Featured *MSP Perspective*:

**Piracy and Fuel Theft in Southeast Asia**  
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By Euan Graham

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An increase in the number of incidents reported by the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP) in the first half of 2014 has fed concerns that piracy and armed robbery at sea are resurgent in Southeast Asia. Fears have been further fanned by the fatal shooting of a crew member on a Vietnamese asphalt tanker, boarded by pirates off Malaysia’s eastern coast in early December.

Although ReCAAP’s inter-governmental Information Sharing Centre (ISC), based in Singapore, reported a year-on-year “surge” in first-half incidents, from 61 in 2013 to 90 in 2014, many of these involved petty theft. A failure to differentiate serious attacks from minor incidents, concentrating only on quantitative indicators, commonly overstates threat. However, perceptions matter where confidence is concerned.

Tankers targeted

ReCAAP’s third quarter report reveals a marked overall improvement since July. Predations in Indonesian ports and anchorages have fallen continuously throughout 2014. Most serious incidents involve illegal fuel syphoning in the Straits of Malacca and South China Sea (SCS). Ten small tankers were hit between April and September. To put this in perspective, since 2011 a total of 18 syphoning attacks have been reported of which 13 were successful.

Most syphoning attacks occur at night, frequently in the less-policing waters north of Indonesia’s Bintan island. Small product tankers are boarded and taken into the SCS; their names sometimes re-painted and communications equipment disabled en route to a rendezvous point with a second vessel. Once alongside, the fuel can be offloaded within hours.

Shipments of Marine Gas Oil (MGO) are targeted for several reasons. First, illicitly-sold MGO is lucrative. Illegal bunkering is a perennial problem beyond port limits, while in remote areas the black market may be the easiest source of fuel. Second, loaded product tankers are inviting targets, being low, slow and easily trackable. Third, many attacks betray the hallmarks of pre-planned, syndicate involvement: syphoning operations are well organised, conducted with apparent foreknowledge of the cargo fuel type. Crews are mostly unharmed. ReCAAP’s most recent report notes the possibility of conspiracy between the crew and/or shipping company and pirates. Suspicions that “piracy” is used as a cover for insurance fraud have mounted as certain operators feature disproportionately in the statistics.

Targeted syphoning attacks, with strong indications of insider involvement, do not pose a generalised threat to shipping or the energy trade, although attacks do still occur on vulnerable vessel types elsewhere. Product tankers are at higher risk, however.

Coordinated response

Syphoning attacks have tested the response capabilities of ReCAAP’s ISC and the mainly inter-naval Information Fusion Centre (IFC), also hosted in Singapore. While ReCAAP’s ISC acts as a piracy information sharing node between designated national focal points and the shipping industry, the IFC’s direct line to operations centres in the region brings an additional “cueing” function.

All three littoral states have deployed navy or coast guard vessels to the scene. When the Ai Maru, a product tanker carrying 1,500 tonnes of MGO, was boarded in the SCS in June, Singaporean and Malaysian warships disrupted the syphoning before it could be completed, although the perpetrators escaped. Information provided by shipping companies to IFC and ISC, which also share with each other, has played a valuable supporting role.

Coordinated law enforcement responses at sea and effective information sharing may help account for a third-quarter drop in syphoning attacks. However, the successful attack on MV Sunrise 689, hijacked in October en route from Singapore to Vietnam demonstrates that the threat remains active. Moreover, no suspect has yet been apprehended in connection with the syphoning attacks.
Therefore, further measures may be warranted in three areas:

• Interpol's regional headquarters in Singapore could play a useful role in galvanising maritime law enforcement cooperation. Prosecuting transnational syndicate leaders would be a powerful deterrent. September’s break-up by Singapore’s Police Coast Guard of an MGO-smuggling ring represents a step in the right direction.

• Second, product tanker owners could mitigate risk by adopting a regional version of Best Management Practices (BMP), which prescribe self-help on-board security measures originally designed to “harden” merchant ships against piracy threats in the Indian Ocean without resorting to armed guards. This would encourage smaller vessels to maintain better security standards and avoid unnecessary risks like anchoring outside port limits.

• Third, in the lead-up to a regional BMP rollout, Singapore, Malaysia and Indonesia could agree to extend the Malacca Strait Patrols to “tag-team” a continuous constabulary presence in the southern reaches of the SCS during the hours of darkness.

