MARITIME PERSPECTIVES 2014

Edited by
Vijay Sakhuja
Gurpreet S Khurana

National Maritime Foundation
Foreword

In the 21st century, India exudes greater self-confidence and maritime issues are high on the national strategic thinking. One of the objectives of the National Maritime Foundation (NMF) is to promote maritime awareness among the broader strategic community and public at large for a better understanding of maritime matters in India and rest of the world.

In this endeavour, the NMF contributes through View Points, Issue Briefs, Policy Briefs, Monographs and Books on topical maritime-related issues and developments in the areas of India’s maritime interest.

Maritime Perspectives is a novel initiative to compile important web-publications over the past year. The value of this endeavour lies not only in placing these developments on record for intellectual enquiry and institutional history, but also to help discern the emerging trends for a more rigorous analysis by the strategic community.

I am confident that this endeavour would be perpetuated in the following years with continued vigour.

Date: 1 February 2015

Place: New Delhi

Admiral DK Joshi
PVSM, AVSM, YSM, NM, VSM (Retd.)
Chairman
National Maritime Foundation
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The Neighbourhood
Sri Lanka: Status of Political Settlement to the Ethnic Issue

N Manoharan

As reports of prospective expansion of Trilateral Maritime Agreement between India, Sri Lanka and Maldives to include Mauritius and Seychelles come in, it is important to look at the stability factor in each of the partner countries. Maldives has just come out of political uncertainty by having an elected president. In the case of Sri Lanka, it is half a decade since the end of ‘Eelam War IV’. Yet, the underlying cause for the island’s ethnic question has not been addressed despite pressures from the international community, including India.

While winding up the budget session 2014 recently, Sri Lankan President Mahinda Rajapaksa has called for a “home grown solution” to the ethnic issue. But, what is this “home grown solution” all about? How serious is the Sri Lankan government in bringing-in a long-term political settlement of the ethnic question?

The attempt to find a “home grown solution” in the recent period goes back to 2006, when President Rajapaksa appointed an ‘All Party Representative Committee’ (APRC) to “fashion creative options that satisfy minimum expectations as well as provide a comprehensive approach to the resolution of the national question.” However, instead of exploring “creative options”, the APRC, in its interim report submitted in January 2008, advised the President to implement the 13th amendment to the Constitution, which outlined devolution to the provinces in the aftermath of the Indo-Sri Lankan Accord of 1987. By the time the APRC submitted its final report to the President in August 2009, the ‘Eelam War IV’ was over. Riding on triumphalist mode, the President chose to shelve the Report.

At a later date, in an interview, President Mahinda Rajapaksa outlined his thoughts on devolution succinctly when he said, “We are keen on a sustainable political settlement. But it must have wide acceptance, especially
in the context of the post-conflict situation.” With this pronouncement, the writing on the wall was clear: Colombo would deal with the ethnic issue from the position of strength. Federalism that was once on cards has been ruled out once and for all. Other options like devolution based on ‘2000 proposals’, the All Party Representative Community (APRC) or even based on some features of the Lessons Learnt and Reconciliation Commission (LLRC) are not under consideration.

At the maximum, what is on cards is some arrangement revolving around the existing 13th amendment. Through the 13th Amendment, Sri Lanka was divided into nine provinces each governed by a Council headed by an elected Chief Minister. It also merged north and east as one province called Northeast Province, and made Tamil an official language along with Sinhala, and powers were divided under three lists (Provincial, Reserved and Concurrent). Police and land powers were never devolved. The provinces, especially the northeast, struggled without adequate financial powers. Then came the de-merger of the north and the east in January 2007, thanks to the Sri Lankan Supreme Court ruling. Amendments to the Constitution, like the 18th, centralised even more powers in the Executive President, thus eroding the autonomy and integrity of all other institutions, including the Provincial ones. Since Colombo never implemented all the provisions of the 13th Amendment, there have never been “13”, but only “13-minus”.

Rajapaksa, who initially committed to go “beyond 13th Amendment”, changed track later by holding that “there is no ethnic issue, but only development issue.” Now the latest move is appointment of a Parliamentary Select Committee (PSC) to review the whole 13th Amendment arrangement. The PSC, however, remains a non-starter because of non-participation of Opposition parties like the United National Party (UNP) and the Tamil National Alliance (TNA) and even coalition partners like Sri Lanka Muslim Congress (SLMC). Hardline parties like Janata Vimukthi Peramuna (JVP), National Freedom Front (NFF) and Jathika Hela Urumaya (JHU) have of late started arguing that Provincial Council system is a divisive mechanism and “does not suit” a country like Sri Lanka. The system, to them, was not indigenous, but was “forced on Sri Lanka” by external forces like India and hence the 13th Amendment should go. Unfortunately, a section of the government, led by the President’s
brother and Defence Secretary, Gotabhaya Rajapaksa, subscribes to this viewpoint. On the other hand, a dominant section of the present UPFA (United People's Freedom Alliance) government including President Mahinda Rajapaksa support dilution of Provincial Council System, termed as the “13th Amendment Minus” framework. The argument is, since whatever limited police and land powers that are vested with the provinces were not practically implemented, the move now is to devolve only those implementable portions.

Given the complexity of the ethnic issue, any arrangement less than “13 plus” is not sustainable. It is for this reason that the international community, especially India, has been realistically insisting on a two stage process: firstly, implement the 13th Amendment in full; and later go beyond it (called “13 plus” framework). New Delhi knows that it is practically difficult to hit the “13-plus” without fully realising the 13th Amendment. It could be minus somewhere and plus somewhere else, but the essence of the arithmetic is to have an arrangement that meets the sentiments and grievances of minority communities and which brings peace and prosperity to the Island. However, in the Sri Lankan case, finding a long-term political settlement to the ethnic issue is being deferred in the name of “home grown solution,” but in not finding one.

Finding a lasting political settlement is vital in establishing sustainable peace in the island. By doing so, Colombo would also be in a position to mend ties with many countries that are presently disappointed with the way the ethnic issue is being handled. If this irritant is ironed out, India and Sri Lanka could concentrate on addressing common maritime challenges, both bilaterally and multilaterally.

3 January 2014
The Geneva agreement between Iran and the P5+1 countries—the US, Britain, China, Russia, France and Germany—known as Joint Plan of Action (JPA), relates to Iran’s nuclear weapons programme, was struck on 24 November 2013. It came into force on 20 January 2014, which is the first step in the direction of a comprehensive agreement after six months. The interim agreement is a major breakthrough for Iran as well as P5+1, particularly for the US as it considers Iran’s nuclear programme inimical to its national security interests.

Geneva Agreement: An Overview

It is expected that the deal would create a favourable environment for a comprehensive agreement between Iran and the P5+1 countries, and would also work as a confidence-building measure because it is the first time since 2003 that the parties involved have reached a consensus with regard to the Iran nuclear programme. US President Barack Obama is quite optimistic about the outcome of the deal and wants to give diplomacy a chance to resolve the Iranian nuclear conundrum. By mentioning the benefits of the deal to Iran, President Obama stated that the deal would open “the door of opportunity” for Tehran to have better relations with others countries.1 Similarly, US Secretary of State John Kerry averred that implementation of the agreement was a “significant step.”2

According to the agreement, Iran has committed to the following:

- From the existing uranium enriched to 20 per cent, retain half as working stock of 20 per cent oxide for fabrication of fuel for the Tehran Research Reactor (TRR). Dilute the remaining 20 per cent UF6 to no more than 5 per cent. No reconversion line.

- It will not enrich uranium over 5 per cent for the duration of the 6 months.
• It will not make any further advances of its activities at the Natanz fuel enrichment plant, Fordow, or the Arak reactor, designated by the IAEA as IR-40.

• Beginning when the line for conversion of UF₆ enriched up to 5 per cent to UO₂ is ready, Iran has decided to convert to oxide UF₆ newly enriched up to 5 per cent during the 6 months period, as provided in the operational schedule of the conversion plant declared to the IAEA.

• No new locations for the enrichment.

• Iran will continue its safeguarded R&D practices, including its current enrichment R&D practices, which are not designed for accumulation of enriched uranium.

• No reprocessing or construction of a facility capable of reprocessing.

• Enhanced monitoring, i.e., provision of specified information to the IAEA including information on Iran’s plans for nuclear facilities, a description of each building on each nuclear site, a description of the scale of operations for each location engaged in specified nuclear activities, information on uranium mines and mills, and information on source material. This information would be provided within three months of the adoption of these measures.

• Submission of an updated DIQ for the reactor at Arak, designated by the IAEA as the IR-40, to the IAEA.

• Steps to agree with the IAEA on conclusion of the safeguards approach for the reactor at Arak, designated by the IAEA as the IR-40.

• Daily IAEA inspector access when inspectors are not present for the purpose of design information verification, interim inventory verification, physical inventory verification, and unannounced inspections, for the purpose of access to offline surveillance records at Fordow and Natanz.

• IAEA inspector managed access to centrifuge assembly workshops and centrifuge rotor production workshops and storage facilities, and uranium mines and mills.³

• In return the E3/EU+3 would undertake the following voluntary measures:

  • Pause efforts to further reduce Iran’s crude oil sales, enabling Iran’s current customers to purchase their current average amounts of crude oil. Enable the repatriation of an agreed amount of revenue held abroad. For such oil sales, suspend the EU and US sanctions on associated insurance and transportation services.
• Suspend US and EU sanctions on Iran’s petrochemical exports, as well as sanctions on associated services. Suspend sanctions on gold and precious metals, as well as sanctions on associated services. Suspend US sanctions on Iran’s auto industry, as well as sanctions on associated services.

• License the supply and installation in Iran of spare parts for safety of flights for Iranian civil aviation and associated services. License safety related inspections and repairs in Iran as well as associated services. 

• No new nuclear-related UN Security Council and EU sanctions.

• The US administration, acting consistently with the respective roles of the President and the Congress, will refrain from imposing new nuclear-related sanctions.

• Establish a financial channel to facilitate humanitarian trade for Iran’s domestic needs using Iranian oil revenues held abroad. Humanitarian trade would be defined as transactions involving food and agricultural products, medicine, medical devices, and medical expenses incurred abroad. This channel would involve specified foreign banks and non-designated Iranian banks to be defined when establishing the channel.

• This channel could also enable transactions required to pay Iran’s UN obligations and direct tuition payments to universities and colleges for Iranian students studying abroad up to an agreed amount for the six months period.

• Increase the EU authorisation thresholds for transactions for non-sanctioned trade to an agreed amount.4

Thus, the accord affirms the lifting of all UN Security Council sanctions, as well as multilateral and national sanctions related to Iran’s nuclear programme, which is a significant achievement for Iran. Prior to this deal, sanctions imposed against Iran damaged its economy as loss of revenues from oil and the cut off of Iran from the international banking system resulted in a sharp drop in the value of Iranian currency and also raised inflation to over 50 per cent. It also reduced Iran’s accumulation of and access to reserves of foreign exchange. Iran’s economy shrank by over 5 per cent since 2012. So, the removal of sanctions would be a big relief for the crippled Iranian economy.

In view of the above, Iran has started to work towards the implementation of the JPA. As Tero Varjoratna, International Atomic Energy Agency (IAEA) Deputy Director General and head of the department of safeguards, confirmed in his remarks to the media on 20 January 2014, “They (Iran) have stopped producing 20 per cent uranium.”
They have also ceased to use the tandem configuration of centrifuges; in other words, the interconnections have been removed from the place. The dilution process of the 20 per cent uranium has started and the conversion process of the same type of uranium is also ongoing.\(^5\)

**Challenges**

The interim agreement, however, has been criticised in Iran, Israel and the US. In Iran itself, some hardliners have criticised the Geneva deal and called it “a poison chalice.” They argued that the deal is so vague and conditional that it may finally lead to a shutting down of Iran’s uranium enrichment programme.

In the region, Israel is a strong opponent of the accord and is in favour of a military strike on Iran to curb its nuclear weapons programme. Israel Prime Minister Netanyahu criticised the Geneva agreement and asserted that “what was achieved in Geneva is not a historic agreement; it is a historic mistake. Today the world has become a much more dangerous place. The permanent agreement with Iran must lead to one result: the dismantling of Iran’s military nuclear capability.”\(^6\)

Some Senators in the US are opposing the agreement and are in favour of fresh sanctions against Tehran. They are not in the favour of lifting the sanctions and argued that these were the sanctions that brought Iran on to the negotiating table. These lawmakers think that the stiff sanctions and a military strike are the most viable solution of Iran’s nuclear weapons programme. But, if these Congressional hawks are able to enact a law regarding the new sanctions on Iran, it would be, in the long term, a worse thing for this peace initiative.

**Future Prospects**

For the success of any deal, the proper implementation is a primary prerequisite. It is noteworthy that if the deal is properly implemented it would be a major milestone for nuclear non-proliferation and for the overall peace in the region. From the non-proliferation perspective, it would decrease the prospect of armament in the Middle East region in coming times. To some extent, it would also create stability in the Middle East.

From the Indian perspective, the deal is good for India and its bilateral relations with the US. Of late, supply of petrochemicals particularly crude oil from Iran to India has been one of the diverging issues in India-US relations. Due to the US and EU sanctions against Tehran, New Delhi’s crude imports from Iran have dropped dramatically. From a level of over sixteen per cent in 2008-
2009 to almost six per cent in mid-2013, this has affected India’s energy security. So, the implementation of the Iran deal and the lifting of sanctions are consistent with Indian interests.

In the end it can be said that it is the first time since 2003 that all the world powers, particularly the US, Russia and China, have come together and reached a consensus to resolve Iran’s nuclear issue. This interim agreement also generates optimism for the future that some understanding may yet evolve among the concerned powers perhaps sooner rather than later. And if that happens, Syria will be the first beneficiary.

10 February 2014

Notes


4. Ibid.


Bangladesh is a littoral country of Bay of Bengal, and an immediate maritime neighbour of India and Myanmar. Its continental periphery is almost completely enclosed by India (it shares only a small stretch of border with Myanmar). This geographic reality has contributed much in shaping its relations with India.

Political and Cultural

Notwithstanding the political boundary separating India and Bangladesh, the peoples across it share common historical roots; and social, cultural and linguistic characteristics. It was only the tyranny of history that divided them on the notion of ‘two-nations’ based on religious lines. In wake of events prior to the liberation war of 1971, India's policy towards Bangladesh (erstwhile East Pakistan) amply reflected such sentiments, which led India to wholeheartedly support the country’s freedom struggle.

However, despite India’s contribution to Bangladesh's independence and the historic ‘Indo-Bangladesh Treaty of Friendship, Cooperation and Peace’ signed soon thereafter in March 1972, the relation between the two countries have not been steady. Predominantly determined by the political segment in power at Dhaka, the gradual decline in India-Bangladesh relation was witnessed during the tenures of Islamic fundamentalist governments of General Ershad and Khaleda Zia of Bangladesh National Party (BNP). Anti-India sentiments were also echoed during these tenures. Though the present Sheikh Hasina government of Awami League Party (in power since Jan 09) has made efforts to improve bilateral relations, a few lingering contentions are impeding the process. The key ones are stated in the succeeding paragraphs.

Land Border Issue

India and Bangladesh share 4,095 km long border that criss-cross across
villages, rivers, roads and agricultural lands. Drawn hastily by Cyril Radcliff, Head of Boundary Commission, the border is highly porous and ambiguous, with numerous enclaves. The political partition of erstwhile East Pakistan (now Bangladesh) and India in 1947 created 130 Indian enclaves and 95 Bangladeshi enclaves. Consequently, the maximum brunt of it was borne by the residents of the enclaves who till date continues to live in pathetic condition devoid of basic necessities. The ambiguities in border demarcation have often led to exchange of fire between the Indian Border Security Force (BSF) and the Bangladesh Rifles (now renamed Border Guard Bangladesh or BdB), resulting in significant casualties. The Joint Boundary Working Group (JBWG) meetings that were set up to resolve the disputing land issues between the two countries failed to garner significant success.

In September 2011, both the governments signed a landmark agreement involving the exchange of enclaves. Also notable is the July 2011 agreement a few months earlier, wherein India had permitted Bangladeshi to have free access to a major enclave of theirs through the Teen Bigha Corridor. However, the landmark agreement which envisages the exchange of 162 enclaves and alteration of the border at some places can be signed only after India brings about a Constitutional amendment, which is a vexed issue.

A new ray of light was seen with the formation of a new Indian government under the leadership of Narendra Modi. The eagerness of the government in resolving the long standing issue of unconditional exchange of enclaves even propelled the reluctant West Bengal government to soften its stance on the matter.

Maritime Boundary Delineation

Maritime Boundary delineation between India and Bangladesh has been a complex one. The two countries have chosen two dissimilar approaches in addressing the demarcation of International Maritime Boundary Line (IMBL). India's position on ‘equidistance’ principle has been the basis of its IMBL agreements with other maritime neighbours. However, this approach was rejected by Dhaka, which asserts that owing to the country’s concave coastline, applying the equidistance principle would leave Bangladesh virtually landlocked with very less Exclusive Economic Zone (EEZ) and no Legal Continental Shelf (LCS). Instead Dhaka has been asserting the application of the ‘equitable’ principle, with the IMBL extending southwards along the
180 degree median. In addition, given the nature of its coast prone to high level of siltation, Dhaka asserts that the delineation of the IMBL be based on the ‘straight baseline’ anchored in far flung low water elevation offshore rather than ‘low water baseline’ ashore.

