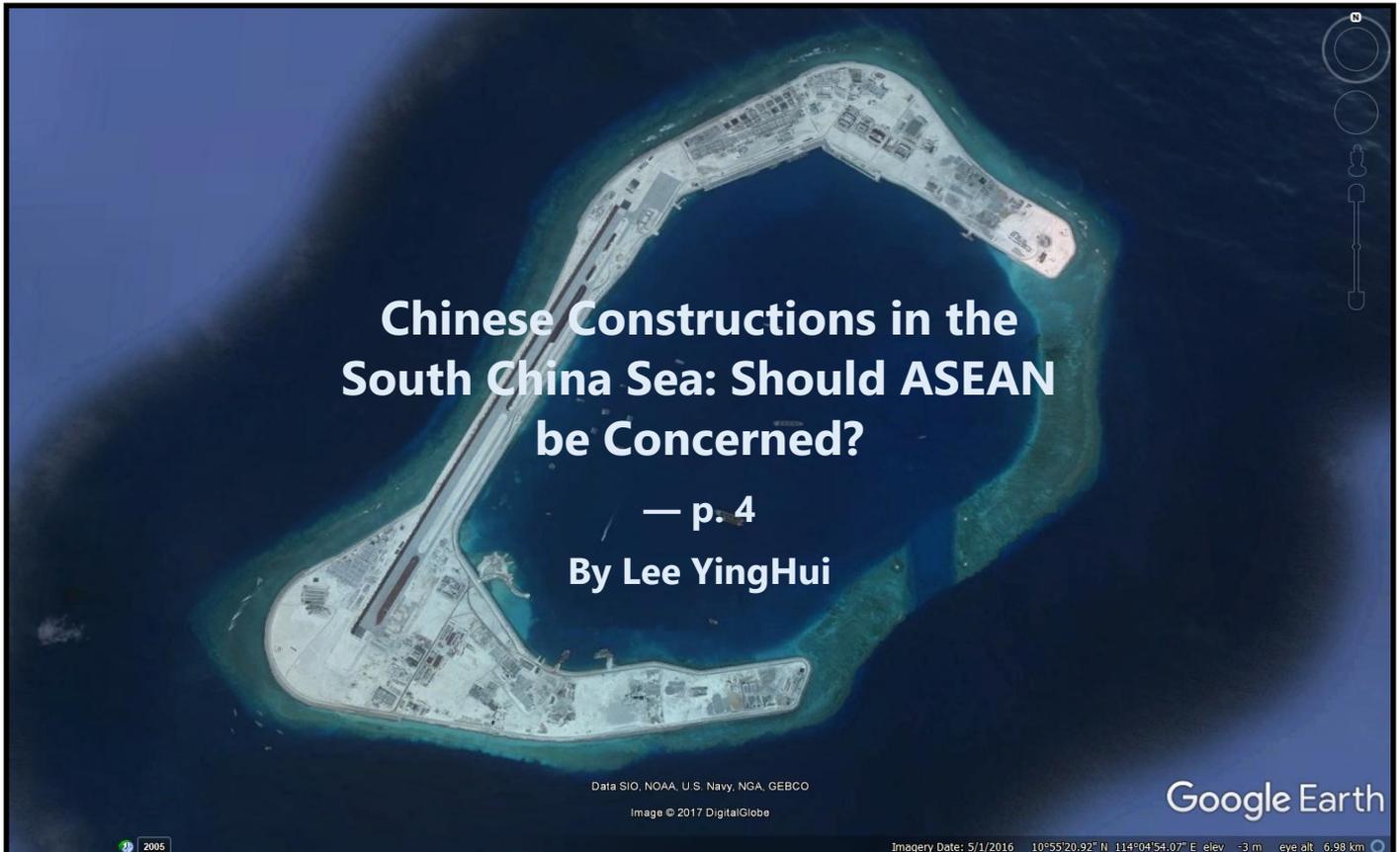


## Featured *MSP Perspectives*:



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### *Chinese Constructions in the South China Sea: Should ASEAN be Concerned?*



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2017 was a year marked by the thawing of tensions in the South China Sea, in contrast to the mounting tension in the past few years in the run-up to the July 2016 Permanent Court of Arbitration (PCA) ruling. Despite reservations towards the final content and nature, the agreement between ASEAN and China at the recently concluded 31st ASEAN Summit to begin negotiations on the fine print of a Code of Conduct (COC) was seen by many as a step in the right direction.