*This item is based on an RSIS Commentary published on 18 November 2014.*
NAVAL DEVELOPMENT AND POLICY

CHINA | 23 NOVEMBER | NEW YORK TIMES

China said to turn reef into airstrip in disputed water

A major reclamation project by the Chinese government on a tiny reef 500 miles from the mainland would enable China to land military aircraft there, expanding its reach into the contested South China Sea, analysts have said. The analysts’ report came as a group affiliated with the People’s Liberation Army hosted an international conference in Beijing on Friday and Saturday intended to showcase President Xi Jinping’s call for a new regional security architecture based on the concept of Asia for Asians, an idea that minimizes the role of the United States.

Full Report

NORTH KOREA | 2 NOVEMBER | YONHAP NEWS

N. Korea launches ballistic missile submarine: gov’t sources

North Korea has launched a new submarine capable of firing ballistic missiles, military and government sources in Seoul said Sunday, raising further concerns over the North’s evolving missile and nuclear threats.

Full Report

INDONESIA | 6 NOVEMBER | NAVAL TECHNOLOGY

Indonesia places order for 11 Airbus Panther anti-submarine helicopters

Airbus Helicopters has been awarded a contract to deliver 11 AS565 MBe Panther helicopters to the Indonesian Navy. The new rotocraft will be used for naval anti-submarine warfare (ASW) missions and to support operations from land bases and vessels.

Full Report

INDIA | 4 NOVEMBER | CHANNEL NEWSASIA

India pulls warships from Kolkata as city on ’terror’ alert

India’s navy on Tuesday (Nov 4) withdrew two warships from Kolkata’s port, a spokesman said, as the eastern city was placed on high alert for a possible “terror” attack. The navy said the ships had withdrawn for “prior operational reasons”, although a port official indicated they had been due to take part in an exhibition on Wednesday.

Full Report

INDIA | 6 NOVEMBER | TIMES OF INDIA

Indian naval vessel sinks off Visakhapatnam harbour, sailor killed, 4 missing

In yet another tragic accident in the Navy, a sailor was killed and another four were reported missing after a torpedo recovery vessel (TRV) sank 30 nautical miles south of Visakhapatnam at about 8pm on Thursday. Till late in the night, hectic search and rescue operations were in progress to find the missing personnel.

Full Report
Exercise Keen Sword aims to improve U.S., Japan combat readiness, interoperability

The George Washington Carrier Strike Group (GWCSG) will be operating alongside their Japan Maritime Self-Defense Force (JMSDF) counterparts during a bilateral field training exercise, Keen Sword 15, Nov. 11. Keen Sword is the latest in a series of joint/bilateral field training exercises since 1986 involving U.S. military and Japan Self-Defense Force (JSDF) designed to increase combat readiness and interoperability of U.S. forces and the JSDF.

Russian naval vessels on move north of Australia in leadup to G20

Russian naval vessels are on the move north of Australia, days before the G20 summit in Brisbane and at a time of heightened tensions between Moscow and Canberra. The Australian Defence Force confirmed on Wednesday it was “monitoring Russian naval vessels that are currently transiting through international waters to the north of Australia”.

China commissions new sub hunting corvette

China has commissioned a corvette variant focused on anti-submarine warfare (ASW), expanding the capability of the People’s Liberation Army Navy (PLAN) to find and hunt submarines in the South China Sea, according to Tuesday local press reports via Jane’s Defence Weekly.

India to procure anti-sub armour

The Indian Navy has launched a hunt for integrated anti-submarine warfare suites to fill a void in the security framework that renders its frigates and destroyers vulnerable to underwater threats. The new system is being procured as there has been a substantial delay in the development of advanced towed array sonars, a crucial component of the anti-submarine warfare (ASW) suite, by the Defence Research and Development Organisation (DRDO).

Deal for S Korean minesweepers to be scrapped

India is all set to scrap the long-pending deal for South Korean mine countermeasure vessels (MCMVs), which are highly-specialized smallish warships that detect, track and destroy enemy mines to keep shipping traffic safe, due to allegations of agents having vitiated the entire selection process.

Jokowi launches maritime doctrine to the world

Before world leaders attending the East Asia summit on Thursday, President Joko “Jokowi” Widodo announced the much-awaited vision of his signature maritime-axis doctrine that will define his administration for the next five years. Jokowi said the summit was essential for security, stability and economic prosperity in the region, and he chose the forum to express the ideas about Indonesia as a global maritime fulcrum.