These claims have been rejected by India on the basis that it would severely deprive India of a major portion of its legitimate maritime zone. The dispute has been referred to the Permanent Court of Arbitration (PCA) at The Hague (Netherlands), which is an independent body under the UNCLOS, Annexure VIII. The outcome is expected to be declared by early July 2014.

**Water-Sharing Issue**

The sharing of Ganges water flowing from India to Bangladesh has been a long outstanding contention that persisted despite the establishment of Joint River Commission in 1972. The genesis of the issue may be traced to the 1960s when India constructed the Farakka Dam about 10 km short of Bangladesh border. It was meant to increase the lean season flow of water to Hooghly River to prevent siltation at Calcutta port. Bangladesh protested that it was causing its rivers to dry up, leading to not only paucity of water for irrigation, but also other adverse effects like floods. A five-year agreement and technical proposals in later years did not succeed in resolving the issue, leading to a widespread perception in Bangladesh that as a powerful country, India is bullying its small neighbour through unilateral actions.

In December 1996, the historic treaty established a 30-year water-sharing arrangement that aimed at equitable distribution of Ganges water during lean season.\(^6\)\(^7\) However, the treaty is more of an interim political adjustment, rather than being a long-term technical solution to the bilateral contention. This is validated by criticism that the treaty evoked among stakeholders in both India and Bangladesh as being unfair to their respective side, and the following recent events certify these stances: -

In September 2011, the West Bengal government refusal to give its assent to the Teesta agreement proposed in 2004 spurred widespread protests in Bangladesh against the Indian Government. The protests were meant to safeguard the interests of Bodo paddy growers in northern Bangladesh.

The October 2011 agreement between India’s National Hydro Power Corporation and Manipur government over the construction of Tipaimukh dam on Barak River led to more protests in
Bangladesh not only by the government, but also the opposition party and various civil society groups.

**Economic**

**Bilateral Trade**

India-Bangladesh trade of US$5.242 billion (2011-12) represents a significant rise in recent years. However, considering that Bangladesh is an immediate neighbour with whom India shares significant economic complementarities, bilateral trade is substantially below its potential. Besides, the trade balance is severely weighed against Bangladesh. In 2011-12, India’s exports accounting for about US$4.7 billion, as against its imports of only about US$0.5 million.

A major factor for the low trade flow is the lack of understanding and trust deficit between the two countries, which economic interaction, notwithstanding the parleys at multilateral institutions like SAARC and BIMSTEC. Another factor is China. In 2004, its trade with Bangladesh surpassed that with India and has increased manifold in more recent years.

It deserves mention that ‘informal’ (illegal) trade between the two countries has been flourishing. The porous and ambiguous borders contribute to such transactions.

**Security and Strategic**

**Illegal Migration**

Since the time of persecution of Bangladeshis by Pakistani forces in the years preceding the liberation war of 1971, illegal migration from Bangladesh into India has continued, particularly affecting India’s north-eastern states. The reasons are diverse ranging from poverty and lack of employment opportunities to climate change. This has been impinging severely on India’s internal security and socio-economic stability. Though India has completed around 1357 km fencing of the international border, another 2429 km of border needs to be fenced to prevent unauthorized movement of people across the borders.

**Islamic Fundamentalism**

At the time of independence, Bangladesh had declared secularism to be one of its founding principles. But with the military rule into power in Bangladesh, Islamic fundamentalism overtook the secular democratic nature of the country. Over the years, the country’s Islamic identity took a centre-stage in Bangladeshi politics. The presence of Islamic radicals Bangladesh involved in perpetrating terrorist acts both at home and in India led to security concerns in India. However, since 2009 when
Sheikh Hasina government into power in Bangladesh, this situation improved to a certain extent.

**Insurgency in India’s Northeast**

The insurgent groups operating in India’s north-eastern states are known to draw strength from Bangladeshi territory in terms of their access to weapons and explosives, and as a shelter to hide and re-group. India’s effort in seeking Dhaka’s cooperation on this account has been acknowledged by the latter on notable occasions. For instance, in 2004, Bangladeshi security forces seized a huge consignment of arms and explosives in Chittagong Port, which were believed to be bound for India’s northeast. In its recent verdict on the case, a Bangladesh court awarded death penalty to the accused, including the Assamese separatist leader Paresh Barua.

**Transit to India’s Northeast**

India’s north-eastern states are comparatively weak economically and inferior in infrastructure in respect to the rest of India. Besides, being land-locked and connected to India only through the narrow ‘Siliguri Corridor’, these states are severely disadvantaged in terms of trade access and their developmental process. Bangladesh could play a crucial role to mitigate this geographic adversity. For instance, in May 10, Bangladesh permitted India to transport heavy equipment to Tripura through the Chittagong port, which enabled the state to commission its 700 MW gas-fired power plant at Palatana. In 2011, Bangladesh was on the verge of signing a standing agreement to permit India access to its north-east region. However, with reservations of West Bengal government on the Teesta water-sharing accord, the agreement could not be signed.

**China Factor**

Among the various extra-regional powers that have sought to influence affairs in Bangladesh since the elimination of Mujibur government, China has lately been predominant. Until 2012, it was the biggest trading partner of Bangladesh. It has been involved in many developmental projects, notably the construction of six ‘Friendship Bridges’. It is the largest provider of military hardware and training to Bangladesh armed forces. It has even been seeking a role in construction of a deep-sea port in Chittagong and prospecting for hydrocarbons. The prevailing mistrust and anti-India sentiments in Bangladesh has only served to tighten China’s embrace.

**Way Ahead**

The Sheikh Hasina government in power since January 2009 has taken significant
measures to improve bilateral relations, often placing its political fortunes at risk of being exploited by the opposition BNP. Dhaka’s proactive steps on the 2004 Chittagong weapon smuggling incident, and its permission in 2010 to transport heavy equipment to Tripura for its infrastructure development are cases in point. However, the lack of reciprocity by India has only served to discourage the current political dispensation at Dhaka, and has not help to improve bilateral ties.

The water-sharing issue may need to be resolved based on objectivity and logic, rather than a ‘tunnel-vision’ political expediency of the state government in power. For instance, the proposed Teesta Agreement provides for equitable distribution of water between Bangladesh and India. The difference between the extreme positions of India and Bangladesh is estimated to be a maximum of 10 billion cubic metres (BCM) per year, which equals a mere one percent of total annual water flow from India to Bangladesh. By holding back assent to the Agreement, India is not only impeding improvement of bilateral relations, but also deprive the people on both sides much greater benefits for the sake of one per cent of annual flow. The same principle applies to resolution of the land border issue. Only when India can successfully achieve a lasting agreement on these – albeit through compromise on both sides – would it be able to expect reciprocity from Bangladesh on various issues important to India ranging from its help to clamp down on insurgents groups operating in India’s northeast to the maritime-land transit corridor to the northeast through Bangladeshi ports.

India may offer greater incentives to Bangladesh to increase bilateral trade, beginning with steps to reduce the trade deficit. A reduction of non–tariff barriers (NTBs) by India may be helpful. It would also help to minimise ‘informal’ trade. India may also consider improving the border infrastructure, exemplified by the opening of more border huts to facilitate trade.

Defence cooperation between the two neighbours is presently minimal, and is limited to occasional official and training visits, port calls by warships and the participation of Bangladesh Navy in Milan events at Port Blair. Such cooperation needs to be enhanced. Among other measures at the political and economic domains, this is also crucial to prevent China from establishing an overbearing influence in Bangladesh. It must, however, be noted that high level of military interaction cannot possibly be achieved without trust-building. Hence, India may need
to take incremental steps, beginning with Confidence-Building Measures (CBM) between the two armed forces.

Clashes between the BSF and BdB may be avoided through enhanced a Border Cooperation Agreement involving coordinated patrolling along the border, information-exchange, and even joint exercises. This would also serve to minimise cross-border illegal activities like arms smuggling and drug trafficking. The BSF has also been tasked to prevent illegal immigration from Bangladesh. However, the adverse publicity the BSF’s “shoot-to-kill policy” has lately in the local and global press has only served to stoke anti-India sentiments further, which may be avoided.

27 June 2014

NOTES

1. According to Williem Van Schendal in Stateless in South Asia: The Making of India-Bangladesh enclaves, “an enclave is a portion of one state completely surrounded by a territory of another state”. The enclaves forming the vital crux of India- Bangladesh land dispute is believed to be an outcome 1713 treaty between the Kingdom of Cooch Behar and the Mughal Empire. Due to the fragmentation of the enclaves scattered in plots, the enclaves were left non-demarcated.

2. “The agreement involved 51,000 people spread over 111 Indian enclaves in Bangladesh and 51 Bangladesh enclaves in India. Under the agreement, the people can continue residing where they presently live or move to a country of their choice” Sougata Mukhopadhyay, ‘India-Bangladesh sign pact on border demarcation’, CNN-IBN, 07 Sep 11, at ttp://ibnlive.in.com/news/indiabangladesh-sign-pact-on-border-demarcation/181937-3.html

3. The Corridor is a strip of land in Cooch Behar that connects Bangladeshi mainland with its enclave Dahagram-Angarpota in Indian territory. Until 2011, India permitted Bangladeshis only a 12-hour access from dawn to dusk. Nishit Dholabhai, ‘24/7 access for Bangla via corridor’, The Telegraph, 21 Jul 11, at http://www.telegraphindia.com/1110721/jsp/nation/story_14268412.jsp


7. Ibid.


India-Mauritius Relations

Sheena Arora

The principal island of Mauritius, together with its far-flung island territories like Rodrigues (in the east) and Agalega (about 700 nm to the north) are geo-strategically located in the central-southwestern Indian Ocean. Bestowed with such a key location in the IOR, it is not surprising that the initiative for launching the IOR-ARC (now IORA) in 1995 germinated in Mauritius, which now also hosts the IORA Secretariat. Given that India’s strategic interests are inextricably linked to events in the IOR, the geographic centrality of Mauritius, ipso facto, is the key driver for India to develop strong ties with the island nation.

Political

The profoundness of India’s relations with Mauritius can be gauged best through an understanding of historical ties between the two countries. These ties date back to the early 15th Century, when the uninhabited island of Mauritius was discovered by the Portuguese with the help of Indian and Arab navigators. Thereafter, Mauritius continued to maintain contacts with India through successive Dutch, French and British occupation. During the Dutch period (17th Century), some Indians were brought to Mauritius as slaves and workers. The contacts were more substantial during the French occupation (1715-1810) as the geo-strategically located Mauritius contributed to France’s war efforts in its colonies in the Indian subcontinent.

During the British period (1834 to the early decades of 20th Century), about half a million Indian indentured labourers were transported to Mauritius to work on sugar plantations, of which, about two-thirds settled permanently in Mauritius.1 In turn, the labourers’ needs for specific food and clothing created a market demand that was filled by Indian traders – mainly Gujarati
Muslims – many of whom also migrated to Mauritius and became an influential section of the population. Over the next few decades, the number of Indian immigrants grew to a level where they came to constitute a majority (68%) of the Mauritian population.

The Indian-origin people of Mauritius were deeply influenced by the Indian freedom struggle and Mahatma Gandhi’s contribution to it, which laid the foundation for their struggle for political and social rights. This explains why the day reminiscing ‘Dandi Salt March’, 12 March, was chosen as the Independence Day of Mauritius.

In present times, Mauritius has been an important part of India’s sphere of influence. This led India to establish diplomatic relations with Mauritius as early as in 1948, two decades before the independence of Mauritius (in 1968). Following Mauritius’ independence on 12 March 1968, its first Prime Minister Sir Seewoosagur Ramgoolam accorded centrality to India in Mauritius’ foreign policy. As soon as the security assurances of the British and the French to Mauritius lapsed in mid-1970s, India signed a defence treaty with Mauritius. Premised on its well established tenets of its foreign policy, India has not preferred to interfere in internal affairs of Mauritius. However, in 1982-83, driven by a request from the Mauritian prime minister, India devised a plan known as Operation Lal Dora, to provide security assistance to Mauritius in the event of a coup d’état. The substantial Indian Diaspora in Mauritius and the generally India-friendly disposition of its populace has served to reinforce political ties between the two countries.

High level visits have been one of the significant aspects of bilateral relations. The recent visit of Mauritian Prime Minister N. Ramgoolam for the swearing ceremony of Prime Minister Narendra Modi exhibited enduring relations between the two nations. During the meeting, the two leaders agreed to further strengthen their relations, especially in the domains of economics, maritime security and renewable energy. Notably, the two sides agreed to cooperate on the concept of ‘blue economy’ and related infrastructure, along with taking measures to further strengthen the Indian Ocean Rim Association. Mauritius also renewed its consistent stand on supporting India’s candidature for a permanent seat in the expanded UN Security Council.

Economic

India is Mauritius’s largest trading partner and has been the largest exporter of goods and services to Mauritius since
2007. In 2012-13, India exported goods worth USD 1.31 billion to Mauritius and imported goods worth US$28.49 million from Mauritius. India’s exports to Mauritius comprise largely of petroleum products.6

Mauritius is also one of the major beneficiaries of the Indian Technical and Economic Cooperation (ITEC) programme (170 civilian and 100 defence slots were offered to Mauritius in the FY 2012-13). The two governments have entered into a ‘Strategic Partnership’ in the field of Information Technology. India-Mauritius negotiations are also in progress to harness complementariness and potential synergies between the two economies by instituting a Comprehensive Economic Cooperation and Partnership Agreement (CECPA). However, some impediments have lately arisen, particularly with respect to the Double Taxation Avoidance Convention (DTAC) of 1982. While the DTAC has helped Mauritius in developing its Financial Services sector, India has benefitted in terms of FDI.7 However, according to news reports, the DTAC is being misused by investors to avoid paying taxes by routing investments through Mauritius. India’s proposal for modifications to the DTAC has not so far been accepted by Mauritius. Hence, India has put on hold the CECPA negotiations until India’s proposal is accepted by Mauritius.8

Mauritius is also a part of India’s Pan African e-Network Project, connecting Mauritius and other African countries with India through a satellite and fibre-optic network for sharing India’s expertise in education and health care. Mauritius is also availing of training programmes offered under India Africa Forum Summit (IAFS).

Since 2006, the Mauritian government has offered India a long-term lease of the Agalega Islands for developing tourism.9 Introduction of visa – free regime for India tourists by Government of Mauritius in 2004 validated the strong relations between the two nations.10

It is pertinent to mention that China has developed significant economic stakes in Mauritius, even though the latter is not known to be a major source of natural resources. It has participated in the modernisation of the airport,11 building of new road network and dams. In 2009, China decided to set up an Economic and Commercial Cooperation Zone in Mauritius (besides in Zambia and Nigeria).

Strategic and Security

The plan for Indian security assistance to Mauritius in 1983 (Operation Lal Dora,
as mentioned earlier) was conceived by Indian fears of losing Mauritius from its sphere of influence and for the security of its diaspora.\textsuperscript{12} Although the country is presently stable in political, economic and socio-cultural terms, a future instability cannot be discounted. Such a contingency could also lead to a politico-military intervention by a major power like China, which would be inimical to India’s vital interests in the region.

The maritime area surrounding Mauritius is also prone to a variety of non-traditional threats. The prominent ones are as follows: -

\textit{Piracy}

The area encloses a major international shipping lane (ISL) used by large tonnage vessels transiting between the Cape of Good Hope and Malacca Straits. These vessels are potentially vulnerable to pirates based in East African states plagued by instabilities. The menace caused by piracy has also had a negative impact on the island’s security, fishing and tourism.\textsuperscript{13}

\textit{Illegal fishing}

The EEZ of Mauritius covers an extensive sea area of about 1.27 million sq km (more than half of India’s 2.3 million sq km). In 2012, Mauritius reported that the loss of earnings due to illegal fishing in its EEZ was Rs 64 billion (about $2 billion).

The above present a major maritime security challenge for Mauritius, which does not possess adequate resources/capacity for maritime policing and law enforcement. In consonance with its national objective of facilitating peace and stability in the IOR, India has been assisting Mauritius in capacity building and capability enhancement of its maritime force. The salient facets of the Indian effort include gifting of military hardware like naval patrol vessel (INS Amar) in 1974, SDB-T61 (renamed as MCGS Guardian) in 1993 and an Islander maritime aircraft engines and critical spares in July 2013.\textsuperscript{14}

India has been instrumental in setting-up a naval training programme for Mauritius National Coast Guard (MNCG) and Mauritius Police Force (MPF) by deputing IN officers to Mauritius (ongoing). India helped in instituting Mauritius NCG Commando Force, and has been providing Diving and Special Forces training since 2004.\textsuperscript{15}

India also facilitated installation of Coastal Radar Surveillance System in April 2011. Mauritian Offshore Patrol Vessel (MOPV) being constructed at GRSE, Kolkata (agreement signed in March 2011).
The IN has also been carrying out specific assistance missions for Mauritius, on request from its government. The salient missions are:

EEZ surveillance and policing (regularly since 2004). Since December 2009, the mission’s scope has been expanded to include counter-piracy ops and has become a regular six-monthly feature.¹⁶

Hydrographic surveys (as per MoU signed in 2005), enabling Mauritius to revise its old nautical charts and to create new ones. Some of these bathymetric charts were essential for Mauritius to submit its claim for Legal Continental Shelf.