Beijing has actively worked to repair its image as a responsible regional power following the Hague ruling. Taking advantage of its economic prowess, Beijing courted its Southeast Asian neighbours through economic cooperation and aid via its flagship Belt and Road Initiative (BRI). Since coming into power, Philippine President Rodrigo Duterte has on more than one occasion expressed his willingness to put aside the PCA ruling in exchange for deeper economic cooperation with China. Following Xi's visit to Vietnam in November, Beijing and Hanoi also agreed to peacefully handle their disputes in the South China Sea through a joint statement.

Despite an atmosphere of restraint surrounding the COC agreement, construction activities continue to occur on Chinese outposts on both the Spratly and Paracel Islands, according to latest satellite images released by the Asia Maritime Transparency Initiative (AMTI). Chinese state media Xinhua also reported a satellite launch program for remote sensing in the South China Sea slated to begin in 2019. Chinese officials repeatedly argue for the provision of global commons in justifying the benign intentions behind Chinese expansion of islets and infrastructure build-ups.

Unlike previous episodes of Chinese infrastructure build-ups, the recent report has been met with relative silence from China's Southeast Asian neighbours. So far, no ASEAN country has openly voiced objection or concern for ongoing Chinese infrastructure build-up, although Vietnam, on its part has also engaged in constructions of its own. ASEAN countries' silence in many ways reflects the reconciliatory attitude towards Beijing in exchange for economic cooperation under the BRI. Nonetheless, it is important for Southeast Asian countries to remain mindful of Beijing's actions for a number of reasons.

Firstly, Beijing's promise of win-win economic development under the BRI is not as rosy as it seems. On 9 December, Sri Lanka officially handed over control of the strategic Hambantota Port to China on a 99-year lease to help Colombo repay its \$8 billion in debt owed to Beijing. This incident highlights for Southeast Asian countries the risks involved in BRI projects involving huge loans from China. The inability to repay loans could potentially result in a stronger leverage for Beijing, including in the South China Sea. Philippines President Duterte's order to stop construction work on a sandbar at Sandy Cay following objections from China is seen by

some as a display of China's growing influence if not leverage over its smaller ASEAN neighbours.

Secondly, Beijing's agreement to start negotiations on the COC can be seen as a delaying tactic. China's continued infrastructure construction seem to confirm some analysts' suspicion that Beijing is exploiting ASEAN goodwill surrounding the COC negotiations to realise its ambitions in the South China Sea. Should the COC negotiations turn out to become a long drawn out process, with the final product being a non-legally binding framework, as many experts anticipate, ASEAN claimant countries could be left with an "empty carrot" dangled by China, while China would have managed to alter the status quo in its favour.

Thirdly, many of the infrastructures installed are of dual-use nature with potential military applications, especially in terms of China's Anti-Access/ Area-Denial (A2/AD) strategy in the South China Sea. These infrastructures could provide China with the means to restrict the freedom of navigation through this crucial waterway. This worst-case scenario would have devastating consequences on many maritime trade dependent Southeast Asian countries.

Meanwhile, the international community has found itself caught up with rising tensions in the Korean Peninsula. For the United States, China is a crucial partner in managing the rising tensions and nuclear threats from North Korea, despite labelling China (alongside Russia) as "challenge(rs) to American power, influence, and interest," in its latest National Security Strategy. Although Trump has conducted a few Freedom of Navigation Operations (FONOPs) in the South China Sea since becoming President, his main grievance towards Beijing remains the large trade deficit and his 'American First' policy has raised concern in the region with regards to US commitment in Asia.