S. Korea’s new arms procurement agency head vows to uproot corruption

The nominee for chief of the country’s arms procurement agency said Tuesday he will strive to hire more civilian experts to root out corruption and develop the country’s defence technologies. Jang Myung-jin, a career researcher at the state-run Agency for Defense Development, was named earlier in the day to lead the country’s Defense Acquisition Program Administration (DAPA), whose image has been tarnished in recent months by a series of corruption scandals.
Malaysian Navy’s KD Perantau vessel sinks during refurbishment

The Royal Malaysian Navy's (RMN) hydrography vessel, KD Perantau, sank after springing a leak during refit work at the Boustead Naval Shipyard in Lumut, Perak. The vessel, which had been used for hydrographic surveying and meteorological and oceanographic observation missions, was undergoing routine refitting work, which was expected to finish by 10 August 2015.

Full Report

Vietnam warships visit Philippines amid South China Sea dispute

Vietnam on Tuesday showed off its two most powerful warships in the first-ever port call to the Philippines but an official said it was not trying to challenge China's superior naval forces amid tension in the South China Sea. Hanoi invited the diplomatic community to its Russian-built missile-guided frigates docked in Manila Bay at the start of a three-day goodwill visit.

Full Report

Japan frets over coming absence of US aircraft carriers

Security policymakers in Japan and the U.S. are privately voicing concern about the absence of U.S. aircraft carriers from East Asian waters for four months next year. Budget restrictions in the U.S. and turmoil in the Middle East is putting pressure on the fleet's capability and will mean not a single aircraft carrier is deployed in East Asia.

Full Report
INDONESIA | 13 NOVEMBER | REUTERS

Indonesia to create new coastguard, boost defense spending

Indonesia will launch a new coastguard next month to crack down on piracy and smuggling which can disrupt commerce in Southeast Asia’s biggest economy, the chief security minister told Reuters on Thursday. The force is part of President Joko Widodo’s push to reassure investors at a time when the economy is growing at its slowest in five years and is strained by twin trade and current account deficits.

SOUTH KOREA | 7 NOVEMBER | FOX NEWS (ASSOCIATED PRESS)

South Korean lawmakers approve plans to disband coast guard

South Korea’s National Assembly on Friday approved plans to disband the coast guard in the wake of criticism over its failure to rescue hundreds of passengers during the sinking of a ferry in April. Authorities say swifter, more aggressive action could have saved more lives.

MIDDLE EAST | 7 NOVEMBER | BBC

Jihadists 'using cruise ships' to reach Middle East war zones

Would-be jihadists have been travelling on cruise ships to reach conflict areas in the Middle East, Interpol has said. The international police body said some of those trying to join militant groups in Iraq and Syria had used cruise lines to get to countries including Turkey.

INDONESIA | 18 NOVEMBER | JAKARTA POST

RI 'must designate sea lanes' to assert maritime sovereignty

Indonesia must finalize and officially designate its sea routes to avoid frequent incursions by foreign vessels, allowing it to take more advantage of sea lines of communication (SLOCs) running through the country, according to experts.

INDONESIA | 19 NOVEMBER | JAKARTA POST

Jokowi declares war on illegal fishing

Responding to rampant illegal fishing in the country’s territorial waters, President Joko “Jokowi” Widodo has ordered drastic measures be taken against foreign ships stealing fish from Indonesia’s seas, including sinking them on the spot. In a speech delivered to participants of the National Resilience Institute’s (Lemhannas) annual training, President Jokowi said the drastic measures were justified given that the country had lost around Rp 300 trillion (US$24.7 billion) annually from illegal fishing and that firm action was necessary to stem further losses.
New agency to replace S. Korea Coast Guard after ferry disaster

South Korea launches a massive new government agency this week to handle emergency rescue and safety management seven months after a ferry disaster killed 304 people and was blamed by President Park Geun-hye on a failed response by the coast guard.

Full Report

Korea P&I Club: Most oil spills in East Asia

Oil spills from vessels occur most frequently in East Asian countries, said a speaker at the Korea Shipowners’ Mutual Protection and Indemnity Association (Korea P&I Club)’s renewal strategy seminar in Seoul, South Korea, yesterday.