Outer Island Support missions for St. Brandon and Agalega islands of Mauritius, including transportation of men and material/critical provisions, technical assistance and medical camp (September-October 2013).¹⁷

In a more recent development, in Mar 14, Mauritius, along with Seychelles joined the existing trilateral maritime security arrangement among India, Sri Lanka and Maldives. Hence, Mauritius (and Seychelles) would also participate in the DOSTI series of Coast Guard exercises with a focus on maritime search and rescue (SAR), marine pollution control, medical evacuation, antipiracy and boarding operations.¹⁸

The Way Ahead

China’s proactive effort to wield influence in Mauritius through developing economic partnerships is instructive. India cannot afford to ignore these developments that seek to displace its own influence. It would need to match, if not exceed China’s economic/commercial forays into Mauritius. The adversity that India encounters on account of misuse of the DTAC by private entities would need to be resolved through establishing suitable regulatory mechanisms in conjunction with the government of Mauritius.

Towards India’s overarching objective to maintain peace, stability and harmony in the IOR, India may need to be more forthcoming and proactive in providing assistance to Mauritius (along with other IOR littorals) for capacity-building and capability enhancement of its maritime forces. Two salient aspects are:
Hardware Assistance to NCG

The existing cooperative maritime security relationship with Mauritius may need to be reinforced by assisting the Mauritius National Coast Guard (NCG) to become self-sufficient in ensuring security of its EEZ. India may consider sale of GRSE-built FACs to Mauritius NCG at concessional prices and the gratis transfer of decommissioned minor war vessels. Amphibious vessels/landing ships would be valuable for Mauritius to develop inter-island connectivity.

Deputation of Training Teams

Deputation of instructors in service specific professional training on navigation, electrical and mechanical engineering, communications, seamanship and ship husbandry, damage control and fire-fighting would go a long way in maintaining our footprints for a much longer duration and in a benign manner.

Until such time that its maritime forces develop intrinsic capabilities, India would need to be prepared to provide security assistance for specific grey areas (like hydrography and diving/salvage) and during specific contingencies when requested for by the Mauritian government.

India would also need to focus on engagement with Mauritius for meeting India’s strategic objectives, which could potentially benefit Mauritius as well. Two of the salient aspects are:

Development of Agalega Islands

The Agalega Islands lay 1700 nm south-west of the Kochi and about 960 nm from Diego Garcia. India may consider assisting Mauritius to develop these Islands, including an airfield and related infrastructure in the North Agalega Island, which is 12.5 km long and 1.5 km wide. This would benefit Mauritius spur economic activity among its far-flung islands through better connectivity, and also achieve enhanced surveillance of its vast maritime zones. It would also accrue potential strategic dividends for India in terms of the use of these facilities by Indian defence forces to respond to any contingency in the southern Indian Ocean.

Information Sharing

Mauritian Coastal Radar Surveillance System needs to linked with IN’s Merchant ship Information system (MSIS) to facilitate in exchanging shipping information for augmentation of our overall MDA. A MoU on ‘Information sharing’ could be concluded between Mauritius NCG and IN, or between the two governments.

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NOTES

1. On 02 Nov 1934, the ship ‘Atlas’ carrying the first batch of Indian labourers arrived in Mauritius; a day which is now observed in Mauritius as ‘Aapravasi Diwas’ a national holiday.

2. Eight Indian ‘Commissioners’ were posted to Mauritius from 1948 to 1968, which were later renamed ‘High Commissioners’.


6. A three-year agreement between the Mangalore Refinery and Petrochemicals Ltd (MRPL) and the State Trading Corporation of Mauritius for supply of all petroleum requirements of Mauritius was renewed in Jul 13.

7. According to the tax treaty between India and Mauritius, capital gains can only be taxed in Mauritius. Although India has the same treaty with many other countries, only 3% of capital gains tax, the quality of its service and regulatory framework, its pool of professionals, geographical proximity, cultural affinities and long historical ties with India, Mauritius is the most attractive conduit for investments into India.


9. ‘Mauritius asks India to develop remote Agalega Islands into tourist resort’, International Herald Tribune Asia-Pacific, 25 Nov 06. Also see, ‘Mauritius offers India 2 islands in effort to preserve tax treaty’, Times of India, 06 Jul 12, at http://timesofindia.indiatimes.com/business/india-business/Mauritius-offers-India-2-islands-in-effort-to-preserve-tax-treaty/articleshow/14697220.cms North Agalega and South Agalega are two Outer Islands of Mauritius located about 1,000 km (600 nm) north of its main island, with a population of about 300.

10. Under the regime, Indian tourists visiting Mauritius for a period of up to 90 days do not require a visa, provided they show sufficient funds to cover their stay.
11. In 2009 China agreed to provide an 8.6 billion rupees loan with 2% interest rate for modernisation of the airport.


15. Speech by Mauritius Commissioner of Police during visit of INS Shardul to Mauritius, 07 Jul 11.


17. Ibid.


**India-Indonesia Relations**

*Omprakash Dahiya*

Composed of more than 17,500 islands, Indonesia stretches from the Andaman Sea to the Southwest Pacific, sharing maritime boundaries with Singapore, Malaysia, the Philippines, Palau, Australia and India. Indonesia’s westernmost tip of Sumatra Island (Aceh Province) lies barely 80 nautical miles across India’s southernmost tip (Indira Point, Great Nicobar Island). These are separated by narrow stretch of sea - the six-degree channel – which is the north-western approach to the Malacca Straits. It is pertinent to note that in the broader geo-political construct of the Indo-Pacific region that has become prevalent lately, Indonesia enjoys an enviable geographic location and disposition. As the world’s largest archipelagic country, Indonesia lies at a maritime ‘cross-roads’ between the Indian and Pacific Oceans.

**Political and Cultural**

The close interactions between India and Indonesia date back to the era of the Ramayana and the Mahabharata. The traditions related to these Indian epics are still prevalent in Indonesia, albeit in modified forms. As a rare occurrence, all religious faiths prevalent in Indonesia, viz. Hinduism, Buddhism and Islam originated from India, a fact that the Indonesian people acknowledge. It is of little surprise, therefore, that the Indonesians find Indian way of life – seen mainly through Indian films – particularly appealing. Throughout their shared history, relations between ancient India and Indonesia were harmonious, barring one instance in the 11th century AD when a king of the Chola Empire in South India launched his navy against the Srivijaya kingdom of Sumatra (Indonesia).

During more recent times, India expressed solidarity with Indonesia in its struggle for independence in the late-1940s. It was among the earliest nations to recognize it as a sovereign state in
1949, and also to establish diplomatic relations with the new Republic in 1951. In the mid-1950s, the affinity between Indian Prime Minister Nehru and Indonesian President Sukarno in their efforts to launch the Non Aligned Movement helped to cement bilateral ties further. A second ‘historic aberration’ in the overall positive trend of bilateral relations was Indonesia’s offer to Pakistan with military help during the 1965 India-Pakistan War. India’s ‘Look East’ policy launched in early-1990s led to bolstering of political ties in a major way.

The considerable scope for enhancing political ties further emanates from Indonesia’s vision to play a leadership role in ASEAN, and even in geo-political affairs of the broader Indo-Pacific region beyond the confines of ASEAN. Notably, Indonesia is a member of G-20. The rationale strengthening bilateral relations is reinforced by the common political challenges facing the two countries, particularly in terms of strengthening political institutions. Notably, Indonesia has evinced interest in learning about the functioning of India’s National Human Rights Commission and the Election Commission.1 Also notable is the commonality of secular values cherished by the body politic in both countries.

Economic

Indonesia is India’s third largest trading partner in ASEAN. Their trade rose from only US$4 billion in 2005 to US$20 billion in 2012. Indonesia’s exports to India stand at US$11 billion, primarily based on natural resources such as coal, palm oil, wood, rubber and furniture. India exports refined petroleum products, wheat, rice, sugar and steel to Indonesia. Bilateral trade is targeted to reach US$45 billion by 2015.2 Indonesia operationalised the bilateral Free Trade Agreement with India on 1 October 2010. Although India and Indonesia have been negotiating for a Comprehensive Economic Cooperation Agreement (CECA) since 2011, they still need to surmount a few impediments. The key contentions are Indonesia’s push for greater access of its palm oil exports to India, and India’s demand for reworking of the negative list put forward by Indonesia and the removal of non-tariff barriers on Indian exports of meat and processed foods.

It is pertinent to note that although Indonesia is Southeast Asia’s largest economy, it encounters a major challenge in terms of its Current Account Deficit (CAD). Indonesia’s economy has moved quickly from a current account surplus just a couple of years ago into a hefty
deficit. In contrast, India’s improving CAD is expected to narrow considerably over the coming months, led by a decline in non-oil imports and a rise in exports and remittance flows. About 30% of Indonesia’s onshore government debt is owned by foreigners, compared to 3% for India - the lowest in Asia.

**Strategic and Security**

Given its highly scattered geographic disposition and a history of separatist tendencies among some of its far-flung provinces, maintaining territorial integrity has been a major security challenge. The trajectory of India-Indonesia relations indicate that Jakarta does not perceive any territorial threat from India. Most importantly, India has not supported any separatist movement of Indonesia. The two countries have also settled their common International Maritime Boundary Line (IMBL) in January 1977. As a cooperative endeavor to curb maritime crimes across the IMBL, the navies of Indonesia and India have been undertaking coordinated patrols in the six-degree channel since 2002. The Indonesian Navy has also been participating in the congregation of regional navies at Port Blair called Milan. The Indian Navy also undertook a major HADR mission for Indonesia’s Aceh province in the aftermath of the Indian Ocean Tsunami of December 2004. As a corollary, Indonesia is likely to support India’s role as a net security provider in the IOR.

Although unlike Indonesia, India is not a littoral state of the South China Sea, New Delhi shares Jakarta’s view on the indispensability of freedom of navigation in all international waters, and that the maritime-territorial disputes between China and the individual Southeast Asian countries would need be resolved as per the established tenets of international law.

India-Indonesia defence relations lay dormant for more than three decades since the early 1960s, but in the early-1990s after the end of Cold War, Indonesia saw India as a viable partner for defence cooperation. Jakarta identified India as a country that could satiate its defence needs in terms of spare parts, training of pilots, and servicing of its MiG-29 fighters. India played its part to concretize the revived defence relationship by signing a MoU on defence cooperation in 1995. Subsequently, in 2001, the two countries signed a bilateral agreement on cooperative activities in the field of defence (which came into effect in 2007).5

The Indonesian President’s visit to India in 2005 imparted a major boost to bilateral defence ties, with the two
sides agreeing to hold annual ‘strategic dialogue’. Indonesia also welcomed India’s offer for joint production of defence equipment and sought Indian radar and communication systems to enhance its naval capabilities for patrolling the Malacca Strait. It is pertinent to note that Indonesian defence minister Juwono Sudarsono expressed his country’s interest in accessing India’s know-how in “network centric warfare.”

**Terrorism**

The fight against terrorism is another area of convergence. Indonesia possesses a rich experience in fighting terrorism. India and Indonesia had signed a MoU on counterterrorism in 2004. There are plans to target terror funding and a pact to prevent drug trafficking. An extradition treaty is also on the anvil. Presently, among the common concerns are the budding linkage between radical Islamic groups in Indonesia and Pakistan.

**China Factor**

For China, engaging with Indonesia is a critical imperative. It is important to note that all straits permitting transit between Western Pacific and IOR lie adjoining the Indonesian territory. In strategic terms, China is highly vulnerable since the ships carrying its essential commodity imports must pass through these maritime choke-points. China’s naval access to the Indian Ocean through these straits increases its strategic vulnerability further increasing its dependence on Indonesia.

Hence, while China and Indonesia have outstanding maritime disputes (over Natuna islands), China seems to have temporarily set aside these maritime contentions, in order to realize its priorities in terms of geo-political and national strategic objectives. Likely among the broader geo-political objectives are to prevent ASEAN’s collusion against China with regard to the maritime disputes in South China Sea (Indonesia being an influential ASEAN member) and to dissuade Indonesia’s strategic convergence with its potential adversaries, primarily the US, but possibly also India. A closely related objective at the military-strategic level is to assure PLA Navy’s access into the Indian Ocean. China is, therefore, likely to make concerted efforts to enhance the level of defence/military interaction with Indonesia in a major way.

**The Way Ahead**

**Geo-political**

Indonesia is the largest and most influential member of ASEAN and is the new ASEAN Chair. The
possibilities of cooperation with India in multilateral fora such as the UN, ARF, CSCAP and East Asia Summit continue to present themselves. India cannot ignore Indonesia’s credentials as the largest Southeast Asian nation, the largest Muslim state and yet a bastion of moderate Islam, and its commitment to multilateralism. Indonesia can play a major role in defining broader ASEAN-India strategic Partnership, since it hosts the ASEAN Headquarters and Secretariat and ERIA (Economic Research Institution of Asia). It may also be desirable to factor the Indonesian percepts in India’s policy formulation towards its role in the broader Indo-Pacific region.

**Strategic**

It is worthy of recall that India’s acquisition of major naval power-projection assets in the late-1980s led to some apprehensions in regional states like Indonesia. To assuage their apprehensions, since 1995, India began conducting a biennial Milan (congregation) of regional navies at Port Blair. Such efforts succeeded in building trust with Indonesia and other countries through increased transparency. Therefore, while Indonesia presently perceives India as a benign power, this cannot be taken for granted, and the engagement would need to be continued.

India and Indonesia may need to share their strategic perspectives with regard to the increasing Chinese naval footprint in the Indian Ocean, and its ramifications.

**Economic**

Indonesia’s membership in G-20 offers India an opportunity to work together and coordinate respective stands on global financial issues. To realize the bilateral economic opportunities, India may need to upgrade the connectivity with Indonesia in terms of existing communication and transport facilities/direct flights, which is considered to be a major void.

**Cultural**

While the Indonesians are considerably well aware of life in India, the reverse is not true. The key to effective bilateral interactions in all domains may lie in mutual understanding and empathy. While India could share its experiences in constitutionalism, the role of the military in public life, democratic decentralisation and experimentation towards inclusive growth, it may be worthwhile to understand the Indonesian experience of devolution of power to the districts, population planning and the role of NGOs in governance and environment. An area that both sides need to share their respective perceptions
is on the role of religion in society and how to deal with the issue of religious fundamentalism.

**Defence and Security**

The two countries may need to interact more closely, not only at Indian Ocean forums like IORA and IONS, but also at East Asian forums like ARF and ADMM Plus. Considering that Indonesia is not only India’s immediate maritime neighbour, but also of immense strategic significance to India, it may be desirable to include Indonesia in the Maritime Security Dialogue, which has is being expanded from its ‘trilateral’ format (India-Maldives-Sri Lanka) to include Mauritius and Seychelles.

More specifically, the maritime forces of India and Indonesia may obtain rich value by sharing respective experiences and understanding of coastal security structures and operations, probably leading to joint coastal security exercises. The beginning could be made during the next coordinated IMBL patrol off A&N Islands. It is pertinent to note that the Indian Navy is well on its way to operationalise the full spectrum of its Network-Centric Operations (NCO) capabilities. Given the vast expanse of maritime area of operations for the Indonesian Navy/Coast guard, such capability would be valuable for Indonesia. India could share its NCO expertise with a suitable quid pro quo from the Indonesian side, such as India’s access to select information on shipping transiting the Indonesian Straits. Furthermore, it may be necessary to begin navy-level staff talks with Indonesia, where the other specific areas of convergence could be identified.

India needs a defence export policy that will win its long-term strategic friends. India can supply indigenous light combat helicopters, military trucks and radar to the Indonesian defence forces. The two countries also need to enter into an intensive cooperative effort on co-production of defence hardware to maximize comparative advantages. Joint ventures to build naval platforms may be worthwhile since Indonesian requirement is large and India has the expertise, albeit limited. India has begun to operate US military platforms recently. It could learn from the experiences of Indonesian defence forces, which have long been operating US hardware, including F-16 and C-130J aircraft. Training of pilots, anti-submarine warfare exercises and hydrographic mapping are other potential areas of cooperation.

Another area of recommended focus is the exchange of intelligence about terror outfits and their cadres, particularly on the linkage between radical Islamic
groups based in Indonesia and Pakistan. The reported presence of Al Qaeda cadres in Indonesia’s Aceh Province in 2010 is also of immense concern to New Delhi considering the close proximity of Aceh and India’s Andaman and Nicobar Islands. Finalisation of the extradition treaty with Indonesia is a priority area. India can also learn lessons from the Indonesian Anti-Terrorism Attachment (ATA) unit for coordinating action and cooperation with the civil society.

In a significant development, the newly elected Jokowi government might increase Indonesia’s defence spending from 0.8 to 1.5 percent of GDP. As announced in the election campaign, Indonesia is likely to modernise its Armed Forces (TNI), which would make it a major regional power. The new government is further committed to enhancing regional defence diplomacy and maritime cooperation through multilateral entities such as the Indian Ocean Rim Association (IORA), of which both India and Indonesia are members. Although this announcement did not refer to any specific country, the sub-text was clearly China. Its priorities included defending Indonesia’s outer islands, protecting natural resources within its exclusive economic zone (EEZ) and strengthening the regional architecture in order to ‘prevent the hegemony of major powers’.

On the South China Sea issue, Indonesia does not explicitly acknowledge the existence of maritime dispute, but the new government would continue to work towards a diplomatic solution. In its strong emphasis on Indonesia’s maritime priorities, President Jokowi seems to have recognized the realities of contemporary geopolitics. Due to India’s geographic proximity to Indonesia’s maritime approaches and the high potential for defence cooperation, New Delhi is likely to assume greater salience in the strategic policymaking of the Jokowi government.