Like the US, Japan is also concerned with the North Korea nuclear threat. Furthermore, Tokyo has improved relations significantly with Beijing in recent months. Following a meeting between the two leaders in Vietnam earlier in November, President Xi and Prime Minister Abe hailed a fresh start in relations between the two countries, long strained by historical grievances. This was quickly followed by an agreement to establish hotlines to manage unintended clashes in the East China Sea.

The South China Sea has very much disappeared from the radar of both regional and external players over the past year. ASEAN countries cannot and should not rely solely on external players to help balance China in the South China Sea. Although the current thaw in relations is much welcomed, it should not be taken for granted and ASEAN countries should remain united in order to prevent a repeat of Phnom Penh 2012.

A longer version of this commentary first appeared in *The Diplomat* (see [here](#)).



JAPAN | 26 DECEMBER | REUTERS

## Japan considers refitting helicopter carrier for stealth fighters: government sources

Japan is considering refitting the Izumo helicopter carrier so that it can land U.S. Marines F-35B stealth fighters, government sources said on Tuesday, as Tokyo faces China's maritime expansion and North Korea's missile and nuclear development.

[Full Report](#)

INDIA | 2 DECEMBER | HINDUSTAN TIMES

## India starts process to build 6 nuclear-powered attack submarines

India kick-started the process to build six nuclear-powered attack submarines which will significantly boost the Navy's overall strike capabilities in the face of China's growing military manoeuvring in the Indo-Pacific region.

[Full Report](#)

CHINA | 2 DECEMBER | SCMP

## Combat ready: Chinese air force puts new Y-9 transport planes through paces in South China Sea drill

China's home-grown Y-9 transport aircraft appears to be combat ready after completing its first long-distance exercise over the South China Sea.

[Full Report](#)

TAIWAN | 3 DECEMBER | TAIPEI TIMES

## New P-3Cs to thwart any submarine attack: military

The nation's fleet of 12 Lockheed P-3C Orion maritime surveillance aircraft provides Taiwan with an effective deterrent against the growing size and threat of the submarine forces of the Chinese People's Liberation Army Navy (PLAN), the military said yesterday.

[Full Report](#)

UNITED STATES | 4 DECEMBER | USNI NEWS

## New Requirements for DDG-1000 Focus on Surface Strike

The Navy is revamping the Zumwalt-class destroyer's requirements and will morph it into a focused surface strike platform, the director of surface warfare (OPNAV N96) told USNI News today.

[Full Report](#)

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INDIA | 11 DECEMBER | DEFENSE NEWS

### India puts forward new plan to buy helicopters after ending talks with Lockheed

After suspending negotiations with Lockheed Martin in April over the price of 16 naval multirole helicopters, India's Ministry of Defence has mooted a fresh plan for acquiring 24 helicopters for about \$1.87 billion.

[Full Report](#)

CHINA | 11 DECEMBER | REUTERS

### China conducts 'island encirclement' patrols near Taiwan

China's air force has conducted more "island encirclement patrols" near Taiwan, its military said on Tuesday, after a senior Chinese diplomat threatened that China would invade the self-ruled island if any U.S. warships made port visits there.

[Full Report](#)

NORTH KOREA | 11 DECEMBER | THE NEW YORK TIMES

### North Korean Submarine Missile Threat Prompts U.S.-Led Military Drills

Amid fears that North Korea is rapidly developing its submarine-launched ballistic missile technology, the United States, Japan and South Korea are teaming up for a drill to track such hard-to-detect missiles, military officials said Monday.

[Full Report](#)



INDIA | 14 DECEMBER | THE INDIAN EXPRESS

### INS Kalvari, India's 'deadliest' submarine, commissioned by PM Narendra Modi

Prime Minister Narendra Modi on Thursday dedicated naval submarine INS Kalvari to the nation.

