz Leung Yip of The Hong Kong Polytechnic University, in Kowloon, explain how maritime piracy is now high on the merchant shipping agenda as

incidents become increasingly frequent across the globe.

[Full Report](#)

CHINA | 25 JUNE | CHINA DAILY

China will provide better security for seafarers

China will increase international cooperation to safeguard the rights and interests of its 650,000 seafarers, said top seafarer officials in Shanghai on June 25. "China will provide better security for its seafarers through international communication, and speed up the preparation work to ratify the Maritime Labor Convention established in 2006," said Xu Zuyuan, vice-minister of transport, at the second China Seafarer Conference hosted in Shanghai.

[Full Report](#)

DUBAI | 27 JUNE | ZAWYA

DP World calls for a comprehensive, inclusive approach to deliver a long term, sustainable solution to maritime piracy

Viewing piracy as a matter of grave international concern, the UAE called today for a comprehensive, inclusive approach that can deliver a long term, sustainable solution to the problem. "Piracy's destabilizing impact can only be mitigated through collaboration across political, military, financial and legal arenas. The need of the hour is to explore new ways to secure the freedom of those held captive, curb the reach of the pirates, provide comprehensive support to Somalia, and crystallise the unified stance created by our Public-Private Partnership,"

[Full Report](#)

Vietnam | 28 June | Wall Street Journal

PetroVietnam Protests China Oil Plans

A spat between China and Vietnam over energy rights in the South China Sea intensified Wednesday as Vietnam's biggest company called on China to scrap its

plans to develop areas near the Vietnamese shore. The disagreement, the latest in a string of arguments over the potentially energy-rich sea, erupted earlier in the week when China National Offshore Oil Corp. announced it was offering a new batch of oil-exploration blocks inside the 200-nautical-mile exclusive economic zone granted to Vietnam under the United Nations' Law of the Sea.

[Full Report](#)

Shipping, Ports, and the Maritime Economy

SINGAPORE | 1 JUNE | THE FINANCIAL EXPRESS

Issue of ban on seafood exports to China resolved

The fear of ban in Indian seafood exports to China from June 1 has been effectively resolved, Marine Exports Product Development Authority (MPEDA) sources said. China has agreed to accept the format of the inspection and quarantine certification to be issued by the Export Inspection Council of India. China is a major market for Indian seafood with nearly R2,000 crore of exports in the last FY.

[Full Report](#)

S.KOREA | 3 JUNE | KOREA TIMES

Shipbuilders in troubled waters

Korean shipbuilders are caught between a rock and a hard place. The prolonged global economic downturn has ship owners killing orders or requesting a postponement on deliveries as they struggle to cope with the financial squeeze. This has Korea's once-mighty shipbuilding industry down on all fours. Shipbuilders say they are struggling to cope with a growing inventory of unsold ships, which they put up for resale at belowmarket prices but still struggle to get off their hands. This desperate measures trigger a vicious cycle where potential buyers demand for even lower prices for their ships, industry sources say.

[Full Report](#)

SINGAPORE | 4 JUNE | PLATTS COMMODITY NEWS

Singapore Shipping Association denies claims of "frothed" bunker fuel

The Singapore Shipping Association on Monday said that claims of "cappuccino" or frothed bunkers being supplied in Singapore are "overly exaggerated and unsubstantiated by hard evidence at the time of loading," according to an official statement. The "cappuccino" effect is allegedly due to the presence of entrained air, which may cause the bunker fuel to froth, causing manual measurements to be unreliable, the SSA said. After a period of several days, the froth reportedly subsides, which may result in the apparent loss of bunkers, it added.

[Full Report](#)

INDIA | 8 JUNE | LIVEMINT

Port tariff regulation faces toughest test

India's tariff regulator for Union government-owned ports and companies that run private terminals at Navi Mumbai and Chennai seem to be spoiling for a fight. The companies have kept tariffs unchanged in the face of orders issued by the Tariff Authority for Major Ports (TAMP) seeking cuts. There has been no stay by the

courts against the pared rates, although all three have sought judicial intervention seeking this.

[Full Report](#)

INDIA | 11 JUNE | LIVEMINT

PSA gets govt nod to sell stake in Chennai Port

[Full Report](#)

PSA International Pte Ltd, the world's second biggest container port operator, has won approval from the shipping ministry to sell up to 26% stake in a container terminal it runs at Chennai port to its local partner ABG Ports Pvt. Ltd. PSA International, fully owned by Temasek Holdings Pte Ltd, the sovereign wealth fund of Singapore, had sought state-owned Chennai port's permission to induct ABG into Chennai International Terminals Pvt. Ltd as a consortium member, one of the people, who is an official at the port, said on condition of anonymity.

[Full Report](#)

DENMARK | 13 JUNE | REUTERS

Maersk says to sign \$500 mln China port deal soon

APM Terminals, the ports arm of Danish shipping and oil group A.P. Moller-Maersk, expects to sign a more than 3 billion Danish crowns (\$502.82 million) investment deal on a new container terminal in China, a company spokesman said on Wednesday. Further information about the partnership and location will be released on Friday during a visit to Denmark by Chinese President Hu Jintao, Maersk spokesman Michael Storgaard said on commercial broadcaster TV2 News.