8 August 2014
NOTES


7. Aurangzeb Naqshbandi, India keen to ratify extradition treaty with Indonesia, Hindustan Times, October 11, 2013.

8. Udaibhanu Singh India-Indonesia: Is there a Case for a Special Relationship?, http://www.idsa.in/IndiaIndonesiaRelations.


Maldives is an Indian Ocean island country and India’s immediate maritime neighbor located in its south-west. It is geographically contiguous to the Lakshadweep island chain, and is geo-strategically located astride the international shipping lane that stretches from the Persian Gulf and the Gulf of Aden to the Strait of Malacca and other Southeast Asian straits. India and Maldives share ‘ethnic, linguistic, cultural, religious and commercial links steeped in antiquity and enjoy close, cordial and multi-dimensional relations.’ There are three categories of issues that dominate bilateral interactions between the two countries:

**Political**

Historically, India and Maldives have shared close political ties. Considering such relations, when the first democratically elected President of Maldives Mohammad Nasheed was deposed in a ‘coup’ in February 2012, India did not find it necessary to be anxious. However, subsequent events constrained India’s options. In February 2013, when the deposed President Nasheed took refuge in the Indian High Commission in Malé, India was compelled to involve itself since it considered ‘blocking’ a candidate from the largest political party (MDP) politically unjust. Soon thereafter, an Indian delegation visited Malé to engage various political parties and understand the situation and the issues involved. Indian fears came true when Nasheed was arrested as he was leaving the premises of the Indian High Commission on 23 February 2013. The sole objective of India’s conciliatory involvement was to end the political stalemate so that Nasheed could contest Presidential elections scheduled in September 2013.

In another development on in September 2013 during the presidential election, the polling process witnessed
postponements and annulments, and lingered for two months before the results were announced. The first round of polls was held on 7 September. As none of the contenders got requisite 50 per cent plus mandate, the exercise demanded a run-off. The Supreme Court, however, called it off and ordered a fresh round despite resolution from Majlis (Parliament) to hold the second round scheduled on 28 September 2013. The verdict was based on a case filed by Qasim Ibrahim, who had been eliminated in the first round of polls, contending that the elections were not free and fair. This occurred despite the praise the conduct of polls received from the external poll observers, including Transparency Maldives, and teams from India, the Commonwealth, the European Union, and the United States.4

India’s External Affairs Minister Salman Khurshid expressed disappointment over these developments and noted, “In a democratic system, while the election may not have been conducted with perfection, the anomalies need to be addressed in a manner that is not destructive of the very process of elections.”5 India maintained diplomatic pressure until elections were concluded, and the results announced. While doing so, it maintained strict neutrality, notwithstanding the efforts of hard-liners in Maldives to portray India as ‘pro-Nasheed’.

Economic

India and Maldives signed a bilateral trade agreement in March 1981 aimed at “strengthening trade and economic relations between their respective countries in accordance with their development and trade needs and objectives on a mutually beneficial basis.”6 The trade volume has been increasing steadily; in 2012-13 the trade figures stood at INR 706.69 crores and the balance of trade was in favour of India. This is understandable because of the size of the Maldivian economy. The bilateral economic interactions continued to progress smoothly until issue of GMR (GM Rao), an Indian infrastructure company, came to the fore. India was caught unawares on 27 November 2012, when Maldives announced the termination of a US$ 511 million project with the GMR involving the development of airport at Malé. The Maldivian government justified the termination on grounds that “there were many legal, technical and economic issues.”7

If the reason was legal, Maldives would not have much problem in abiding by the Singapore High Court’s stay on the termination of the contract. If the reason was technical, the project
would not have stayed alive successfully for two full years; even otherwise Waheed, who was the Vice President in Nasheed’s government, and later as President, had enough time to solve it. If the reason was economic, Malé would have accepted GMR’s offer of waving the US$ 25 airport development fee for all Maldivians flying out of Maldives.

India was visibly concerned at Waheed’s disregard to abide by international agreements due to domestic political considerations. Surprisingly, Salman Kurshid’s suggestion to ‘iron out’ the differences between Malé and GMR through a neutral international expert was not accepted by the Maldivian government. Malé maintained its stand on terminating the contract, stating that it was “non-reversible and non-negotiable” and “no such injunction can be issued against a sovereign state.” Ostensibly, the disposition of anti-Indian groups was disturbing for India, which perceived this as a ploy to assist China to achieve a foothold in the Indian Ocean region. In a tweet, Adhaalath Party stated, “We would rather give the airport contract to our friends in China….the addition of Maldives as a friend (by China) would be a massive blow to future Indian power in this region.”

The GMR issue thus became highly polarized, and President Yameen, during his recent visit to India, could not assure the revival of the project. He observed, “…it is highly politicised case and therefore at this point of time, I will not be able to tell you what course the administration will be able to take.” The efforts “to have a settlement out of court and not through arbitration” also failed. Interestingly, in the first round of arbitration initiated by the Government of Maldives in June 2014, the Tribunal awarded USD four million to GMR by way of costs. The final compensation amount is expected to be decided in the next round. In the process, the GMR issue has discouraged many Indians to invest in Maldives. New Delhi has often conveyed to Male that the only way to reverse the adverse balance of trade is to diversify the Maldivian economy with help of Indian investments.

Security

For the past several decades, Maldives has relied on India for its security, albeit without a formal pact or an alliance relationship. This is best exemplified by India’s assistance to the Government of Maldives in November 1988 to quell an attempted coup by the Tamil militant group PLOTE. Two security issues are of particular relevance to India, as examined in the succeeding paragraphs.

Maldives, although a 100 per cent Sunni state, was considered insulated from Islamic radicalism. However, in
recent years, an increasing number of Maldivians have been visiting Pakistan-based madrasas and jihadist groups. Lashkar-e-Toiba – through its charitable front organisation Idara Khidmat-e-Khalq – has established a foothold in Maldives, especially in its southern parts, in the garb of post-2004 Tsunami rehabilitation. Events in West Asia, Afghanistan and Pakistan too have influenced Maldivians towards radicalisation. Ironically, lack of adequate education and employment opportunities has resulted in the Maldivian youth connecting with jihadist groups.11

At any point in time, a number of Maldivian nationals pursue their religious studies in Pakistani madrasas controlled by various jihadist groups. A number of Maldivians are enrolled in Saudi Arabian madrasas and, on return, maintain connection with jihadi networks. These madrasa-educated individuals are encouraged to fight in Afghanistan, Iraq and Chechnya. They also help in direct recruitment of Maldivians for jihad. Surprisingly, Ali Jaleel, who was involved in 27 May 2009 suicide attack on the ISI headquarters in Lahore, was a Maldivian.12

Some of the Maldivians have also been involved in acts of terror at home. The first-ever terror attack in Maldives occurred in September 2007 at Sultan Park in capital Malé, in which, 12 people were injured. Investigators suspected it to be the handiwork of the Jamaat-ul-Muslimeen, a new Maldives-based terror group, which had links with the Lashkar-e-Toiba (LeT). The masterminds reportedly fled to Pakistan. For New Delhi, the concern is a possible infiltration of remnants of Indian terror group Students Islamic Movement of India (SIMI) into Maldives and their attempts to regroup against India.13 The worry is also on the rising political influence of Islamic radical forces in the atoll state.

China’s strategic footprint in Maldives has lately increased. In 2011, China opened an embassy in Malé. Maldives is widely reported as being an important ‘pearl’ of the Chinese ‘String of Pearls’ strategy. The Chinese have been among the top visitors to the Maldives. Beijing has evinced keen interest in developing infrastructure in the Ihavandhoo, Marao and Maarandhoo Islands. The current political dispensation in Malé appears to be inclined towards the view that “it will be to the detriment of the Maldives to not engage with China.”14

The Way Ahead

Stability of Maldives is in India’s interest. As Foreign Secretary Sujatha Singh noted, “What affects Maldives affects us.”15 The way forward, therefore, is to
increase the objectivity and efficiency of the Maldivian democratic institutions such as legislature, judiciary and the executive, including the defence forces. During his term, Nasheed could not function effectively due to lack of cooperation from these institutions. Comparatively, Yameen is better placed to handle these institutions, especially judiciary and defence forces, due to their favourable disposition towards the former President Gayoom (who is half-brother of Yameen). However, the challenge before Yameen is to ensure that the democratic institutions function in accordance with the Constitution. The Maldivian Constitution is just over five years old and, at this early stage, it needs to be consolidated without succumbing to temptations to drift back to authoritarianism. India needs to help Maldives in this regard, but without any impression of ‘interference’.

In the economic sphere, levers need to be exercised with caution and calibration. India could continue its economic aid to Maldives along with development projects that are underway. Malé is concerned about the widening trade deficit with India. New Delhi needs to dispel this concern by articulating that the deficit could be bridged if Maldives is more investor friendly to Indians. Maldives could explore the import of diesel, petrol and aviation fuel from India. Visas to Maldivian nationals could be liberalised further. India’s offer to allow visa-free entry for medical purposes, and the removal of the restriction on re-entry within two months is a positive development. The two neighbours could expand on people-to-people interactions. Increasing India-Maldives connectivity both by air and sea is another issue to be considered by both governments. The existing Air Services Agreement requires to be revisited, and direct flights between Mumbai-Malé and Delhi-Malé sectors may be explored.

Conclusion

Maldives is an important neighbor and critical for India’s neighbourhood policy. There are a few contentious issues in bilateral relations, which could be easily addressed. It is also important to understand the dynamics of various actors in the atoll state. Regular interactions are required at various levels – official, ministerial, academic, business personal, media and people. A visit by the Indian Prime Minister to Maldives is long overdue. Summit-level visits at regular intervals may be considered, which could be leveraged to preserve India’s critical interests. In essence, it is important to keep in mind that India’s smaller neighbours are crucial to India’s long-term stability, security and development.

19 August 2014
NOTES


5. “India calls for democracy to be preserved in Maldives,” The Times of India, 27 September 2013.


11. In 2010, the unemployment rate touched 28 per cent, though it has reduced now Ahmed Rishan, “Rate of unemployment rises to 28 percent in the Maldives,” Haveeru, 10 May 2010.


Sri Lanka – Maldives Maritime Cooperation: The Issue of Transit to Fishing Vessels

N Manoharan

It is important to keep a watch on issues and the level of cooperation among India’s neighbours, especially in the maritime domain. In this context, the recent meeting of the Sixth Joint Commission between Sri Lanka and Maldives merits analysis. The Sri Lanka-Maldives Joint Commission meeting was held at Foreign Ministers’ level at Colombo on 09 September 2014 and included representations from other ministries as well. From the Maldivian side, apart from Foreign Minister Dhunya Maumoon, Fisheries and Agriculture Minister Mohamed Shiny, Education Minister Aishath Shiham and senior officials participated. The Commission was established to enhance bilateral relations between the two countries in various areas: economic cooperation, tourism, youth and skills development, employment, collaboration in the fields of health and higher education, consular and community issues, sports, culture, crime prevention, security and military training and maritime issues.

On maritime issues, the two countries focused on shipping, disaster management and research in diverse fields of oceanography. But, substantial energies of discussion focused on the issue of ‘right of passage’ for Sri Lankan fishermen through Maldivian waters as a means of access to the high seas. Presently, Sri Lankan fishing vessels, which journey to the high seas in the Arabian Sea or Indian Ocean, generally have to take a detour to avoid trespassing into Maldivian waters. Maldives is one of the most dispersed countries in the world with 1,192 coral islands grouped in a double chain of 26 atolls, along the north-south direction, spread over roughly 90,000 square kilometres. Passage through Maldivian waters would enable Sri Lankan vessels to save not only time, but also fuel costs.
Maldives has no problem in giving transit, provided information on such passage is available in advance. As per the existing understanding, Sri Lankan fishing vessels need to inform the Ministry of External Affairs in Sri Lanka or Sri Lankan Embassy in the Maldives by Fax or E-mail or via UHF radio while at sea 48 hours in advance, then arrangements are made for them to travel through Maldivian waters. But, such provision is available for all foreign vessels transiting Maldivian waters. As per Article 14 of ‘Maritime Zones of Maldives Act No. 6/96’, ‘No foreign vessel shall enter the exclusive economic zone of Maldives except with prior authorization from the Government of Maldives in accordance with the laws of Maldives.’ What Sri Lanka wants is a special provision in the form of exemption from reporting. Maldives, however, has reservations to provide unconditional transit to Sri Lankan fishing vessels for three main reasons:

(a) Security Issue: It will be a security nightmare for Maldives to allow any boat without information, especially in its territorial waters. The scar of 1988 coup attempt originating from Sri Lankan violent non-state actors still remains in the psyche of the Maldives. Maldives is also concerned about piracy and other threats in its neighbouring waters.

(b) Monitoring Problem: Maldives National Defence Force’s (MNDF) capacity to monitor/detect illegal fishing activities in Maldivian Exclusive Economic Zone (923,322 square kilometers) by Sri Lankan multi-day vessels while on transit is insufficient. The EEZ is too vast, though India has been helping in maritime patrol and surveillance.

(c) Politico-Economic Compulsions: Fishing is a politically sensitive issue in Maldives, where it is the second largest economic activity, next to tourism. There is already an apprehension among the Maldivian fishing community that Sri Lankan fishermen habitually poach in Maldivian waters and may take undue advantage of any special provision. It is feared that a free flow of Sri Lankan multi-day fishing craft would adversely affect Maldivian fishermen, the fisheries industry and the economy. It is true that UNCLOS provides for Right of Innocent Passage [Article 17] to foreign vessels through territorial waters. However, such passage by ‘a foreign ship shall be considered to be prejudicial to the peace, good order or security of the coastal State if in the territorial sea it engages in inter alia ‘any fishing activities’ [Article 19(2)(i)].

Given these compulsions, Maldives is unlikely to provide special provision
to Sri Lankan fishing vessels despite enjoying good bilateral relations. Taking Maldives’ compulsions into consideration, Sri Lanka could explore two initiatives: First, to strengthen information infrastructure of its fishermen so that they transit Maldivian territory only after providing prior information. The issue faced by Sri Lankan fishermen is the cumbersome nature of the reporting process, which could be eased. Moreover, Sri Lankan Navy could make sure that no Sri Lankan vessels heading towards Maldivian waters remain unreported. Second, Sri Lanka could advise its fishermen to avoid poaching in Maldivian waters. If there are poaching incidents, it would be difficult for any government in Malé to shape public opinion in favour of a concession to Sri Lankan fishermen.

19 September 2014
On 11 November 2014, Prime Minister Narendra Modi visited Myanmar to attend the 12th India-ASEAN Summit and East Asia Summit. He also held bilateral talks with Myanmar President U Thein Sein. The visit was special for the India-Myanmar relationship, since no Indian Prime Minister had visited Myanmar earlier twice in a single year.

The bilateral meeting was based on the three C’s - Culture, Commerce and Connectivity that meant to bolster trade and people-to-people contacts. Both Narendra Modi and U Thein Sein envisioned Buddhism as a common cultural link between the two countries. The Indian Prime Minister assured that students from Myanmar would study at India’s recently revived Nalanda University. On the economic front, both leaders discussed possibilities of commercial interactions including India investing in Myanmar’s special economic zones, and in the oil and natural gas sector. President U Thein Sein also spoke about the possibility of Indian small and medium enterprises (SME) investing in Myanmar, and also urged India’s assistance in developing Myanmar’s agricultural and skill development sectors. To enhance economic connectivity, the two leaders reviewed some of the very significant projects like the multi-modal Kaladan and the India-Myanmar-Thailand trilateral highway. These projects could benefit India’s northeast region immensely. The trilateral highway project could open avenues for industrial cooperation and lead to setting up industrial parks along the highway. The proposed Imphal-Mandalay bus service also featured in the bilateral discussions.

In the recent years, India and Myanmar have shown substantial convergence of interests in the economic
domain. Myanmar, a natural resource rich country, has reportedly proven gas reserves of 10 trillion cubic feet. India being an energy deficient country has been keen to procure natural gas from Myanmar. However, in 2009, India’s OVL (ONGC Videsh Limited) and GAIL could only acquire minor equity stakes in the Shwe gas project in comparison to other foreign investors. The maritime disputes involving India, Bangladesh and Myanmar, as generally believed, restricted India’s options in terms of its energy security. With the maritime disputes resolved now, India and Myanmar will be able to cooperate more constructively in terms of developments of offshore resources. Lately, Myanmar has begun leasing its gas fields to foreign companies including India.

India and Myanmar also have major stakes in the Bay of Bengal area, which has enormous potential to offer economic connectivity. The resolution of maritime disputes has become a political catalyst for this. The two countries are already looking to connect their port cities through enhanced shipping links. The proposed Kolkata-Dhaka-Sittwe trade and transport corridor may be seen in this context. India and Myanmar could enhance shipping links to connect respective industrial regions. Many proposals have been rooted to develop an economic corridor across the region. For instance, Mekong-India Economic Corridor (MIEC) was meant to link the Southeast Asian production networks with the Chennai-Bangalore corridor. Recently, Japan has proposed developing the coastal industrial corridor through the Bay of Bengal Industrial Growth Belt (BIG-B). Both India and Myanmar could benefit from this emerging opportunity.