Full Report

India in talks with 24 countries to boost maritime security

With an eye on beefing up maritime security, India is negotiating a deal with 24 countries for exchange of neutral merchant shipping data as it rolls out a national hub to tackle all aspects of coastal security to prevent another 26/11-like attack.

Full Report

India launches new agency to replace S. Korea Coast Guard after ferry disaster

South Korea launches a massive new government agency this week to handle emergency rescue and safety management seven months after a ferry disaster killed 304 people and was blamed by President Park Geun-hye on a failed response by the coast guard.

Full Report

Polar Code protects ships and species in icy waters

Ships operating in the icy waters around the north and south poles will be subject to special regulations for the first time, after a Polar Code was adopted last week. The rules come in the wake of high-profile accidents that have seen ships abandoned or sunk after coming to grief in Arctic and Antarctic seas, raising fears for these delicate environments as well as human life.

Full Report

Marine cops foil smuggling bid, seize RM1.4 worth of illegal cigarettes

Marine police foiled a smuggling bid when they seized untaxed cigarettes with a market value of about RM1.41mil from a boat here. Sabah and Labuan Malaysian Maritime Enforcement Agency (MMEA) chief enforcer, First Admiral Wan Mohd Affandi Wan Ahmad said the contrabands were found inside a lorry after marine police noticed inside a high powered boat speeding on waters off the Sipitang district about 144km from the state capital.

Full Report

Six years after 26/11 attacks, coastal security 'much stronger,' says government

On the eve of the sixth anniversary of the Mumbai terror attacks, the government on Tuesday said that the overall coastal and maritime security along the entire coast is "much stronger than before" as several steps have been taken in this regard.

Full Report

EU votes to keep protecting aid to Somalia from pirates

Counter-piracy naval patrols to protect shipments of humanitarian aid for Somalia will continue for two years amid severe hunger in the Horn of Africa. The European council voted last week to extend the EU naval force’s Operation Atalanta until December 2016, saying its main focus is to protect shipments
from the UN’s World Food Programme (WFP) that pass through pirate waters on the way to Somalia.

Full Report

GLOBAL | 27 NOVEMBER | IHS MARITIME 360

**Paying piracy ransoms ‘still legal’**

A new Counter Terrorism and Security Bill, which was presented to the UK parliament on Wednesday, will not change current rules on piracy ransom payments, insurance industry experts and maritime lawyers believe. The bill is a response to heightened concerns over radicalisation and threats from Islamic State.

Full Report

INDIA—PAKISTAN | 28 NOVEMBER | EXPRESS TRIBUNE

**Pakistan frees 40 Indian prisoners**

Pakistani on Friday announced the release of 40 Indian prisoners, including 35 fishermen held for violating territorial waters, a day after a major South Asian summit closed. The fishermen – who had been detained for between one and three years – will travel from Karachi to Lahore, where the two neighbours and arch-rivals have their only active border crossing. The move came a day after the South Asian Association for Regional Cooperation (Saarc) summit in Nepal ended in disappointment, overshadowed by India and Pakistan’s rivalry.

Full Report
China upbeat on New Silk Road project, setting up bank to fund it

HOT on the heels of setting up a US$50bil infrastructure bank, China is creating a new bank to fund its “New Silk Road” project of intercontinental land routes and maritime links. The Marine Silk Road Bank will have a minimum paid-in capital of 5 billion yuan (US$816.23mil) and will be funded by the Marine Silk Road Investment Management Fund and unnamed Asean member countries, said Reuters, quoting the official China Securities Journal.

Full Report

China pledges mergers, private investment in shipping industry

China has issued further guidance to support and modernize its shipping industry, saying it would encourage mergers and private investment as well as develop its cruise industry. The world's biggest trading nation is focusing on the shipping industry as it grows more assertive over territorial disputes in the South China Sea, unnerving neighbors such as Vietnam and Japan, and looks to secure its supply chains.

Full Report

Cambodia plans to open up bidding on 19 petroleum concessions

Cambodia plans to open bids for concessions on 19 onshore oil and gas exploration blocks to promote investment in the sector, a senior official at the country's Ministry of Mines and Energy said on Wednesday.

Full Report

Indonesia shows maritime ambition with $6 billion port plan

Indonesian President Joko Widodo is targeting almost $6 billion in projects to expand ports across the world's biggest archipelago, where investors are deterred by logistics costs that amount to a quarter of the economy. Mr Widodo, known as Jokowi, plans to expand five ports on the nation's main islands, seeking to reduce shipping delays and boost trade in a country that would stretch from New York to London, Coordinating Minister for Maritime Affairs Indroyono Soesilo said in an interview this week.

