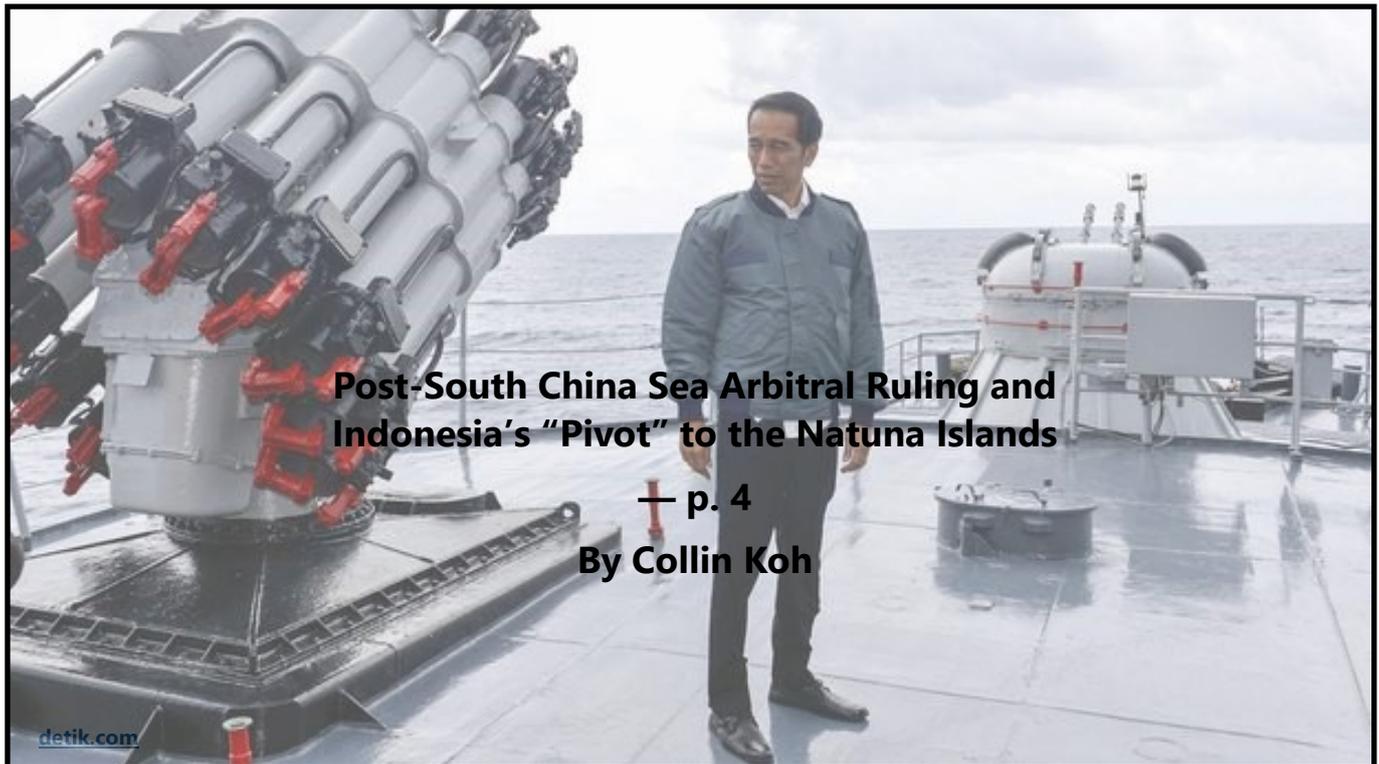


## Featured *MSP Perspectives*:



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*Post-South China Sea Arbitral Ruling and Indonesia's "Pivot" to the Natuna Islands***Author**

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The eyes of the world are focused on China and the Philippines following the following the [Permanent Court of Arbitration's ruling on 12 July](#) on the South China Sea. Washington's next move, and how the Association of Southeast Asian Nations (ASEAN) should respond, have also been in the spotlight. What has slipped mostly under the radar, however, are the actions of Indonesia in response to possible contingencies in the face of a somewhat uncertain future.