Both India and Myanmar have also noted with concern the existing maritime security challenges in the area. The two countries face similar non-traditional security threats like piracy, terrorism, gun running, drug smuggling, illegal fishing and human smuggling. Notably, the northern Bay of Bengal area has traditionally been a ‘hot-spot’ of piracy and armed robbery at sea. Although the maritime forces of India and Myanmar have been constructively engaged through port visits, the MILAN congregation at Port Blair (India’s Andaman and Nicobar Islands), and an occasional coordinated patrol in 2013 (along the maritime boundary between Myanmar’s Coco Island and India’s Landfall Island), the imperative lies in enhancing coordinated ventures towards maritime security. The Indian Navy’s coordinated patrols with the
Indonesian Navy (since 2002) and the Thailand Navy (since 2005) may need to be emulated and implemented with the Myanmar Navy.

However, it is notable that the Modi-Sein meeting did not discuss the humanitarian issue of the Myanmar’s Rohingya population, who often undertake hazardous sea voyages to neighbouring countries for a better livelihood.

In this context, the Myanmar government seeks to implement its ‘Rakhine Action Plan’ that involves Rohingyas registering themselves as Bengalis in Myanmar. The Plan, though well-conceived by Myanmar, was not welcomed by the international community on the premise of preservation of ‘Rohingya identity’. It is believed that India has taken a neutral stand on this issue to maintain good relations with Myanmar.

Notwithstanding the initial complexities in their relations, both India and Myanmar have come a long way. Though the recent bilateral meeting set forth an excellent precedent with both India and Myanmar addressing each other as ‘brothers’, yet certain issues still need to be addressed. The meeting was a step towards realizing India’s “Look East Policy” into “Act East Policy.”

8 December 2014
Asia Pacific

Joshy M Paul

Japan, for the first time in the post war history, announced its National Security Strategy on 17 December 2012. When Prime Minister Shinzo Abe took over in December 2012, he had declared that he would bring out a national security strategy within one year which would deal with the various security challenges facing Japan. The new Strategy is another step in the direction of Japan becoming a normal military power. The strategy considers North Korea’s military build-up and China’s rapid rise as major security threats for Japan.

Ever since Abe had declared his candidature for the second term as Prime Minister, he had taken a strong position against China and proclaimed his intention to change the pacifist nature of Japan’s security policy. Even during the election campaign, he promised that he would increase Japan’s defence spending to counter Beijing’s growing clout in the region. The latest ADIZ declaration in the East China Sea by China and Beijing’s growing assertiveness in the surrounding region has necessitated Japan to come out with a clear strategy for its security policy.

Salient Features of the Strategy

The key aspect of the Strategy is to provide Japan an ‘independent’ path for national security by developing its own deterrent mechanism. The Strategy urges Japan strengthening its domestic defence foundation as the cardinal principle for national security. It aims to make Japan a ‘tier-one’ nation in the international community. The Strategy argues that Japan should play a proactive role as a major global player in the international community.’ The promulgation of the Strategy is in continuation of the ‘normalisation’ process adopted by Abe’s mentor and former Prime Minister Junichiro Koizumi in the early part of
the previous decade. Though the US-Japan treaty will remain intact, because of the nuclear umbrella guaranteed by the US to Japan, and since Japan also needs to get more experience for its Self Defence Forces in various operational mechanisms, the Strategy eventually aims to make Japan self-sufficient for its security.

The Strategy identifies that the emergence of India and China in the Asia-Pacific region has shifted the balance of power from the Atlantic to the Pacific. However, China’s rapid modernisation of military capability and continued increase in its defence budget without sufficient transparency is a cause of concern for Japan. The Strategy emphasis is on China’s attempt to change the status quo by coercion, based on their own assertion in the maritime and aerial domains in the East China Sea and the South China Sea, which requires careful attention of the Japanese government. The strategy is also in line with PM Abe’s broad vision of strengthening the economy and also reform national security institutions to make a Japan a ‘dynamic actor’ in international politics. Abe came to power in December 2012 with the ‘three arrows’ economic agenda, also known as Abenomics, and to strengthen Japan’s defence forces. He further argued that he wants to open the doors for the nations to engage in collective defence, so the military can fight alongside an ally, especially with the USA which is obliged to defend Japan if either comes under direct attack.

In the new Strategy, Abe is looking for not only strengthening the US-Japan security system but enhancing cooperative security mechanisms with the countries who share universal values and strategic interests such as South Korea, Australia, India and the ASEAN. The Strategy says India is becoming influential in the Asia-Pacific region and ‘is geographically important for Japan as it is positioned at the centre of the sea lanes of communication’ and that ‘Japan will strengthen bilateral relations (with India) in a broad range of areas, including maritime security, based on the bilateral Strategic Global Partnership.’ In his article written for Project Syndicate on December 27, Abe put forth an idea of ‘democratic security diamond’ in Asia, i.e., cooperation of democracies for the security of water-body of the Indo-Pacific. Japan gives considerable importance to the strategic relationship with India in its effort to bring stability in Asia.

A Military Power in the Making

An important aspect of the Strategy is the Abe administration’s effort to create
its own military industrial complexes, which will help Japan to become an ‘independent’ nation on security. The strategy clearly stipulates the necessity of ‘maintaining and enhancing defence production and technological base’ through ‘research, development, production and operation of defence equipment.’ Japan wants to replicate its technological innovation of the commercial sector into the defence sector, especially the best utilisation of dual use technologies for security purposes. Indeed, Abe has revitalised the normalisation process more aggressively by strengthening the Prime Minsters’ Office on security matters. Abe set up the National Security Council (NSC) and National Security Bureau (NSB) comparable to the US National Security Council, which will enhance the smooth decision-making compared to the conservative Foreign Ministry’s dominance on security matters. Abe also wants to constrain the power of the Cabinet Legal Bureau which interprets Article 9 of the constitution that includes the pacifist nature of the security matters. The new NSB has brought out the latest National Defence Program Guidelines (NDPG) for the financial year 2014 and beyond along with the National Security Strategy, which urges building up a Dynamic Joint Defence Force to deter threats from directly reaching Japan and defeat them if threats should at all reach Japan. Japan will raise defence spending by 5 percent over the next five years. According to the NEW NDPG, Japan will increase military spending by a total of 24.67 trillion yen ($239.7 billion) over the next half-a-decade. Much of the spending will involve new military assets including additional destroyers and submarines, as well as drones, fighter jets, and amphibious vehicles. Importantly, Tokyo will allow export of arms, but strictly on a case by case basis to ensure that it will not be transferred to third countries. The NDPG and the Security Strategy aim to transform Japan into a true military power in the longer term.

Responses and Implications

Not surprisingly, China reacted sharply against Japan’s new Strategy and the plan to enhance military spending including its arms export policy. Beijing has reiterated in its criticism Japan’s past history of militarism and the earlier commitment to pacifist constitution. For instance, Chinese Foreign Ministry Spokeswoman Hua Chunying explained Beijing’s concern that ‘Given all the negative moves taken by Japan on historical issues, Asian countries and the international community, including
China, cannot but pay high attention and stay on high alert.’ The defence ministry spokesperson Geng Yansheng said that Japan was playing up the ‘China’s military threat’ and using this as an alibi for its own military expansion. While Xinhua called the security package ‘a turning point in Tokyo’s understanding of security and a signal that the dangerous “Abe-military” has come on the stage,’ China is more interested to see Japan as ‘subservient’ to the US rather than an independent military power.

As expected, US welcomed Abe’s commitment to what he calls ‘proactive pacifism.’ US Secretary of State John Kerry, during a recent visit to the Philippines, has played down fears that Japan’s increased military spending could become a further source of instability. ‘This is not a sudden response to something or anything that anybody should be upset about,’ Mr. Kerry said. ‘Japan has the ability to play a more modern, engaged role. This is something we have been working on, and they have been planning for some period of time.’ The new Strategy is aimed to increase Japan’s political profile in the region. Abe wants to change the pacifist constitution, at least for collective defence purpose, by 2020. With the uncertainty about the US’ rebalancing strategy and the lack of a firm commitment by Washington on the issue of Japan’s territorial dispute with China, Tokyo aims to prepare defending the nation by itself. In the recent visit of Shinzo Abe to India as a chief guest of the 65th Republic Day parade on January 26, in which India displayed its military might and cultural diversity, India and Japan have sought to strengthen the defence cooperation in pursuance of the new Strategy. Both countries have decided to initiate regular consultations between the Secretary-General of National Security Secretariat of Japan and India’s National Security Advisor, which will provide firm direction to the relationship under the Prime Minister’s Office of both the countries. India is expected to get the benefit of Japan’s intention to create military industrial complexes. The US-2 Shin Maywa experience can be replicated in more areas because the new systems will be economically viable for Japan’s defence forces.

28 January 2014
Myanmar’s Emerging Equation with China

Priya Kumari

The military-administered Myanmar was a pariah state. For long it was shunned by the international community for its human rights record and suffered punitive economic as well as diplomatic sanctions. Since 1988 the increasing pressure that the western countries brought to bear upon the Myanmar military leadership to democratise, drove that country into the Chinese embrace for political protection\(^1\), economic support and defence assistance. This dependence eventually grew to an extent that Myanmar came to be considered a client state of China.\(^2\) However, since 2010 the slow but steady movement of the military dictatorship towards a functional democracy has enabled Myanmar to reconnect with the international community. Western countries, led by the U.S., are gradually suspending or lifting the sanctions they had imposed on Myanmar.

This mutual bonhomie between Myanmar and the Western states have stimulated an academic debate about the emerging equation of Myanmar with China. How does the reform process in Myanmar affect the future of its relations with China? At a time when America is ‘re-balancing’ to Asia\(^3\), the answer to this question is of great significance, particularly to India. To answer this, it may be necessary to examine the five key facets of Myanmar’s links with China more closely, viz. geographic contiguity, demographic composition, economic linkages, insurgency and narcotics production.

Geographic Contiguity

Myanmar shares 2,185 sq km land border with a thirteen-fold bigger China, which is the third largest country of the world. States may ignore their history, but not their geography. Geographical contiguity between the two states
makes it difficult to paint a picture of a future Myanmar bereft of the Chinese influence. Few other adversities could be more detrimental to Myanmar’s national interests than a hostile China in its neighbourhood.

Demographic Composition
About three percent of the Myanmar’s population comprise of Chinese-origin people. Any hostility with China would have a cascading effect on the local population. The 1967 anti-Chinese riots in Burma is case in point. Besides, Myanmar is home to 135 disparate groups (Map 1), with many having varied interests, affiliations, and aspirations ranging from autonomy to independence⁴. At a time when Myanmar’s President Thein Sein, is struggling to resolve the problems of Rakhine’s Rohnigya Muslims (in its west), Kachin ethnic rebels (in the north) and Shan insurgency (in the east), it cannot afford to antagonise yet another minority group (of Chinese origin) in the country.

Economic Linkages
China and Myanmar share strong economic linkages. Table 1 shows that in 2012, China was Myanmar’s largest trading partner, importer, and the third largest market for its goods. The bilateral trade relationship becomes more complex when the informal trade that outweighs the official trade statistics is included. Porous borders between the two, makes markets on both sides highly accessible. Therefore, despite the legalisation of bilateral border trade in 1988, goods like timber and drugs are illegally trafficked⁶. According to the Chinese customs data, in 2005, timber accounted for 71 percent of China’s total imports from Myanmar. Timber trafficking from Myanmar witnessed a sharp rise after China imposed a nationwide ban on logging in 1998. The ban made the Chinese businessmen informally invest in the

![Map 1: The Ethnic Composition of Myanmar](image)

*Source: ‘Burma: Insurgency and the Politics of Ethnicity’ by Martin Smith*
risk prone cease-fire zones between the Government of Myanmar (GoM) and the ethnic rebel groups, such as in Kachin state that produces equally good timber. Similarly, drug trafficking from Myanmar has emerged as a major ‘non-traditional security threat’ for Beijing. According to the Chinese government data, the number of drug users in China increased from 70,000 in 1990 to 1.14 million by 2004.

Insurgency in Myanmar

Ethnically, China’s holds the key in resolving disputes between the GoM and the ethnic insurgent groups, due to the past communist linkages and existing political-economic support given to these rebel groups. With the advent of the Chinese Cultural Revolution in 1966, Beijing actively supported separatist movements throughout Southeast Asia by giving arms, ammunition, aid, and assistance. In Burma, the Communist Party (CPB) that fought against the Burmese Armed Forces and supported several ethnic rebel groups became one of the main beneficiaries of this support. Even today, China has maintained an extensive legal and illegal commercial links with rebel groups like the United Wa State Army (UWSA) - a narcotics trafficking organisation. These linkages have helped China establish strong

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Table 1: Top Trading Partners of Myanmar, 2012
pockets of influence within Myanmar. Consequently, in 2013, after the breakdown of the 17-year old cease-fire agreement between the GoM and the Kachin Independence Organization (KIO), China mediated a settlement between the two in its town of Ruili.

**Narcotics Production in Myanmar**

As a component of the drug-producing ‘Golden Triangle’ area, Myanmar is the world’s second largest illicit opium producer (after Afghanistan). Most of its drugs come from the Shan, Wa and Kokang regions. These territories are controlled by ethnic rebel groups who operate under a strong influence of China. This accords Beijing a key role in Naypyidaw’s efforts to contain drug production and trafficking. In 2006, China’s Yunnan province launched a poppy substitution development program for Myanmar and Laos, morphing the opium producing ‘Golden Triangle’ into a rubber belt. Due to the Chinese pressure, ban was imposed by the National Democratic Alliance Army (NDAA) in the Mongla region in 1997, the Myanmar National Democratic Alliance Army (MNDAA) in the Kokang region (2003), and the UWSA in the Wa region (2005). According to the United Nations Office on Drugs and Crime, these measures brought down Myanmar’s opium production from 1,676 metric tons in 1997, to 315 metric tons in 2006. At least theoretically, if China can make the ethnic groups cooperate with the GoM, it can also instigate them against Naypyidaw, if Beijing so desires. The above leads to the inference that despite the gradual normalisation of Naypyidaw’s relations with the West, it may not be easy for Myanmar to wean away from China’s sphere of influence. Also, Myanmar is unlikely to pitch China against the U.S., but may balance its relations between the two. Furthermore, it may not be prudent to view the new euphoria in Myanmar’s relations with the West as an indicator of Naypyidaw’s declining relations with Beijing.

21 May 2014
NOTES


2. David I. Steinberg, Hongwei Fan (2012), Modern China-Myanmar Relations: Dilemmas of Mutual Dependence, Copenhagen:NIAS


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Japan’s Maritime Assistance to South China Sea Littorals

Ateetmani Brar

During his recent trip to Hanoi in August 2014, the Japanese Foreign Minister Fumio Kishida announced that Japan will assist Vietnam to bolster its maritime law-enforcement capacity in the South China Sea. Accordingly, Tokyo intends to deliver six patrol vessels to Hanoi to help Vietnam police its extensive maritime zones, besides providing training and equipment to help its coastguard and fisheries develop adequate surveillance capabilities. The entire deal is valued at about US$4.9 million.

For many decades now, China and Vietnam have been contestants over a maritime territorial dispute in the South China Sea and the Gulf of Tonkin. In 1974, their naval forces clashed over the sovereignty of the Paracel group of islands, leading to the loss of ships and precious lives. As a result of the battle, China established permanent control over the Crescent Group of the Paracel Islands, and thereby strengthened its maritime-territorial claims in the area based on the ‘Nine-dash line’. This was followed by the 1998 Sino-Vietnamese naval-scuffle in the neighbouring Spratly group of islands. Tensions have since simmered between the two nations. Vietnam contests China’s historical claim in the South China Sea based on ‘nine-dash line’ that overlaps with the Vietnamese EEZ, and the sovereignty over the Paracel islands, which Vietnam claims in accordance with UNCLOS, 1982. In December 2012, two Chinese fishing vessels severed the cables of a Vietnamese ship involved in seismic oil exploration work about 43 miles from the Vietnamese coast. The Vietnamese Navy responded by holding live-fire drills in the vicinity. More recently in May 2014, the relations between China and Vietnam reached their lowest point after the state-owned China National Petroleum Corp (CNPC) moved a deep-water oil drilling rig into Vietnam-claimed waters near the Paracel Islands.
Earlier in October 2013, the Japanese Prime Minister had confirmed the reports that Japan intends to provide the Philippines coast guard 10 patrol ships through a Yen loan. Notably, the Philippines is another littoral country of the South China Sea which has an outstanding maritime dispute with China. China’s ‘nine-dash line’ overlaps with the EEZ claimed by the Philippines. The dispute also involves the Spratly group of islands and the Scarborough Shoal. Lately, China has begun to use military means to assert its maritime-territorial claims against the Philippines, leading to Manila seeking recourse to international arbitration under UNCLOS, 1982.

While the South China Sea is important for global trade and commerce, freedom of navigation through the area is critically important for Japan. Nearly 80 percent of its energy imports and nearly all of its food supplies transit through the area. China’s historic claim based on the ‘nine-dash line’ is inimical to freedom of navigation, and thus, clearly not in Japan’s interest. It is also pertinent to note that the South China Sea is believed to hold large reserves of oil and natural gas. But for China’s claim of sovereignty over virtually the entire South China Sea, the resources could be distributed among all littoral countries in a more equitable manner. This is likely to the primary rationale for Japan to provide maritime capacity-building assistance to Vietnam and the Philippines.