[Full Report](#)

CHINA | 15 DECEMBER | THE EPOCH TIMES

### By Snatching Up British Company, China Closes Gap on US Naval Supremacy

The Chinese regime has achieved a critical breakthrough in its aircraft carrier program by incorporating key technology from a British company it discretely acquired a decade ago.

[Full Report](#)

CHINA | 15 DECEMBER | SCMP

### China unveils satellite network plan for round-the-clock lock on South China Sea

China plans to send up 10 more satellites from the southern island of Hainan over the next three years to plug surveillance gaps over the South China Sea, a move observers say is meant to consolidate Beijing's control of the contested waters.

[Full Report](#)

AUSTRALIA | 15 DECEMBER | ABC NEWS

### Future Submarines program hit by fraud allegations

Australia's \$50 billion Future Submarines program has been hit by allegations of fraud, with a Commonwealth official being investigated for misappropriating funds.

[Full Report](#)

SOUTH KOREA | 15 DECEMBER | YONHAP

### S. Korea moves forward in submarine rescue ship development

South Korea said Friday it has completed the first stage of a project to develop an advanced military submarine rescue vessel that can operate down to depths of up to 500 meters regardless of poor weather conditions.

[Full Report](#)

MALAYSIA | 19 DECEMBER | THE STAR ONLINE

### Trial run for first littoral combat ship in 2018

KD *Maharaja Lela*, the country's first littoral combat ship, is expected to be ready for sailing trials next year before its handing over to the navy in 2019.

[Full Report](#)

CHINA | 24 DECEMBER | GLOBAL TIMES

### S. China Sea island construction strengthens defense, helps locals

China has accelerated construction and enhanced its military presence on South China Sea islands and shoals over the past year as territorial tensions with neighboring countries are subsiding.

[Full Report](#)



SINGAPORE | 22 DECEMBER | THE STRAITS TIMES

## Unmanned Surface Vessels part of Singapore's multi-layered defence

Unmanned Surface Vessels (USVs), which can patrol Singapore waters autonomously, have been on trial since late last year, said the Singapore Police Coast Guard (PCG).

[Full Report](#)

MALAYSIA | 5 DECEMBER | NEW STRAITS TIMES

## New kidnap-for-ransom group trying to sneak into Sabah detected

At least four new kidnap-for-ransom groups have tried sneaking into Sabah waters from southern Philippines.

[Full Report](#)

INDONESIA | 5 DECEMBER | ANTARA NEWS

## Banten coastline prone to drug smuggling

In spite of the heavy penalty imposed by the government of Indonesia, notably capital punishment to fight drug offenses, the coastline of Banten province remains prone to international drug smuggling into the island of Java.

[Full Report](#)

THE PHILIPPINES | 5 DECEMBER | UPDATE PHILIPPINES

## PH getting 5 new French-made vessels starting June 2018

The Philippines will be getting four 24-meter fast patrol boats (FPV 72 MKII) in June 2018 and one 82-meter offshore patrol vessel (OPV 270 MKII) in August 2019 from French shipbuilder OCEA, this was confirmed by OCEA officials to the inspection team of the Department of Transportation (DOTr).

[Full Report](#)

ASEAN | 7 DECEMBER | ANTARA NEWS

## ASEAN to tackle crimes at sea: Deputy minister

Deputy Foreign Affairs Minister A.M. Fachir stated that member countries of the Association of Southeast Asian Nations (ASEAN) should unite to fight crimes at sea, noted a written statement released by the Foreign Affairs Ministry.

[Full Report](#)

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MALAYSIA | 10 DECEMBER | NEW STRAITS TIMES

### **Straits of Melaka sees 4th straight year of 'zero piracy': Transport Ministry**

Tight security and surveillance by Malaysian maritime authorities in the Straits of Melaka have resulted in "zero piracy" there in the last four years.

[Full Report](#)

INDONESIA-MALAYSIA-SINGAPORE | 12 DECEMBER | THE STRAITS TIMES

### **Boat capsizes off Pedra Branca; 3-nation search on for 2 Malaysians**

A three-nation search effort is under way for two missing Malaysian men whose fishing boat capsized near Pedra Branca on Sunday.