[Full Report](#)

AUSTRALIA | 14 JUNE | DOW JONES

Australia To Create World's Largest Marine Reserve

Australia said Thursday it is creating the world's largest network of marine sanctuaries, as it looks to balance the competing interests of commercial fishing, oil and gas exploration with protecting fragile natural habitats

that draw millions of tourists each year. The new conservation blueprint will more than double the number of marine reserves, taking the overall size of the country's protected marine areas to 3.1 million square kilometers, or over a third of all waters within Australian territory.

TAIPEI | 15 JUNE | TAIPEI TIMES

U-Ming expects shipping rebound next year

U-Ming Marine Transport Corp, the nations largest bulk shipper by fleet scale, expects the industry to start rebounding in the second half of next year, on the back of steady growth in demand and slowing oversupply pressure. U-Ming Marine, a member of the Far Eastern Group, began carrying out its fleet replacement plan in the first half of this year amid lower shipbuilding costs because of the global economic downturn. We should be a little more optimistic on the sector, U-Ming Marine chairman Douglas Hsu told reporters on the sidelines of the companys shareholders meeting yesterday.

[Full Report](#)

INDONESIA | 18 JUNE | THE JAKARTA POST

Pelindo II gets OK for Kalibaru port

The Transportation Ministry says it has given the go-ahead for Kalibaru Port in North Jakarta, in a move expected to boost the capacity and efficiency of national supply chains. Ministry spokesman Bambang Ervan said that the government gave a construction permit for Kalibaru to state-owned port operator Pelindo II (IPC) over the weekend. "Based on the permit, the operator has to start the first phase of the Kalibaru Port construction within one year so that the new port will be able to commence operations as originally planned in 2014," Bambang told The Jakarta Post on Sunday.

[Full Report](#)

INDIA | 19 JUNE | BUSINESS STANDARD

Port projects in troubled waters

The Prime Minister's decision last week to ensure time-bound implementation of port projects worth ~35,000 crore and a capacity addition of 244 million tonnes in this financial year, has met with a one-word response from industry: Unrealistic. It's not difficult to understand the cynicism.

[Full Report](#)

SOUTH KOREA | 20 JUNE | YONHAP NEWS AGENCY

EU insurance ban to halt S. Korea's crude imports from Iran: official

South Korea will be forced to halt almost all of its oil imports from Iran starting next month, with the European Union's sanctions on insurance for Iranian oil shipments set to take effect from July 1, a Seoul official said Wednesday. Seoul has been in negotiations with the EU since March to win an exemption from the insurance ban, but last-minute prospects went flat after Iran and world powers failed to reach a breakthrough over Teheran's nuclear ambition during talks in Moscow this week, the senior official at Seoul's foreign ministry said.

[Full Report](#)

VIETNAM | 22 JUNE | THE JOURNAL OF COMMERCE

In Vietnam, Cai Mep Open for Business With Space to Fill

On the other side of Southeast Asia's planning-for-the-future divide from Indonesia is Vietnam, which looks certain to have excess container handling capacity for some time to come. This discrepancy is almost entirely due to the opening of several new terminals at the deep-water port of Cai Mep in the last few years. Planners envisioned Cai Mep as Vietnam's bold statement of intent, a shiny new edifice to the

country's embrace of free trade and ability to meet the global shipping needs of the world's manufacturers.

Full Report Available Upon Request

INDIA | 24 JUNE | ORISSA BUSINESS NEWS

Policy Support can Make Inland Waterways Cost-Effective High Ways of Transport

Policy initiatives like cargo reservation for inland waterways and minor ports, reservation of coastal cargo for Indian ships with a policy on cabotage, integration of smaller ports with inland water ways , allowing major ports to connect with minor ports that in turn would connect the inland water ways, will promote coastal shipping and inland water transport in the country in a big way, according to H.E Mr Shekhar Dutt, Governor of Chhattisgarh, who had played key roles in Defence and Shipping Ministries and shipping industry earlier .

[Full Report](#)

CHINA | 26 JUNE | BLOOMBERG

Shipping Analysts Going More Bearish As Fleet Growth Swamps Cargoes

Shipping analysts are getting more bearish on the outlook for rates to haul iron ore and coal as China, the biggest consumer of both commodities, grows at the slowest pace in three years at a time of record fleet expansion. Capesizes, each holding about 180,000 metric tons of cargo, will earn an average of \$11,709 a day in 2012, the lowest in at least 14 years, the median of 10 analyst estimates compiled by Bloomberg shows. They predicted \$15,000 in a December survey. The fleet will expand 13 percent this year, compared with a 4 percent advance in cargo volumes, according to London-based Clarkson Plc, the world's biggest shipbroker.

[Full Report](#)

Singapore welcomes US exemption from Iran oil sanctions: ministry

Singapore's Ministry of Foreign Affairs has welcomed the US decision to exempt it for 180 days from sanctions levied against countries who trade with Iran, it said in a statement Friday on its website. The exemption takes "into account that since May 2012, no Iranian crude oil was imported into Singapore," an MFA spokesman said in the statement.

[Full Report](#)