It is also important to note that Japan itself is locked in a bitter row with China over the contested maritime zones in the East China Sea and a group of islands in the area called Senkaku in Japanese, and Diaoyu in Chinese. The dispute over these islands dates back to 1971 when China claimed sovereignty. Earlier, the islands had been under Japanese control since the 19th century. The row intensified recently when Japan effectively nationalised some islands of the chain, procuring two islands from private owners. This resulted in furious protests in Beijing. Since then there have been frequent incursions by Chinese fishing boats and other non-military vessels in the disputed waters. Beijing’s increasing assertiveness versus Japan may also be a contributing factor for Tokyo’s maritime capacity-building assistance to the South China Sea littorals. It may be seen as Tokyo’s intent to pose strategic deterrence against Beijing, and to exhibit to it the extent of its politico-diplomatic and economic leverages. Japan’s moves to assist the South China Sea littorals has been facilitated by the significant changes it has made in its defence policy.
to free itself from the constraints of its pacifist Constitution. The policy shift has lifted its self-imposed 1967 ban on weapons export, and allows Japan to sell defence hardware to other nations.

Japan's new security policy and its efforts to engage more with its South East Asian neighbour’s clearly indicates a change in the nations pacifist ideology. The move also shows a change in Asia’s geopolitical environment where different Asian countries are coming together to counter Beijing’s influence and keep its maritime bullishness in control. Will these new alliances alter the dynamics of regional security in Asia? That remains to be seen.

1 October 2014
In the last leg of his three-nation trip, Prime Minister Narendra Modi visited Suva, the Fijian capital on a day-long bilateral visit, where he addressed a joint session of the Fijian parliament.

Modi is the first Indian Prime Minister after Indira Gandhi’s visit in 1981 to the country. In Suva, Modi also addressed a mini-summit of 16 other countries of the region known as the Pacific Island Forum (PIF) viz. Australia, New Zealand, Papua New Guinea, Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Nauru, Niue, Palau, Republic of Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. India is a dialogue partner of PIF since 2002.

Early this year, the military regime in Fiji promulgated a new constitution and held elections in September 2014. Following that Rear Admiral (Retd) Josaia Voreqe (Frank) Bainimarama stepped down as military chief, formed a new political party called Fiji First Party with the intent to contest the elections. This put an end to eight years of military rule and smooth transition to a democratic system.

Fiji has a history of military coups followed by periods of elected governments. The 1987, 2000 and 2006 coups invited criticism from Australian and New Zealand, and targeted sanctions applied pressure by the US and the European Union. The Fiji government was forced to seek relationships with other international partners such as China and it expanded relations with Russia and opened new diplomatic missions in Indonesia, and South Africa.

The Pacific Island Countries (PIC) spread across hundreds of islands, and are scattered over an area equivalent to 15 percent of the globe’s surface. These counties share similar challenges as any small and remote island economies.
Small size, limited natural resources, large distances to major markets, and vulnerability to exogenous shocks, can affect growth and have often led to a high degree of economic volatility.

These countries are also some of the most vulnerable countries in the world to climate change and natural disasters. There sustained development progress requires long-term cooperation by international partners. More broadly, greater economic integration, equitable natural resource agreements, and more open labor markets in metropolitan neighbors, and adaptation to climate change are vital for the longer term future of the PICs. But, their emergence as full voting members of the United Nations (UN) has given them political leverage on the international scene and in the process created a ‘market’ for their sovereignty rights. According to Bernard Poirine, professor at University of French Polynesia, economic aid to PIC has been a type of trade for ‘geostrategic services’ including use as military bases or missile launching/testing sites, voting in favour of donor interests at multilateral forum.

Fiji is the most developed of the PICs, and has the largest defence force (3,200 active members) and the second-largest police force among the Pacific island states. It has made significant troop contributions to UN peacekeeping efforts and built itself into a good profile at the UN. Fiji’s military and police officers have been integral to peacekeeping operations in Bougainville, the Solomon Islands, and Timor-Leste.

Currently Fiji has established diplomatic relations with approximately 70 countries. Earlier it capitalised on the rivalry between China and Taiwan, which was far beyond normal standards of diplomacy or international aid practice. To secure the allegiance of the PICs, China launched several public infrastructure projects. These include conference centres and justice ministries in Tonga and Samoa, a parliamentary complex and courthouse in Vanuatu, sports stadia in Fiji, Micronesia, and Samoa; and a courthouse and police station in the Cook Islands.

China’s aid policy in Oceania was partly aimed to contest the political position of Taiwan. Beijing also achieved a new regional order and enjoys favourable diplomatic gain through a combination of trade, aid and diplomacy, and pushed out the US, Australia and New Zealand to the background.

Japan competes with China for access to PICs for resources and UN votes including its whaling interests. Over the past few years the US has shown more interest in Fiji and the
PIC in general as it took a fresh look at China’s involvement in the region. The US diplomatic representation in Suva has increased, and in 2012, then Secretary of State Hillary Clinton, participated in the PIF meeting at Rarotonga and visited other Pacific countries.

India’s ties with Fiji have fluctuated with the political instability in the island nation. The armed overthrow of governments in 1987 and 2000 were triggered by racial tensions as a radical section of indigenous Fijians objected to political power passing into the hands of the ethnic Indians. Out of the population of 849,000 in Fiji, 37 per cent are people of Indian origin.

Prime Minister Modi’s foreign policy has been characterised by outreach to countries with substantial Indian-origin population and has resulted in extensive outreach programmes in Japan, US, Myanmar, Australia and now Fiji. India has in the past availed of the ‘strategic services’ of the PIC when it had set up an online communications system for the islands to win their support for the Indo-US nuclear deal several years ago. It has also had a long economic relationship with Nauru, a major exporter of phosphates and the mineral-rich Papua New Guinea. The PIC, through platforms such as the “Durban coalition” and bilaterally, enable India to address and build consensus in areas such as global climate change, carbon emission targets and sea-level rise impacts, which are of great concern to these island nations.

18 December 2014
Geopolitics is an integral aspect of countries’ foreign policy constructs. When foreign policy designs are executed by major global powers, geopolitics assumes the contours of ‘Great Power Politics.’ It is in this context that China’s intensified engagement with Asia-Pacific countries assumes immense significance for the emerging global order.

With “China Dream” as its vision statement, Beijing aspires to ‘restore’ the Chinese nation to its ancient glory. Though civilizational states like India and China often exhibit a nostalgic romanticism with history, in the case of China, this obsession with the past renders itself problematic on two principle grounds:

• The historical period being glorified by Beijing had involved a regional order with China as its hegemonic power; and

• An ever-intensifying depiction of China as the beacon of Asia’s future through the state-media.

Furthermore, when examined in conjunction with Xi Jinping’s call to create “Asia for Asians,” China’s foreign policy thrust appears to be directed towards the establishment of a new regional order with Beijing as its centre of gravity.

The fulcrum of China’s Asia policy rests on two modules, namely, the “Asia-Pacific Dream” and the “One Belt, One Road” initiative. The operational dimension of these strategic constructs is achieved through infrastructure investments and vigorous diplomatic engagements. This analysis further gains credence through the study of developments at the recently concluded Asia-Pacific Economic Cooperation (APEC) and the South Asian Association for Regional Cooperation (SAARC) summits.
Though much has already been written about the “Maritime Silk Road” concept, China’s recent manoeuvres to secure SAARC membership underlines Beijing’s strategic aspirations contained within this otherwise touted cultural-economic project. Furthermore, the diplomatic initiative in Nepal was launched after China had added a concrete economic flier to its deepening penetration within the South Asian region by announcing a 40 billion USD fund for the Silk Road initiatives at a neighbourhood leaders’ meeting in Beijing, ahead of the APEC summit. It is also worth recalling that during his tour to South Asia in September 2014, President Xi Jinping became the first Chinese head of state to visit Maldives since the establishment of diplomatic relations between the two countries in 1972. Also, Xi’s visit to Sri Lanka was the first by a Chinese President after a gap of 28 years. This dynamism towards South Asia underscores the importance of the region in Beijing’s strategic calculus.

However, China’s political engagement with South Asian countries is surreptitiously beginning to acquire a military dimension. In November 2014, a Chinese submarine docked in Colombo port. The presence of a Chinese military platform in Sri Lankan waters was described by Beijing as “nothing unusual.” Further, just few days before the APEC CEO Summit, the Chairman of Pakistan’s Joint Chiefs of Staff Committee, Rashad Mahmood met the Chairman of the National People’s Congress Standing Committee, Zhang Dejiang in Beijing. Though China’s military support to Pakistan is well documented, Zhang’s presence in this bilateral exchange is of critical importance as he is widely perceived as one of the most powerful personalities in China’s domestic politics. Also, this was the first high-level bilateral exchange between the two countries after Xi Jinping cancelled his state-visit to Pakistan in September on account of “political instability” in that country. It may be noted that Zhang is a recipient of Hilal-i-Pakistan, an honour he received in recognition for his role in strengthening Sino-Pak relations. Therefore, it will not be presumptuous to regard him a Pakistan ‘sympathizer’. Although these developments do not qualify as ‘military acts’ per se, these are nevertheless laden with symbolism, which is an intrinsic foreign policy attribute in general, and a core feature of Chinese strategic culture in particular.

At the APEC CEO Summit, Xi Jinping announced his “Asia Pacific Dream.” The proposed Free Trade Area of the Asia Pacific (FTAAP) and the Asia
Infrastructure Investment Bank (AIIB) are the two primary components of China’s economic strategy for the Asia-Pacific. At the APEC Summit, Beijing was able to secure the affirmation from the member states to launch a feasibility study into FTAAP- a move perceived by the strategic community as intended to counter America’s proposed Trans-Pacific Partnership (TPP). For the AIIB, China has provided 50 billion USD as the start-up capital. The proposed bank could become a major mechanism for funding Beijing’s Silk Road proposals. As such, AIIB and FTAAP are poised to develop as the platforms for China’s economic diplomacy in Asia.

In addition to this, China has signed separate Free Trade Agreements (FTA) with both Australia and South Korea-the two countries that did not endorse the AIIB, presumably under US pressure. In order to further China’s engagement with the South Pacific countries, Xi Jinping recently visited Australia, New Zealand, and Fiji. While the visit to Fiji was the first ever by a Chinese head of state, the other two visits were to countries which are regarded as staunch US allies. The bilateral engagements resulted in both Australia and New Zealand upgrading their ties with China to the level of ‘comprehensive strategic partnership.’

At Suva, Beijing offered 11.4 million USD as aid money, and signed five MoUs on a range of issues like defence and economic cooperation, climate change, and visa exemption for Fijians travelling to China. During the visit, Xi Jinping also held talks with the leaders of Samoa, Vanuatu, Niue, Tonga, Federated States of Micronesia, Cook Islands, and Papua New Guinea. It is pertinent to state that these eight countries are part of the 12-nation Pacific voting bloc at the United Nations.

This economic outreach by Beijing was extended to ASEAN with the commitment of 20 billion USD for loan and infrastructure projects in Southeast Asian countries. China has signed deals worth 7.8 billion USD with Myanmar. Furthermore, with nine out of ten ASEAN members officially endorsing the AIIB, and all keen on joining the Maritime Silk Road, Southeast Asia is being led into a China-led regional economic order. It is feared that Beijing might use economic leverages to advance its interests in the South China Sea dispute.

From initiating regional multilateral forums to extensive diplomatic outreach and enhanced economic engagement, China has deepened its soft-power push in Asia-Pacific. This soft-power diplomacy entails strategic implications for the region. Lao Tzu, the scholar
of the Taoist school of thought had written: Water has no constant shape. There is nothing softer and weaker than water, yet nothing is more penetrating and capable of attacking the hard and strong. This dualism is an inherent character of Chinese strategic thinking, and thus could be the clue to China’s renewed engagement with the Asia-Pacific countries.
West Asia
Iran and Chabahar in Focus: Maritime Possibilities
Warrant Policy Focus

C Uday Bhaskar

In a relatively little noticed development earlier this month, Iranian President President Hassan Rouhani visited the strategically located port of Chabahar (17 April 2014) and announced that it will soon be connected to Iran’s national gas supply network. He added: “Chabahar should become an industrial and commercial center. In order to become industrial, it should be connected to the gas supply network.”

Concurrently, on the same day (17 April 2014) the IAEA, the UN mandated global nuclear inspector released a report on the contentious Iranian nuclear program and confirmed that as per an earlier agreement reached with the P-5 plus 1 (five permanent members of the UN Security Council and Germany), Teheran had neutralized half of its enriched uranium stockpile. Consequently the US is preparing to release Iranian funds frozen since 1979 up to US$450 million in the first instance – and this could pave the way for a gradual lifting of the US led economic, trade and financial sanctions mounted against the Islamic republic.

There are many more steps in the Iranian nuclear deal that have to be satisfactorily completed and as many determined opponents who could derail the deal and therefore it will take considerable time, patience and political perspicacity for Teheran to be fully integrated into the international system. Yet it is evident that Iran, the southern Asian region and the global strategic grid will be significantly impacted – and in a positive manner if the major powers and Teheran sincerely stay the course of reconciliation – and to that extent the latest IAEA report could well be the heralding of a critical cusp on which the Iran issue is poised. In a related
development, Afghan foreign ministry officials announced in Kabul (16 April) that Iran, India and Afghanistan are preparing to sign a trilateral agreement very soon in an effort to lead the way for Afghanistan to connect with India through the Chabahar port – and that this could be concluded by end May. This time-line may be a bit ambitious and unlikely, given that both India and Afghanistan are going through a critical national election process and the new leadership in both Delhi and Kabul will need time to take stock and prioritize issues that need immediate traction. However, the development of Chabahar, it is opined is of critical strategic significance to all three nations – India, Iran and Afghanistan – and must receive the attention of policy makers in all three capitals. The India-Iran project to develop Chabahar is more than a decade old and was first mooted in January 2003 when then Iranian President Mohamad Khatami had visited Delhi as the chief guest at the Indian Republic Day parade. However for a variety of reasons including the US led sanctions against Iran over the nuclear issue - India was unable to make any significant progress in developing Chabahar. But the grand plan to build a road through Afghanistan up to Iran and then link to Chabahar had been envisioned and some road links have been since completed. The strategic rationale for this ambitious project, from Delhi’s perspective was to overcome the denial of Indian access to Afghanistan by the inflexible anti-India constituency in Pakistani. A sea-road-rail link from India through Chabahar in Iran and along the road-rail network into Afghanistan would also enable India to obtain valuable access into Central Asia – and from there to both Russia and Europe. Consequently the Indian Army’s Border Roads Organization (BRO), to their credit, in the face of severe odds, completed the Delaram – Zaranj road link in Afghanistan by 2009 and now the Chabahar port is connected to the Kandahar – Heart highway.

Earlier in February, the Indian ambassador to Iran confirmed that Chabahar would receive the support required to complete the building of appropriate port infrastructure and that an investment of $150 million was earmarked for this purpose. When completed, the Chabahar port would provide a more cost-effective alternative to Dubai which currently handles much of the container traffic related to Iran and India. Currently Iran has only one major port – Bandar Abbas, along the Hormuz Straits which handles 85 percent of Iranian seaborne trade. But it can receive ships upto 100,000 tons only and all major merchant vessels
that displace 250,000 tons and more, are routed to Dubai and the cargo then brought to Iran in smaller ships.

The current US naval presence in the Straits of Hormuz and the tense Iran – UAE relationship heighten the value of Chabahar for Teheran, both for its trade enabling potential and the strategic access to the Indian Ocean.

Iran which is still under stringent US led sanctions since 1979 has enormous potential as a regional power given its distinctive geography, Persian pedigree, demography and vast hydro-carbon resources. It merits recall that under the regime of the Shah, Iran was a major and close US ally and its orientation was not very positive as regards India. Post 1979 and the Khomeni Revolution, while India’s political relationship with the Iranian clergy has been stable, there have been differences apropos the nuclear non-proliferation treaty (NPT) during the 1990’s – but this did not prevent the two sides from engaging over the Taliban challenge in Afghanistan during the same period and after the 9/11 attacks in late 2001. Irrespective of which dispensation comes to power in Delhi by end May – the stability of Afghanistan under a post-Karzai government and the orientation of Rawalpindi (GHQ of the Pakistan Army) will have a significant bearing on India’s security. Under the circumstances, establishing a robust transport linkage with Afghanistan that by-passes Pakistan has enormous long-term strategic significance for Delhi and all well-wishers of Kabul.

In this framework, prioritizing Chabahar is imperative for Delhi and not just in relation to Afghanistan and Central Asia. India’s maritime presence in the western sector of the Indian Ocean and the sea-lines leading to and from the oil-rich Persian Gulf will also be enabled by a fully functional Chabahar. While this is not a riposte to China in Gwadar, the maritime relevance of an Indian assisted and developed port in these waters will accord India greater credibility and options in relation to its west Asian interlocutors and related policies.

While China and Pakistan figure prominently on the Indian policy radar, it merits repetition that for Delhi, the two most critical neighbors who have not received sustained attention are Bangladesh and Iran. The UPA II government, while cognizant of this salience, was unable to impart the political traction required to maximize the benefits of both these bi-laterals. Chabahar now provides a very positive concatenation for India in relation to
Iran and Afghanistan – as also China and Pakistan. Thus the new team on Raisina Hill will be well-advised to prioritize an initiative that was mooted in January 2003 by a BJP led NDA coalition. Chabahar could herald the end of Delhi’s tenacious indifference to its oceanic potential and the beginning of India’s much awaited ‘Hind-mahasagar mala’ – the elusive maritime connectivity in the Indian Ocean.