In March this year Indonesia found itself embroiled in controversy after [Chinese coastguards intervened in Indonesia's detention of a Chinese trawler, Kway Fey 10078, in waters off the Natuna Islands](#). It was an incident that caused no small amount of disquiet in Jakarta, which has long sought to distance itself from the South China Sea squabbles. Despite acknowledging Indonesia's sovereignty over the Natuna Islands, Beijing had [claimed these waters as "traditional Chinese fishing grounds"](#) within its infamous nine-dashed line South China Sea claim.

This claim not only puts into question Indonesia's ability to effectively enforce its sovereignty and jurisdictional rights in these waters, but also the credibility of its [Global Maritime Fulcrum \(GMF\) vision, first expounded upon by President Joko "Jokowi" Widodo in November 2014](#).

The *Kway Fey 10078* incident galvanised Jakarta to harden its stance in the aftermath. Not only did Jokowi [stress his commitment towards realising the GMF vision](#); the Indonesian Government began to assert its sovereignty over the Natuna Islands, including plans for a [major military buildup](#). More ominously, Jokowi paid a high-profile visit to the islands, during which a limited cabinet meeting was held to announce new initiatives to develop the local economy. Meanwhile, the Indonesian Navy started to detain Chinese fishing boats; even [firing warnings shots in one recent incident](#). These moves were perceived by Beijing as nothing less than an embarrassing affront.

There were [calls within Jakarta to make use of the tribunal's South China Sea ruling to underscore law enforcement in Natuna waters](#), especially since Beijing's nine-dashed line claim had been invalidated.

However, it would be a mistake to think that China will back away from the Natuna waters. Soon after the ruling, Chen Shiqiu and Ruan Zongze, members of an advisory committee to the Chinese Government, [called for bilateral talks on the Natuna fisheries issue](#).

Yet behind this 'conciliatory' façade there have been strident calls by some Chinese scholars and officials for their Government to toughen its stance. Some of them, whom I recently engaged with in Beijing ahead of the South China Sea ruling, proclaimed that with its growing military power China should no longer tolerate its ASEAN neighbours' actions, including the arrest of Chinese fishermen. The implications for Jakarta are clear – the constraint imposed by the tribunal ruling on Beijing's behaviour would be tenuous at best. With post-arbitration nationalistic emotions running high at home, Beijing has little choice but to toughen its position, including challenging its ASEAN neighbours' maritime law enforcement activities.

Clearly the Natuna fishery row with China is not going to vanish any time soon. Beijing would almost certainly not renounce its rights to the "traditional fishing grounds" overlapping into Natuna waters even if both countries were willing to negotiate. The question is whether Jokowi's recent 'pivot' to the Natuna Islands is going to be sufficient in dissuading future Chinese provocations similar to the *Kway Fey 10078* incident. For now, the Indonesian Navy's latest strong showing against Chinese fishermen seems to have had some effect. But the question is how long before Jakarta becomes distracted by other priorities?

With a vast archipelago afflicted by diverse maritime security challenges Jakarta might find itself hard-pressed to respond if Beijing ramps up its aggressive behavior in the Natuna waters. These challenges extend beyond illegal fishing to militant threats to shipping in the Sulu/Celebes Seas and human trafficking in the Arafura Sea, as well as the challenge of a navy which still serves as Indonesia's premier maritime defense and law enforcement agency yet at the same time suffers from persistent capacity shortfalls. The solution is not more negotiations, as history has shown that Beijing would still behave assertively while advocating talks, but in Indonesia's maritime defense and security capacity-building efforts based on its Minimum Essential Force (MEF) blueprint.