[Full Report](#)

TAIWAN | 12 DECEMBER | TAIPEI TIMES

### **Coast guard to begin operating drone fleet next year**

The Coast Guard Administration is to start operating a fleet of uncrewed aerial vehicles (UAVs) for maritime law enforcement in the disputed South China Sea before the end of next year, a senior defense official said on Sunday on condition of anonymity.

[Full Report](#)

UNITED STATES | 14 DECEMBER | USNI NEWS

### **Strategic Review: Navy Hasn't Learned From Its Mistakes, Needs to Be Clear About Ship, Aircraft Readiness**

The Navy historically doesn't learn from its mistakes, needs better command and control structures to operate the fleet, and needs to be more honest with Congress and the White House about the capabilities it can provide the nation, were key findings contained in a strategic review of the service released on Thursday.

[Full Report](#)

INDONESIA | 15 DECEMBER | THE JAKARTA GLOBE

### **Indonesia Must Improve Maritime Surveillance: Navy**

Indonesian Navy Vice Chief of Staff A. Taufiq R. said on Wednesday (13/12) Indonesia needs to improve its capabilities in integrated maritime surveillance to address "external challenges" and achieve its ambition to become a global maritime fulcrum.

[Full Report](#)

THE PHILIPPINES | 18 DECEMBER | UPDATE PHILIPPINES

### **Largest, newest Navy ships to bring relief goods to Urduja-hit provinces**

The Philippine Navy is set to utilize its newest and

largest ships to bring relief goods, basic services, equipment and personnel in areas affected by tropical cyclone Urduja.

[Full Report](#)



SOUTH KOREA | 20 DECEMBER | YONHAP

### **Coast Guard fires 180 shots to chase off Chinese fishing boats**

The Coast Guard fired around 180 gunshots to chase off dozens of Chinese boats illegally fishing in South Korean waters off the west coast earlier this week, officials said Wednesday.

[Full Report](#)

CHINA | 24 DECEMBER | XINHUA

### **China Focus: China's first domestic large amphibious aircraft makes maiden flight**

China's first large amphibious aircraft AG600 on Sunday completed its maiden flight in south China's Guangdong Province.

[Full Report](#)

NORTH KOREA | 27 DECEMBER | NIKKEI ASIAN REVIEW

### **North Korean 'ghost ship' arrivals in Japan hit record 99**

Suspicious wooden boats, apparently from North Korea, drifting near or washing up on the Japanese west coast have reached a record of 99 so far this year, according to the Japan Coast Guard.

[Full Report](#)

SOUTH KOREA | 29 DECEMBER | YONHAP

### **(LEAD) Hong Kong vessel seized by S. Korea after ship-to-ship oil transfer for N. Korea**

A Hong Kong vessel has been seized and inspected by South Korean authorities after secretly transferring oil to a North Korean vessel in international waters in a ship-to-ship transfer prohibited by the United Nations Security Council, government officials said Friday.

[Full Report](#)



SOUTHEAST ASIA | 31 DECEMBER | NIKKEI ASIAN REVIEW

## **Southeast Asian countries vie for port supremacy**

The Port of Singapore has long been the unchallenged leader among marine transport hubs in Southeast Asia, but that may be changing as it suffers slowing growth in container traffic growth and nearby ports in Indonesia and Malaysia gain ground.

[Full Report](#)

CHINA | 1 DECEMBER | HELLENIC SHIPPING NEWS

## **Prepare for environmental inspections in China**

China launches a year-long inspection campaign on 'Ship Pollution Control' in the Hainan Province as part of its efforts to reduce air and water pollution associated with shipping.

[Full Report](#)

VIETNAM | 2 DECEMBER | FISH INFO & SERVICES

## **National Assembly passes reformed Fisheries Law to tackle IUU fishing**

Vietnamese National Assembly has passed the revised Law on Fisheries, including new features to strengthen illegal unreported unregulated (IUU) fishing fight and help the country gain the removal of the yellow card from the European Union.