30 April 2014
The Great Energy Game in the East Mediterranean Sea

Shashwat Tiwari

In recent times, the discovery of natural gas off the Israeli coast in the Eastern Mediterranean Sea (the Levant basin) has added a new dimension to the Israel-Palestine conflict zone. Significantly, this has transformed the region into a potential energy source, not only for domestic use, but also for the European and Asian markets. However, the other political conflicts in the region, —Syrian Civil War, Israel-Gaza Conflict, and the maritime dispute between Israel and Lebanon—cast a shadow on this economic opportunity. Moreover, the overall development of these fields is at a nascent stage. Both EU and Russia are ready to exploit this opportunity to maximise their strategic objectives.

In 2010, the US Geological Survey (USGS) estimated that the Levant Basin, one of the eight basins in the Eastern Mediterranean Sea region, may contain 3455 billion cubic meters (bcm) of natural gas. Within the Levant basin, the natural gas reserves were discovered in the Tamar and the Leviathan areas in 2009 and 2010 respectively, which have transformed the Levant basin into a potential energy hub in the region.

However, the prospect of increased production continues to be hampered by the ongoing political instability. Long-standing disputes such as Israel-Arab conflict also represent a major challenge for the prospective development of these gas fields. Further, the maritime disputes in the area have aggravated the existing regional rivalries.

Israel is one of the largest consumers of natural gas in the East Mediterranean region, with an average annual consumption rate of 5 bcm (2011). This is expected to grow to 9.7 bcm by 2015 and to 13.3 bcm by 2020. To meet its energy demands, Israel is largely dependent on natural gas imports from Egypt, and imports nearly 40 percent of its requirements (2010). The Israel-
Egypt gas pipeline is vulnerable to repeated attacks in the Sinai region of Egypt, and has been closed since 2011 post Arab Spring regime change in Egypt. The discoveries in Tamar gas fields and its operationalization in 2013 has given Israel an opportunity to diversify its sources of energy requirements, and the discovery of the Leviathan gas fields has revitalised the energy outlook of Israel. With these gas fields, Israel can consider exporting natural gas to other countries in the region, as well as to the European and Asian markets.

In 2012, Israel signed an agreement with the Palestinian Authority to supply natural gas to the latter for a period of 20 years. Under this agreement, the gas will be provided only to the West Bank. Israel has also signed an agreement with Jordan for the sale of natural gas over the next 15 years. The hindrances created by the territorial conflicts among the regional players have led to the involvement of global actors. Russia maintains good relations with Israel, Syria and Cyprus, and appears to have capitalised on the existing disputes. It seeks to dominate the Eastern Mediterranean gas market in order to safeguard its position as a principle gas supplier to Europe. In 2014, Russia signed an agreement with the Palestinian Authority to invest US$ 1 billion to develop the Gaza offshore gas fields. It has also inked a deal with Syria in 2013, which provides for controlling interests for the Russian Central Bank over 850 square-mile area of Syrian Exclusive Economic Zone (EEZ) for a period of 25 years. This will eventually lead to natural gas exploration by Russia in the Syrian EEZ. Furthermore, Russia is in talks with Israel to develop the Leviathan gas fields. Moscow is also offering financial support to Cyprus, while backing Cyprus in its territorial dispute with Turkey.

Thus, through large scale investments, Russia seeks to be in a position to be able to influence all major regional players, who have developed economic interests in the Levant basin. It can be further argued that Russia is trying to fill in the strategic vacuum created by the declining influence of the European Union (EU) and the US. Russia has extensive investments in the region, which raises the stakes for Russia to ensure the political stability of the region, and thereby secure its investments. Russia is also perceived as a more dependable ally in comparison to the EU or the US because of its non-interference in the internal affairs of the regional countries.

According to a study conducted by EU’s policy department over “the prospect of Eastern Mediterranean
gas production as an alternate energy supplier”, it is evident that the EU is possibly searching for a possible alternate energy source to reduce its energy dependence upon Russia. Russia has often used its position as a primary source of energy supply to EU to its advantage; recent crises in case of Crimea or the crisis in Eastern Ukraine, validating EU’s concerns. It’s in the EU’s interest to encourage the development of East Mediterranean gas fields, so as to reduce its dependence on Russian energy supply, as well as to check Russia’s growing geopolitical influence in this region.

In this setting, it appears that the competition over energy resources between Russia and the EU is shifting to the East Mediterranean region (the Levant Basin), that can potentially complicate the geopolitical predicaments of the region.

27 September 2014
Thaw between Iran and the West: Implications for the Energy Market

_Shashwat Tiwari_

The recent meeting between the British Prime Minister David Cameron and the Iranian President Hassan Rouhani, on the sidelines of United Nations General Assembly (UNGA), is one of the many instances, which indicates a thawing of the stalemate between the US, the UK, Germany and France on one hand, and Iran on the other. The Joint Plan of Action (JPA) announced after the first round of Geneva talks has led to a relative easing of the Western sanctions, especially relating to Iran's petrochemicals sector, which is a major source of revenue generation in the country.

Assuming that the current trends of Iran's entente with the West would continues, the development are likely to have a significant impact on the international energy market. Iran possesses one of the world's largest gas reserves, thus making it a major potential energy supplier. However, following the implementation of the western economic sanctions in late-2011 and mid-2012, Iranian crude production fell sharply due to choking of capital infusion in its petrochemical sector. Iranian crude production declined from 2.5 million bbl/d in 2011 to 1.1 million bbl/d in 2013. This drop in production has had an adverse impact on Iran's economy.

The easing of economic sanctions on Iran has led to optimism in the international energy market. Iran will now be able to recommence exporting oil and gas to its Asian customers—like China and India. For the period January-May 2014, Iran's crude oil exports averaged 1.4 million bbl/d, i.e. 300,000 bbl/d higher than the 2013 average. Oil exports have picked up modestly and shipments have touched 50,000 barrels per day (bpd), touching 1.2 million bpd in January 2014, which
is valued at US$150 million. Exports to China and India account for nearly all the increase.

Iran is also planning to change its oil contract model to allow International Oil Companies (IOC’s) to participate in all phases of upstream project, including production. Due to the sanctions, production levels in Iran’s oil fields had dropped, due to non-availability of necessary technological upgrades and modernisation. It, therefore, needs an urgent infusion of state of the art technology to increase production. Iran, which had earlier muscled out Western firms from its energy sector, is now inviting them back to invest in the country’s struggling petrochemical sector. The JPA, agreed to in Geneva, has encouraged Chinese and European firms to explore opportunities to invest in Iran’s oil and gas sector.

With some financial and banking sanctions in place, Iran continues to trade through the barter system to procure the necessary goods. However, the relative easing of sanctions has made Iran press for easing banking restrictions. Although, the US has agreed to unfreeze about US$4.2 billion in Iranian Oil’s (the national oil company) revenue assets that were held abroad. The EU Foreign Affairs Committee has also lifted the ban on insurance and transport of the Iranian oil, as well as on imports, purchase, or transport of Iranian petrochemical products and related services.

Lifting ban on shipping is proving to be beneficial for Iran’s major energy customers, viz. China and India, who can now ship full quotas of oil. Since early 2014, Japan has permitted its insurance companies to provide insurance cover to tankers carrying oil from Iran, which is worth a business of about US$7.6 billion. The easing of insurance coverage is also likely to lead to increased shipping activity in the region.

If Iran and the Western countries do come to an agreement in November 2014 over Iran’s nuclear programme and sanctions are lifted, it will lead to a rush for Iran’s energy resources, and India cannot afford to be left behind. Since the easing of the sanctions, New Delhi has tried to revive its energy links with Tehran and has even increased its energy imports. It has also pledged to upgrade Iran’s Chabahar port by investing US$100 million. India needs to keep its long term energy interests in mind, and engage with Iran proactively, so that it is in a position to capitalise upon this opportunity. India may also reconsider its 2012 decision to annul the shipping JV with Iran (Iran-o-Hind Shipping) and resume operations for shipping of oil from Iran, as it is likely to be a
profitable venture, which has suffered in the past due to the Western sanctions.

If the trend of easing of sanctions continues, it may also have an impact on the maritime traffic in the region. Iran primarily exports oil to India, China, South Korea and Japan. With the easing of sanctions, the tanker traffic in the Persian Gulf may increase. Also, Iran’s interests in maritime security will increase. Notably, its stakes in the Straits of Hormuz will also increase. The easing of sanctions may also revitalise the prospects of the Iran-Oman-India gas pipeline proposal, which was stalled due to the politico-economic uncertainties involving Iran and the West.

21 October 2014
Chabahar: India’s Gateway to Central Asia

Shashwat Tiwari

The recent decision by the Indian government to invest further in the Iranian port city of Chabahar demonstrates the importance of this port for India. The port, located in the Sistan-Baluchistan Province on Iran’s southeastern coast, is of immense strategic value as it lies outside the Persian Gulf and can be easily accessed from India’s west coast.

The development of Chabahar has been discussed often during India-Iran bilateral talks since 2003, but has gained higher priority in recent times. On August 2012, India, Iran and Afghanistan held a trilateral meeting to discuss the Chabahar port development project and agreed to speed up the process. The initiative is expected to serve a number of purposes, including expansion of trade, investments and transit facilitation for the Central Asian Republics (CARs). The intergovernmental memorandum of understanding (MoU) proposed to be signed between India and Iran are likely to comprise the following main elements:

• An Indian Joint Venture (JV) company will lease two fully constructed berths in Chabahar port’s Phase-I project for a period of ten years, which could be renewed by mutual agreement.

• The JV Company will invest US$85.21 million for equipping the two berths within 12 months as a container terminal, and the second as a multi-purpose cargo terminal.

• The Indian and Iranian sides could enter into subsequent negotiations for participation in the construction, equipping and operating of terminals in Phase-II on build-operate-transfer (BOT) basis, subject to the Indian side’s satisfactory performance in Phase-I.

The Indian government also approved the proposal to constitute a JV or other appropriate Special Purpose
Vehicle (SPV) comprising the Jawaharlal Nehru Port Trust (JNPT) and the Kandla Port Trust (KPT), and if required, a local Iranian partner and/or an Indian private sector partner to serve as the means for India’s participation in the development of the port. The Indian government also approved incurring an annual revenue expenditure of US$22.95 million to support the operational activities of the Indian JV.

India’s presence in Chabahar port would give it a sea-land access into Afghanistan as well as to Central Asia through Iran’s eastern borders. From the Chabahar port, using the existing Iranian road network to the border town of Zaranj in Afghanistan, which is at a distance of 883 kilometers from the port. Furthermore, the Zaranj-Delaram road constructed by India in 2009 (the garland highway) can also be used to access four of the major cities of Afghanistan; Herat, Kandahar, Kabul and Mazar-e-Sharif.

This infrastructure will cater to the needs of Indian state-owned and private companies to extract iron-ore from the Hajigak mines in Bamiyan province, that a route for exporting this natural resource from Afghanistan through Iran back into India. These resources, of course, also represent huge potential income for Afghanistan. Finally, this infrastructure provides India with a route for Indian exports (and continued aid) to Afghanistan. This sea-land route to and from Afghanistan through Iran is of significance to India, given the continued intransigence of the Pakistani government in not allowing India access to the faster and cheaper land route across their country, even for transporting humanitarian goods. The port facility at Chabahar can also provide India an alternative to its long-standing energy pipeline projects like Turkmenistan-Afghanistan-Pakistan-India (TAPI) or the Iran-Pakistan-India (IPI), which have been stalled due to geopolitical reasons.

India’s ‘Connect Central Asia’ policy, which is a broad-based approach, includes political, security, economic and cultural connections, concentrates on strengthening India’s strategic and security cooperation in the region. India is also working to connect Iran and Afghanistan with Tajikistan and other CARs via these roads, thereby increasing regional trade as well as creating a route for India to access the rich gas and oil reserves of Central Asia.

Another factor that needs to be highlighted here is that today, Central Asian has become an area of immense importance to Europe, US, China, and Iran. The US is trying to undermine
Russian and Iranian gains, and China has committed billions of dollars for the development of Central Asian oil fields to fulfil its future energy needs.

The question that concerns India is that any external influence in CARs will have serious implications, direct or indirect, for the countries of the region. Related to the geostrategic significance of CARs is the problem of religious extremism/terrorism or what CARs call ‘political Islam’ and problem of drugs and arms trafficking. India, as an extended neighbour of CARs, has major geostrategic and economic interests in this region. The future prospects for cooperation between Central Asia and India in the field of energy security assume great importance. Peace and stability in CARs and Afghanistan seem to be the most crucial factor for India’s security.

For India, Chabahar port project is expected to serve a number of purposes, including expansion of trade, investments and transit facilitation for the CARs. The port will serve as the Indian Ocean outlet for Central Asia, and provide connectivity to the proposed International North South Corridor (INSTC) running northward through Iran and Afghanistan, which will also provide India vital access to Central Asian Republics, Russia, and ultimately European markets, enabling India to effectively compete with China.

Although there are no signs of any significant Indian-Iranian naval cooperation, commercial maritime cooperation and joint transportation infrastructure development has elevated the level of India-Iran strategic cooperation.

While India will secure access to markets in Central Asia for its future economic growth, Iran would be able to facilitate further connectivity to CARs for its resources. As India is constructing infrastructure in Afghanistan, this port can to develop as a hub for trading of commodities in the region.

12 November 2014
Non-Traditional Security Threats
Initiatives of the African Union (AU) against Piracy and Armed Robbery at Sea: An Appraisal

Sheena Arora

Introduction

Africa has been afflicted with complex maritime security challenges. The region has been witnessing escalating incidents of piracy and armed robbery, apart from crude oil theft, drugs smuggling, illegal fishing, waste dumping and other forms of illegal activities both along east and west coasts of Africa.¹

Since the early 1990s, rampant piracy off the coast of Somalia has become a major issue for global trade and security, prompting strong responses from the international community.²

Transitory decline in Piracy was witnessed in 2004 but piracy and armed robbery attacks against ships rose 14 percent in the first nine months of the 2007 compared to the same period in 2006.³

Africa remained a piracy flashpoint with the highest recorded number of incidents of piracy taking place in Somalia with 24 incidents, followed closely by 18 reported incidents in Nigeria in 2008. A key trend identified in 2008 was the shift in the geographical location of attacks to the north eastern Somali coastline and into the Gulf of Aden.⁴

Container ships, bulk carriers and tankers “loaded with oil and chemicals and fishing vessels have been the most commonly attacked vessels in Somalia, Nigeria, Benin and elsewhere.”⁵

The Gulf of Aden has been the site of a total of 71 attacks in 2009, of which 17 resulted in successful hijacks while in 2008, there were 32 hijacks from a total of 92 attacks.⁶

Though reduced marginally in 2010, piracy in Africa touched its peak in 2011 with 237 reported incidents including attempted hijackings. However pirate attacks in Africa dropped to a six-year low by 2013. In Somalia and the
Gulf of Aden, a drop of 40 percent was witnessed in pirate activities in 2013 compared to 2012 (15 incidents including 2 hijackings vs. 75 incidents including 14 hijackings). The number of Somali hijackings was halved from 28 in 2011 to 14 in 2012.

On the other hand, the trend on the western coast of the continent has been on the ascendance. Incidents of piracy and armed robbery at sea in West Africa increased from 42 in 2008 to 46 in 2009 to 49 in 2010.

West African piracy made up 19 percent of attacks worldwide in 2013. The escalating trend in Nigeria, especially is concerning. Out of region’s 51 incidents, Nigerian pirates and armed robbers accounted for 31, taking 49 people hostage and kidnapping 36, more than in any year since 2009 while there were 27 incidents reported in 2012 including 4 hijackings and only 10 incidents in 2011. “Nigerian pirates have also ventured far into waters off Gabon, Ivory Coast and Togo, where they were linked with at least five of the region’s seven reported vessel hijackings.”

Pirate activities especially in Gulf of Guinea have been particularly violent with guns reported in at least 37 of attacks. However, Benin showed a sharp fall from 20 incidents including 8 hijackings in 2011 to 2 including one hijacking in 2012 whereas incidents in Togo as well rose from 5 in 2011 to 15 in 2012. The Gulf of Guinea, till September 2013, accounted for more than 40 incidents including crew kidnappings with 32 off Nigeria and 2 off Togo.