During last month's Shangri-La Dialogue, I [posed a question](#) to Indonesia's Defense Minister Ryamizard Ryacudu about realising those MEF targets by 2024. The minister responded that "as the economy progresses, the MEF... will of course be adapted in response to any developments and to the situation. When the economy improves, there will clearly have to be increased weapons procurement." However, [economic uncertainty](#) in the foreseeable future could potentially stymie Indonesia's plans. Given this, it might be worthwhile for Jakarta to consider revising the MEF goals for its navy, as I have previously [proposed](#). This might also allow Indonesia to respond more effectively to the complex and ever-evolving situation in its strategic maritime environment, not just the South China Sea.

This perspective first appeared in *Policy Forum*, 26 July 2016 (click [here](#)).



INDO-ASIA PACIFIC | 27 JULY | USNI NEWS

## RIMPAC Tightens International Coalition in Pacific

As the head of the Rim of the Pacific 2016 amphibious task force progresses through the exercise, the New Zealander works from an office aboard an American ship filled with Australians, Indonesians and other personnel from the across the Pacific.

[Full Report](#)

THAILAND | 1 JULY | BANGKOK POST

## Prawit confirms submarine purchase

Defence Minister Prawit Wongsuwon has confirmed the navy will buy submarines from China at 12 billion baht each, starting with the fiscal 2017 budget.

[Full Report](#)

SOUTH KOREA-UNITED STATES | 6 JULY | YONHAP

## S. Korea, U.S. conduct joint marine attack exercise

South Korea and the United States are conducting a joint marine infiltration and attack exercise, testing the interoperability of the two countries' forces for a potential operation against North Korea, Seoul's military said Wednesday.

[Full Report](#)

RUSSIA | 6 JULY | USNI NEWS

## Russian Spy Ship Now Off Hawaii, U.S. Navy Protecting 'Critical Information'

Moscow has dispatched a specialized spy ship off the coast of Hawaii with the likely mission to monitor the U.S. Navy led Rim of the Pacific 2016 exercise, USNI News has learned.

[Full Report](#)

CHINA | 7 JULY | THE INDIAN EXPRESS

## PLA submarines in Indian Ocean legitimate: China

Defending the movement of its submarines in the Indian Ocean as "legitimate" and in accordance with "international practices", China said, on Thursday, it never objected to the presence of Indian naval ships in the disputed South China Sea as long they follow the principles of freedom of navigation.

[Full Report](#)

*Continue on page 6*

NORTH KOREA | 9 JULY | YONHAP

### **(7th LD) N. Korea's latest submarine-launched ballistic missile test unsuccessful: S. Korea**

North Korea's ballistic missile launch from a submarine ended in failure, South Korea's military said, a provocative move that drew condemnation from South Korea and other regional powers.

[Full Report](#)

CHINA | 9 JULY | REUTERS

### **China holds combat drill in the South China Sea**

The Chinese navy conducted combat drills near its southern island province of Hainan and the Paracel islands in the South China Sea, the Ministry of Defense said on Saturday.

[Full Report](#)

INDONESIA | 19 JULY | THE JAKARTA POST

### **Govt boosts Natuna defenses**

The government is stepping up defense around the Natuna Islands in the wake of increasing tension in the South China Sea, following China's refusal to comply with the recent ruling of the Hague-based Permanent Court of Arbitration (PCA).

[Full Report](#)

NEW ZEALAND | 19 JULY | DEFENSE NEWS

### **New Zealand Orders New Fleet Tanker**

New Zealand ordered a new \$348 million naval tanker from Hyundai in South Korea to replace the replenishment tanker that is nearly three decades old.

[Full Report](#)

AUSTRALIA | 20 JULY | UPI

### **Boeing to produce four P-8A Poseidons for Australia**

Boeing has been awarded a \$100 million U.S. Navy contract modification for production of four P-8A Poseidon aircraft for the Australian government.

[Full Report](#)

NEW ZEALAND-UNITED STATES | 21 JULY | REUTERS

### **U.S. ship visit set to end standoff with New Zealand over nuclear policy**

The U.S. Navy plans to send a ship to New Zealand in November, Prime Minister John Key said on Thursday, formally ending a standoff over the Pacific nation's anti-nuclear policy that dates back more than 30 years.