Full Report

Japan to expand its Antarctic whaling area

Japan is to vastly expand its Antarctic whaling area, and take 333 minke whales, under a scientific research plan to replace the program ruled illegal at Australia’s request. Until now the whalers have operated mainly south of Australia and New Zealand, but the new research zone extends around two thirds
of the Antarctic coast, into the South Atlantic and South-East Pacific.  

SOUTH KOREA | 18 NOVEMBER | MARINE LOG

HHI to deliver world’s largest containership

The 19,000 TEU CSCL Globe, the world’s largest containership was recently christened in South Korea during a ceremony at Hyundai Heavy Industries Co., Ltd. (HHI). The CSCL Globe is the first of five 19,000 TEU containerships ordered by China Shipping Container Lines (CSCL) back in May 2013.

HONG KONG | 21 NOVEMBER | SOUTH CHINA MORNING POST

Cruise visitors double – but more are wanted

The Tourism Board is encouraging cruise companies to deploy more vessels to Hong Kong after passenger numbers more than doubled in the first nine months of the year. The number of cruise passengers who set off from, arrived at or stopped off in Hong Kong from January to September was 294,075, the board said, citing Immigration Department figures, up from 136,000 for the same period last year.

PHILIPPINES | 24 NOVEMBER | PHILIPPINE STAR

Port users draw up proposal to ease congestion

An alliance of various associations of importers, exporters, and port service providers has drawn up a set of immediate and long-term proposals to address congestion and related problems at the Port of Manila. The truck ban from February to September this year led to a buildup in cargo that has been easing only in recent weeks.

CHINA | 25 NOVEMBER | SEATRADE GLOBAL

China’s shipbreakers face grim outlook, ministry warns

China’s shipbreaking industry is going through a loss-making year and the outlook remains grim due mainly to declining steel prices and high inventory, according to the ministry of industry and information technology (MIIT).

ASIA—EUROPE | 27 NOVEMBER | LLOYD’S LOADING LIST

Ships of 24,000teu could be set for Asia-Europe trades

Ships up to 24,000teu capacity could soon be plying the Asia-Europe container trades, putting further pressure on rates, according to the latest analyst reports. Asia-Europe spot rates are currently down a third compared to a year earlier after precipitous declines in recent weeks as supply continues to overwhelm demand.

SINGAPORE | 28 NOVEMBER | MARITIME EXECUTIVE

Cash-rich fuel traders muscle into Singapore

The downfall of a leading marine fuel supplier that prompted sellers to tighten credit terms in Singapore is skewing the post-OW Bunker jostle for market share towards cash-rich trading companies and barge operators, traders said. Marine fuel premiums over cargo prices in Singapore, the world’s busiest refuelling port, have stayed elevated after hitting their highest in more than two years in the wake of OW Bunker’s collapse as worried buyers tried to lock in prompt supplies.

GLOBAL | 28 NOVEMBER | MARITIME EXECUTIVE

New Google tool to track global fisheries

Oceana, SkyTruth and Google have announced their partnership to develop a new big-data technology platform, called Global Fishing Watch, which analyzes massive amounts of satellite data to create the first ever global view of commercial fishing.

MALAYSIA-CHINA | 30 NOVEMBER | THE STAR

KL and Beijing join forces

Malaysia, in collaboration with China, is planning to develop a maritime training hub for the ASEAN
Transport Minister Datuk Seri Liow Tiong Lai said that Malaysia had offered its Maritime Training Institute for the purpose.

**Shipping to reduce carbon footprint further**

The global shipping industry is on track to reduce its greenhouse gas emissions by 20% by 2020, according to the International Chamber of Shipping. Ocean shipping is one of the most efficient forms of transportation, moving around 90% of global trade. For example, a very large container ship (18,000 TEU) emits about 3 grams of CO₂ per tonne-km as compared with a 747 aircraft that emits 435 grams of CO₂ per tonne-km.

**Oil price slumps as OPEC targets US shale**

Crude oil prices hit multi-year lows this week after OPEC held output levels despite global oversupply, in a move perceived by some analysts as an attack on booming US shale energy. Heavy falls in the oil market also dragged down many other commodities, despite holiday-shortened trade due to Thanksgiving on Thursday in the US.