[Full Report](#)

KOREA | 4 DECEMBER | BUSINESS KOREA

## **S. Korea's shipbuilding industry losing its cost competitive edge**

South Korea's shipbuilding industry has been overtaken by latecomers, including China, in the liquefied natural gas (LNG) carrier, very large crude carrier (VLCC) and offshore plant sectors that the industry has had the most competitive edge in the world.

[Full Report](#)

GLOBAL | 6 DECEMBER | MARINE LINK

## **BIMCO, FONASBA launch general agency agreement**

BIMCO and FONASBA have once again joined forces to create and launch a new general agency agreement for port agents, shipowners and ship operators contracting port agency services.

[Full Report](#)

*Continue on page 10*

SRI LANKA | 12 DECEMBER | NEW YORK TIMES

[Full Report](#)

### **Sri Lanka, struggling with debt, hands a major port to China**

Struggling to pay its debt to Chinese firms, the nation of Sri Lanka formally handed over the strategic port of Hambantota to China on a 99-year lease last week, in a deal that government critics have said threatens the country's sovereignty.

[Full Report](#)

BANGLADESH | 13 DECEMBER | THE MARITIME EXECUTIVE

### **New funding for IMO's Bangladesh ship recycling project**

The second phase of an IMO-implemented project to enhance safe and environmentally sound ship recycling in Bangladesh is set to begin in January, following a \$1.1 million funding agreement with Norway.

[Full Report](#)

EUROPEAN UNION | 14 DECEMBER | THE MARITIME EXECUTIVE

### **Next sea traffic management project approved**

A new Sea Traffic Management (STM) project, EfficientFlow, has received E.U. funding from the Interreg Central Baltic Programme.

[Full Report](#)

SINGAPORE | 15 DECEMBER | THE STRAITS TIMES

### **MPA puts in \$12m more to boost LNG bunkering**

A further \$12 million has been invested to boost liquefied natural gas (LNG) bunkering in the Port of Singapore.

[Full Report](#)

GLOBAL | 20 DECEMBER | MARASI NEWS

### **Shipping confidence at three-year high**

Shipping confidence held steady at its highest rating in the past three-and-a-half years in the three months from September to November 2017, according to the latest Shipping Confidence Survey from international accountant and shipping adviser Moore Stephens.

[Full Report](#)

SINGAPORE | 23 DECEMBER | CHANNEL NEWS ASIA

### **Keppel O&M to pay US\$422m in fines as part of settlement over corruption probe**

Keppel Offshore and Marine (Keppel O&M) will pay US\$422 million (S\$567 million) in fines as part of a global resolution reached with criminal authorities in the US, Brazil and Singapore over corrupt payments made by a former agent in Brazil.

GLOBAL | 24 DECEMBER | THE MARITIME EXECUTIVE

### **UN pursues new treaties to protect high seas**

The United Nations General Assembly voted Sunday to pursue an international treaty to protect the marine environment on the high seas.

[Full Report](#)

CHINA | 26 DECEMBER | SPLASH 24/7

### **New cross-strait shipping route launched**

Taiwan Wagon Group and Pingtan Transportation Group will jointly launch a new cross-strait shipping service this week. Currently, only a few shipping firms are approved to operate direct container shipping businesses between mainland China and Taiwan.

[Full Report](#)

JAPAN | 26 DECEMBER | NIKKEI ASIAN REVIEW

### **Kawasaki Heavy moving most shipbuilding to China**

Kawasaki Heavy Industries will step up commercial shipbuilding in China and scale down production in Japan to improve cost competitiveness as the market rebounds from a years long slump.

[Full Report](#)



Wikimedia Commons

HONG KONG | 27 DECEMBER | THE BUSINESS TIMES

### **Hong Kong set to lose spot among top 5 container ports in 2018**

Hong Kong is poised to lose its ranking as the world's fifth-busiest container port if cargo-handling trends continue.

[Full Report](#)