[Full Report](#)



THE PHILIPPINES | 22 JULY | MANILA BULLETIN

### **Navy to receive 3rd Del Pilar Class Frigate from US**

The Philippine Navy (PN) will formally receive its third Del Pilar Class Frigate (DPCF) - the former US Coast Guard (USCG) Boutwell, a Weather High-Endurance Cutter (WHEC) 719 in Alameda, California on Tuesday.

[Full Report](#)

INDIA | 27 JULY | REUTERS

### **India orders four maritime spy planes from Boeing, bolsters navy**

India signed a contract on Wednesday to buy four maritime spy planes from Boeing Co for about \$1 billion, defence and industry sources said, aiming to bolster the navy as it tries to check China's presence in the Indian Ocean.

[Full Report](#)

SOUTH KOREA | 27 JULY | YONHAP

### **(LEAD) Four Wildcat helicopters delivered to S. Korean Navy**

South Korea's Navy said Wednesday it has received an initial delivery of four Wildcat helicopters it purchased as part of its ongoing efforts to beef up its fighting capability.

[Full Report](#)

INDIA | 28 JULY | THE HINDU

### **CAG raps Navy on aircraft carrier, jets**

The Navy has come under scrutiny by the Comptroller and Auditor-General (CAG) for repeated delays in the construction of the first indigenous aircraft carrier in Kochi and for the underperformance of MiG-29K fighter jets which are to operate from it.

[Full Report](#)



[Wikimedia Commons](#)

CHINA-THE PHILLIPINES | 13 JULY | THE STRAITS TIMES

### **China rejects PCA ruling against its South China Sea territorial claims**

China has summarily rejected the 12 July ruling by the Permanent Court of Arbitration (PCA) against its South China Sea territorial claims, with the government calling it "null and void".

[Full Report](#)

INDONESIA | 1 JULY | THE JAKARTA POST

### **RI to harness regional markets to end illegal fishing**

Discontented with the gains of adopting a hard-line stance on poachers operating within its waters, the country is looking to take advantage of market mechanisms to bolster its efforts in eradicating illegal, unreported and unregulated (IUU) fishing practices.

[Full Report](#)

UNITED STATES-SOUTHEAST ASIA | 4 JULY | NAVY TIMES

### **U.S. ready to help Southeast Asia fight extremist sea attacks**

The U.S. military is concerned about a series of attacks and abductions of tugboat crewmen by Abu Sayyaf extremists in Southeast Asian waters and is willing to lend a hand if needed as part of America's aim to ensure the freedom and safety of navigation in the region, a U.S. Navy official said Monday.

[Full Report](#)

INDIA-PAKISTAN | 6 JULY | THE TIMES OF INDIA

### **India-Pakistan marine agencies meet**

A dialogue was held between the Indian Coast Guard and the Pakistan Maritime Security Agency (PMSA) from 12-14 July in Karachi, Pakistan.

[Full Report](#)

UNITED STATES | 6 JULY | THE MARITIME EXECUTIVE

### **US ports want more action on dirty bomb prevention**

The American Association of Port Authorities (AAPA) claim that the threat of terrorist smuggling at US ports appears to be increasing, and thereby calls for intensification of mechanisms (and of funding of ports and the Customs and Border Patrol) to prevent maritime nuclear smuggling efforts via ports.

[Full Report](#)

*Continue on page 8*

THE PHILIPPINES | 8 JULY | CHANNEL NEWSASIA

### **Southern Philippine waters not a new Somalia: govt**

The Philippines denied on Friday (Jul 8) that piracy in its waters bordering Indonesia and Malaysia had reached Somalian levels, after a recent spate of kidnappings of Southeast Asian sailors.

[Full Report](#)

INDONESIA | 10 JULY | THE JAKARTA GLOBE

### **Armed Men Kidnap Three Indonesians Off Sabah Coast**

Three Indonesians have been kidnapped by five armed men off Lahad Datu, Sabah, Malaysia, late Saturday (10/07), the latest in a spate of abductions.

[Full Report](#)

THAILAND-VIETNAM | 11 JULY | TUOI TRE

### **Thai Navy's shooting of Vietnam fishing boats "against int'l laws": foreign ministry**

Vietnam's Foreign Ministry has issued a diplomatic letter demanding the investigation of a Thai Navy boat opening fire at three Vietnamese fishing ships last Friday, leaving one fisherman missing and two others injured.

[Full Report](#)

INDIA | 14 JULY | THE TIMES OF INDIA

### **Coastal exercise progresses along Bengal**

In the early hours of Friday, two vessels approached an obscure landing point along the West Bengal coast, their engines as silent as possible.

[Full Report](#)

INDIA-AFRICA | 18 JULY | THE DIPLOMAT

### **Indian PM Modi's Africa Visit**

Four African nations, Kenya, Tanzania, Mozambique, and South Africa, hosted Indian PM Modi from 7-11 July, with primary focus being on greater cooperation in maritime security in the Indian Ocean Region.

[Full Report](#)

INDONESIA-MALAYSIA-THE PHILIPPINES | 15 JULY | ANTARA

### **Indonesia, Malaysia, Philippines agree to intensify maritime security**

Indonesia, Malaysia, and the Philippines have signed a document outlining the framework for trilateral cooperation on swift response to discuss maritime security areas of common concern.

[Full Report](#)

INDONESIA | 21 JULY | ANTARA

### **Global awareness on dangers of illegal fishing has increased: Minister**

The world has become increasingly aware of the dangers of illegal fishing, and Indonesia has also implemented several policies to eradicate it, according to Minister of Maritime Affairs and Fisheries Susi Pudjiastuti.

[Full Report](#)

JAPAN-TAIWAN | 27 JULY | THE CHINA POST

### **Taiwan-Japan maritime meet postponed**

The first-ever meeting of a Taiwan-Japan maritime affairs dialogue mechanism, originally slated for Thursday, will be postponed, the Ministry of Foreign Affairs (MOFA) announced on Tuesday.

[Full Report](#)

AFRICA-CHINA-UNITED STATES | 27 JULY | XINHUA

### **Interview: Tripartite Africa-China-U.S. talks to discuss maritime security**

The tripartite talks bringing together Africa, China and the U.S., which in 2014 were only meant to discuss peace issues, will this year focus on maritime security and the blue economy.

[Full Report](#)



SOUTH KOREA | 28 JULY | KOREA TIMES

### **Artificial reefs designed to snag illegal Chinese fishing**

Artificial reefs that counter Chinese boats' illegal fishing have been placed in the sea above Yeonpyeong Island, Incheon city council said Thursday.

[Full Report](#)



SINGAPORE | 19 JULY | NIKKEI ASIAN REVIEW

## Trading ends for Singapore's former national shipping line

July 18 marked the last day of trading in shares of Neptune Orient Lines on the Singapore Exchange. Singapore's former national shipping company was acquired in a 3.38 billion Singapore dollar (\$2.5 billion) acquisition by the French shipping line CMA CGM.

[Full Report](#)

MALAYSIA | 2 JULY | SEATRADE MARITIME NEWS

## Port Klang may build third terminal in five to six years

Malaysia's Port Klang may build its third terminal in the next five to six years to accommodate increasing demand, Port Klang Authority (PKA) chairman Teh Kim Poo was quoted as saying in local reports.

[Full Report](#)

SINGAPORE | 8 JULY | SPLASH 24/7

## Keppel secures new marine projects

Keppel Offshore & Marine has announced that its subsidiary yard Keppel Shipyard has secured four contracts worth a total of about S\$120m (\$89m) from repeat customers.

[Full Report](#)

MALAYSIA | 12 JULY | HELLENIC SHIPPING NEWS

## Samalaju deepsea port to start ops in 9 months

The proposed RM1.8bil Samalaju deepsea port, which is designed and built to serve energy-intensive industries in Bintulu's Samalaju Industrial Park (SIP), is slated for full operations in about nine months.

[Full Report](#)

INDIA-THE NETHERLANDS | 15 JULY | SLPASH 24/7

## Fugro awarded \$26m contract by ONGC

Dutch survey specialist Fugro has won a geotechnical site investigation contract with ONGC India for the KG-DWN-98/2 project off the east coast of India.

[Full Report](#)

Continue on page 10

KOREA | 17 JULY | YONHAP NEWS

### **Samsung close to winning US\$2.5 bln deal for offshore LNG facility**

Samsung Heavy Industries Co., a financially troubled South Korean shipyard, has virtually secured a US\$2.5 billion deal to build a floating liquefied natural gas (FLNG) facility abroad, industry sources said Sunday.

[Full Report](#)

INDIA | 18 JULY | THE HINDU

### **Shipbuilding set to get a big push**

The decision taken by the Ministry of Shipping to implement Shipbuilding Financial Assistance Policy will give a big push to indigenisation and shipbuilding as part of the 'Make in India' programme.

[Full Report](#)

SINGAPORE | 21 JULY | MARITIME EXECUTIVE

### **Keppel Offshore and Marine takes revenue hit**

Second-quarter profits at Singaporean rig builder Keppel Corp fell 48 percent from a year ago, weighed down by a revenue fall of 54 percent at its offshore and marine segment.

[Full Report](#)

INDONESIA | 22 JULY | FISH INFO & SERVICES

### **Investments sought to develop Natuna fisheries industry**

Indonesian authorities intend to attract foreign investors to develop fisheries in the Natuna and Riau islands, around which foreign boats seized for conducting illegal fishing activities will be sunk on August 17, the country's Independence Day.

[Full Report](#)



TAIWAN-UAE | 27 JULY | HELLENIC SHIPPING NEWS

### **TIPC, DP World announce Kaohsiung Port agreement**

Taiwan International Ports Corp (TIPC) yesterday signed a memorandum of understanding (MOU) with Dubai-based DP World to jointly promote the services

of the planned No. 7 Container Terminal at Kaohsiung Port to the global market and attract investments in the facility from large shipping firms and marine terminal operators.

[Full Report](#)

CHINA | 27 JULY | SPLASH 24/7

### **Beijing tells shipping lines to streamline further or be liquidated**

China's state-run shipping scene, already massively different from 18 months ago, could be set for a further period of restructuring and streamlining.

[Full Report](#)

INDIA | 28 JULY | REUTERS

### **With an eye on China, India doubles down on container hub ports**

Indian conglomerate Adani Group has started building the country's first transshipment port, conceived 25 years ago, and the government will construct another \$4-billion facility nearby to create a shipping hub rivaling Chinese facilities in the region.

[Full Report](#)

CHINA-PAKISTAN | 29 JULY | THE NATION

### **Gwadar port ops with new firm to start by Dec**

Gwadar deep sea port is set for commencement of operations with new Chinese port operator China Overseas Ports Holding Company in December this year, sources said yesterday.

[Full Report](#)

UNITED STATES | 29 JULY | MARITIME EXECUTIVE

### **U.S. awards \$61 million for port projects**

U.S. Transportation Secretary Anthony Fox has announced 40 awards totaling nearly \$500 million in funding for the FY 2016 Transportation Investment Generating Economic Recovery (TIGER) grants.

[Full Report](#)

SINGAPORE | 30 JULY | BLOOMBERG

### **Swiber drops liquidation plans following talks with creditor**

Swiber Holdings Ltd., the Singapore-based offshore oil and gas services group, said it is dropping liquidation plans and intends to restructure its business following talks with the company's major financial creditor.

[Full Report](#)