Impact of Piracy and Armed Robbery at Sea

According to International Expert Group on Piracy off the Somali Coast 2008, the economies of African nations, in particular of Somalia, had been adversely affected by the acts of piracy. Due to numerous pirate attacks, Somalia has been considered precarious for international shipping which in a way reduced port revenues and funds available for investment in port and related transport infrastructure and, in turn, affected the dependent communities. Increment in pirate activities in the past few years also discouraged potential overseas business partners and investors. Cost of shipping and insurance were “particularly affected, specifically insurance premiums and coverage, due to dramatic rise of piracy in the Gulf of Aden. According to a recent report by UNCTAD, insurance premiums for ships travelling through the Gulf have rose from between 0.05 percent and 0.175 percent of the value
of their cargo, compared to between 0 percent and 0.05 percent since May 2008”.11

Premiums for kidnap and ransom coverage reportedly increased by as much as 1,000 percent. The additional costs “due to piracy were passed on to consumers as shipping companies recoup most of their losses through their protection and indemnity clauses which eventually resulted in avoidance of Suez Canal route as an increasing number of ships started preferring the longer route around the Cape of Good Hope, which led to increment in commodities transport fees to more than 30 percent.”12

Maritime piracy also imposed significant costs on fishing and tourism industry of the region. The threats of piracy led to reduction of visits of cruise ships which contributed to tourism in the island countries of Mauritius and Seychelles. The Kenyan Cruise Ship industry also suffered from the effects of piracy, as the number of ships visiting Mombasa reduced drastically. Tourism and fishing industry account for approximately 65 percent of Seychelles’ GDP and employs 36 percent of the country’s workforce which have been directly affected due to piracy.13

Seychelles’ economic survival depends “not just on its enduring appeal to tourists but to a greater extent on the fishing industry; piracy and armed robbery at sea posed a direct threat to both. The threat of pirate attacks resulted in the avoidance of some of the richest fishing spots in the Indian Ocean by many vessels. Similarly, fishing being the second highest non-oil export industry in Nigeria, it suffered heavily due to continuous pirate attacks on fishing trawlers.”14

Nigeria approximately is bearing a loss of US$600 million every year in export earnings as a consequence.15

International shipping plays an important role in delivering humanitarian aid as well. Around 85 percent of food aid for Somalia arrives through sea routes. Due to maritime piracy, the delivery of relief aid necessary to sustain and nourish a substantial part of the population of Somalia has been impeded. Between May and August 2011, “an estimated 30,000 children died as a result of the humanitarian crisis along with estimated 792,544 Somali refugees in neighbouring countries.” According to Congressional Research Service Report 2012, estimated 3.7 million Somalians and 12.4 million in the horn of Africa are in need of humanitarian assistance and food aid.16

Over the years World Food Programme (WFP) reports stated that
“the number of ships willing to carry food aid to Somalia had been cut by half because of the increased dangers faced by humanitarian relief vessels in Somali waters. Ship owners feared seizures of vessels by pirates and their crews for ransom.”

The continent’s prospects for economic growth and development are inextricably linked with the ability to increase its global trade through enhancing its competitiveness and transporting African goods to the world market and with over 90 percent of Africa’s imports and exports conducted by sea.

Maritime security, especially from piracy and armed robbery, is, therefore, an imperative. The predicaments caused due to piracy and armed robbery at sea are being dealt at four broad levels in Africa:

- At the global level, by organizations like United Nations, International Maritime Organization (IMO), Business Action to Stop Counterfeiting and Piracy (BASCAP).

- At the regional level, African Union is the principal organization working in this direction.

- At the sub-regional level, initiatives of Economic Community of West African States (ECOWAS), the Economic Community of Central African States (ECCAS), and Maritime Organization of West and Central Africa (MOWCA) are worth noting.

- At the bilateral/trilaterial levels some of the examples are Operation Prosperity (an ongoing partnership of Benin with Nigeria), the first bilateral initiative to fight piracy and other illegal activities in their coastal areas by providing joint counter-piracy patrols, and agreement between Tanzania, Mozambique and South Africa signed in 2012 to fight against piracy.

As the principal regional organisation, African Union has been actively working towards combating piracy and armed robbery. Since 2007, the AU has advocated a comprehensive approach towards combating piracy and armed robbery at sea. The AU has fully supported the work of the Contact Group on Piracy Off the Coast of Somalia (CGPCS), as well as all IMO initiatives to combat piracy and armed robbery against ships, including the Best Management Practices for vessel protection in High Risk Areas and the Djibouti Code of Conduct (DCC) concerning the repression of piracy and armed robbery against ships in the Western Indian Ocean and the Gulf of Aden. Africa Maritime
transport charter adopted in 1994 is the legitimate mechanism with a potential to restructure and rejuvenate maritime transport sphere of influence in Africa. The Abuja Declaration on Maritime Transport charter in 2007 laid down the principles and objectives for the African Union and its member states to be pursued in Africa Maritime Domain. These charters have chalked out the framework of an effective maritime policy that promotes intra African trade as well as trade with African states and other countries and the crucial need to combine and coordinate efforts towards the development of an efficient maritime domain in the service of the political, economic and social development as well as integration of Africa.

Most importantly, the African Union formed African Union Mission in Somalia (AMISOM) in 2007, which since then is an active, regional peacekeeping mission operated by the Union with the approval of the United Nations in Somalia. The mission has been “mandated to support transitional governmental structures, implement a national security plan, train the Somali security forces, and to assist in creating a secure environment for the delivery of humanitarian aid. The AU Peace and Security Council authorized the training and deployment of vessel protection detachments on board supply vessels for AMISOM in 2011. Since then it is conducting maritime operations in close coordination with the on-going operations by international partners. The VDP, a specialized military detachment of AMISOM, has been designed to act as vessel security for supply which in future may embark on the ships providing logistic support for AMISOM shipping en-route to Somali ports.”

AMISOM is also used for special assignments by different countries that bring humanitarian aid from Nairobi. Turkey and UAE have been sending aid to Somalia and AMISOM maritime has been assigned to provide security.

AMISOM’s Maritime Unit has succeeded, to an extent, to ensure security at the Mogadishu Coastline, when the aircraft is landing and prevent any attacks emanating from the sea along with security to the ships that wait to dock at the Mogadishu and Kismayo seaports. Since its inception, AMISOM’s Vessel Protection Detachment has been actively training with the European Union’s Naval Force – Somalia (EU NAVFOR). AU has supported the operations by EU NAVFOR and EU Nestor which led to significant drop in pirate attacks. The training is part of a comprehensive approach to improve AMISOM capabilities, in this case
with enhanced and specialised drills to respond to a potential pirate attack, in pirates’ modus operandi, tactics, rules of engagement, unarmed combat and detention of suspects and practical drills carried out on AMISOM ships.23

So far, a total of 48 AMISOM troops out of 74 have benefitted from this training and have successfully completed courses on Ship escorts missions which ensures the safe delivery of supplies to AMISOM. Though the efforts by AMISOM have been successful in stabilizing situation in Somalia to an extent, yet it cannot be considered the only contributory factor. International actors such as NATO and U.N. have been actively involved in AMISOM initiatives. Though the success rate in combating piracy and armed robbery has witnessed an upward trend in past few years, due to the presence of al-Shabaab throughout Somalia, security challenges would thrive.


AIMS 2050, would focus on encouraging “(a) burden sharing, (b) tracking financial flows, (c) sharing and reporting relevant information, (d) interdicting ships and/or aircraft suspected of engaging in piracy or armed robbery against ships, (e) apprehension and prosecution of persons committing or attempting to commit piracy or armed robbery against ships, and (f) facilitating proper care, treatment, and repatriation for seafarers, fishermen, other shipboard personnel and passengers subject to piracy or armed robbery against ships, particularly those who have been subjected to violence.”25

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Challenges

Though the African Union has been working comprehensively towards combating piracy and armed robbery at sea, there are various impediments confronted by the organisation:

Firstly, expanding the capacity to prosecute and incarcerate pirates is one of the major challenges that need to be addressed by the member states and the international community. Due to lack of effective judicial institutions, presently, over 1,000 pirates are in custody, most are or will be convicted and sentenced to lengthy prison terms but the majority have not yet been prosecuted due to legal complexities and expense of prosecution. Lack of governance and weak institutions have provided pirates a safe haven.27

Secondly, combating maritime insecurity is also a complex and very costly process which requires sophisticated equipment, skilled personnel, and training institutions. According to an UN report, combating piracy cost the world economy about US$4 billion in 2012 and US$7 billion in 2013.28 Most of the African member states cannot afford to bear the expenses without external (International and inter-regional) assistance.

Thirdly, inter-agency cooperation has also been hampered due to lack of interoperability. Different agencies involved in combatting piracy and armed robbery have diverse systems and procedures that are incompatible with each other and often have conflicting priorities. Weak legislative and administrative frameworks have added to the quandaries. For instance, Tanzanian law does not criminalize piracy perhaps due to the fact that the problem of piracy there has been limited to stealing properties from ships under disguises.29 Furthermore, very few states of the continent have acceded to international agreements and conventions on piracy and law of the sea.30

Fourthly, political instability has been the most vital and a major hindrance faced by many African countries. For instance, Somalia has been plagued by civil wars, clashing militias, piracy off its shores, and a series of governments with little power, unable to stem the violence. Similarly, Nigeria’s political instability has been characterized by deep-rooted corruption, economic profligacy and strangulation, ethnic conflict, and administrative incompetency paving way for piracy in the region.

Conclusion

Piracy and armed robbery at sea in the African region has posed serious
challenges both to the continent and the international community. Impact in economic, political regional organizations of the continent, has been working constantly to uproot piracy and armed robbery. This is reflected in incidents of piracy and armed robbery falling to the lowest level (in 2013) in the past six years, especially on the Eastern coast and Gulf of Aden. Yet, on the Western Coast (Gulf of Guinea) situation is not positive.

While dealing with the piracy, the African Union could address the challenges at international, regional and state levels. More endeavours should be placed to improve the domestic conditions of individual states, especially in improving the government and state apparatus apart from social and economic structures. Neglect of social infrastructures and the basic needs of the citizens have resulted to growing disaffection and serious tensions, communal and inter-ethnic conflicts and other societal unrest like military coups in some countries. However, this goal could be achieved in a more expeditious way if united with socio-economic measures like employment generation, poverty alleviation, improvement in human rights index and most importantly a stable government and good governance. The member states need strong judicial, administrative and legislative framework to strengthen the state structure. Enhancing prosecution mechanisms in the existing judicial systems would also promote burden sharing in financial terms between member nations. Legal complexities, lack of governance and weak institutions have amplified the quandaries which could be addressed by good governance, rule of law, independent judiciary, free media and approbation of human rights. Adoption of democratic institutions and values would prove the most beneficial for the affected member nations in the present scenario.

Coalescing with international actors like UN would facilitate the procedures of attaining the aforesaid goals as U.N. has avenues which specifically work in this direction: United Nations Development Programme (UNDP) focuses on providing, policy advice, technical support and strengthening the capacity of institutions and individuals; IMF (International Monetary Fund) encourages accountability in accordance with international standards by enhancing transparency in policies while emphasizing to combat corruption; United Nations Democracy Fund (UNDF) works diligently in promotion of human rights, encouragement in participation in democratic procedures
by all citizens and strengthening of civil society; United Nations Public Administration Network (UNPAN) which facilitates the exchange of information, experience and training in the area of public sector policy and management. African Union has also encouraged initiatives in cooperation with the international actors like International Maritime Organization and Oceans beyond Piracy, sub-regional organizations such as ECOWAS and ECCAS so as to cooperate to the fullest possible extent in the repression of piracy and armed robbery. In addition, non-profit organizations like National Democratic Institute (NDI), which promotes democratic institutions and governance in order to attain political stability and sustained development, would also be of assistance. Though AU has been able to achieve limited success with its AMISOM initiative, the major effort to combat piracy and armed robbery especially at the Eastern coast has been done with assistance of international naval operations.

Provision of support and technical assistance to vulnerable African states to enhance their capacity to ensure effective coastal and maritime patrols should be one of the main undertakings of AU with cooperation of international actors. In this direction, the AU must also expend more funds on advancement on the naval expertise and technical knowhow and conduct joint naval exercises with organizations and countries possessing proficient naval expertise. In this regard, special attention could be given to the development of effective Navies/Coast Guards both at regional as well at member states levels. The strengthening of economy and economic structures is vital to achieve the aforesaid objective as economy is a crucial component of state. Though regional institutions such as Africa Investment Bank (AIB), Africa Monetary Fund (AMF) and Africa Central Bank (ACB) have been working towards strengthening of Africa as a nation and at member states as well, AU should promote more endeavours at state, bilateral, sub-regional and pan-African levels with international community such as creation of investor friendly climate to attract foreign investments in both public and private sectors, introduction of economic schemes and reforms, modernization of rural infrastructure, coordination between international and regional monetary authorities to profess a few.

Increasing incidents of piracy in Gulf of Aden have extended, occasionally, as far as Lakshadweep islands resulting in the extension of the High Risk Area (HRA) from 65 degree east to 78 degree
east. This has resulted in cruising of foreign vessels in Indian territorial waters while transiting the Arabian Sea which is evident by Enrica Lexie Case in February 2012, when two Indian fisherman were shot dead by security personnel of Italian ship Enrica Lexie and in October 2013, detention of MV Seaman Guard Ohio (a patrol vessel owned by a U.S. Private Maritime Security Company) and its crew and weapons on board when they entered Indian waters without adequate permissions.31,32 India has been lobbying to reverse the expansion of the HRA as the move has been eroding margins as the shipping companies have been struggling with overcapacity and rising costs. The expansion of the HRA to 78 degree covered almost all of the nation’s (India) west coast thus resulted in surging in insurance costs as much as 300-fold, increasing the premiums from US$500 per voyage to US$150,000 as reported by Indian National Shipowners’Association.33,34

The security of maritime trade route of Gulf of Aden is of prime importance for India as a significant proportion of Indian exports and imports passes through it along with substantial community of Indian seafarers embarked on both foreign and Indian vessels. As a result of various anti-piracy initiatives, the rate of piracy and armed robbery at sea has been on decline from past few years. Yet, it would take some more time to root out the problem.

3 January 2014


18. www.maritimeindaba.com, accessed on 2 January 2014,


Counterfeit Currency as a Threat to India’s Internal Security

N Manoharan

The Reserve Bank of India (RBI) on 22 January 2013 announced that it “will completely withdraw from circulation all banknotes issued prior to 2005.” Though the advisory did not specify any reason, one of the main motives behind the initiative is to check counterfeit Indian currency notes. Since the sea route is also being increasingly used to smuggle fake currencies into India, it is all the more concerning.

According to figures disclosed in Parliament, during the 2006-09, 7.34 lakh of Rs 100 notes, 5.76 lakh of Rs 500 notes and 1.09 lakh of Rs 1000 notes, all fakes, have been seized. The number of fake notes per million have increased from 4.4 in 2007-08 to 7.51 in 2011-12. For higher denominated notes (Rs 500 and Rs 1000) the increase was almost double: from 9.7 in 2007-08 to 18.2 in 2011-12. This is considered only as the “tip of the iceberg” when compared to the total unseizured notes in the Indian market. The Nayak Committee, appointed to assess the menace of fake currency, puts the total amount of fake currency in circulation in India at about Rs 1,69,000 crore as of 2000 (in other words, eight per million were fake). The magnitude of the problem, therefore, is immense.

Fake Indian currency notes principally originate from Pakistan, but smuggled through various routes – air, land, and sea – using different modalities. Directly, smugglers make best use of train services and commercial trucks that run between Pakistan and India to push counterfeits into India. The most popular indirect routes are via UAE, Nepal and Bangladesh. Fake notes from Dubai are transported through air with the help of bonafide passengers or couriers appointed for the purpose. Thailand, Malaysia, Myanmar and Sri Lanka are also used as transit points. International airports in Bangalore,
Chennai, Calicut, Cochin, Hyderabad, Mangalore, Mumbai and New Delhi are identified as main landing points of counterfeits from abroad. Porous and weak land borders respectively with Nepal and Bangladesh are utilised by organised gangs to smuggle fake currency into India. It is also carried by infiltrators from Pakistan. Sea-borne consignments of fake notes take both Bay of Bengal and Arabian Sea routes.

Once smuggled, the fake money is exchanged for original notes at roughly 2:1 ratio or even higher through agents. Interestingly, there has been a spurt in fake currency circulation especially since 2006, roughly when Pakistan intensified its proxy war against India.

To distinguish between fake and real currency notes has become increasingly difficult mainly due to the fact that counterfeits are now printed with state of the art technology using security paper that is made available only to state actors. This clearly indicates involvement of government agencies in the neighbourhood. Pumping fake currencies is one of the sub-conventional warfare strategies pursued by Pakistan against India. The objectives behind are to subvert Indian economy and to fund terror networks. According to a Planning Commission Report, “the fake currency enables the adversary to obtain the services of individuals and groups in this country to act against our security interests at very low cost to itself. Once such conduits are established, they are used to push in drugs, explosives, weapons and trained terrorists.” For instance, investigations reveal that Rs 50 million that was incurred by the terrorists to trigger blasts in Hyderabad in 2007 and Rs three million spent on the attack on the Indian Institute of Science, Bangalore, in 2005 were generated mainly through fake currency. Apart from security, fake currency poses huge socio-economic problem. Its impact on general crime on society is serious as more and more educated unemployed youth are attracted towards the counterfeit racket. In short, this can be dubbed as a dangerous facet of “economic terrorism” confronted by India. Given the complexity, a multi-pronged approach is required to counter the menace:

- At the outset, it is important to stay ahead of counterfeiters. The Reserve Bank of India needs to constantly upgrade both paper-based (security thread, water mark, fluorescent fibres and physical and chemical characteristics of the paper) and print-based (anti-photo copying feature, optically variable ink – OVI – see through effect, intaglio printing etc) security features of Indian
currency. The public could be educated on these security features, which will enable them to easily distinguish fake from real notes. At the same time, those categories of currency notes whose security features are compromised should be withdrawn from circulation from time-to-time. Note sorting machines should be installed at all bank branches to promptly detected fake notes as soon as they enter the banking channel.

- Use of credit/debit cards and online/digital transactions could be encouraged instead of cash transactions. In a country where more than 70 per cent of the population does not even have a bank account, this measure may take time, but achievable.

- Effective cooperation among the concerned agencies is essential to address the threat. The Central Bureau of Investigation is the nodal agency for coordinating and monitor cases related to fake currency; Department of Revenue Intelligence is the lead operational body at the national level; respective state police is the lead operational agency for acting against counterfeits in that particular state; National Crime Records Bureau and Central Economic Intelligence Bureau hold all data pertaining to fake currencies. These apart, the state governments, central police organisations, intelligence agencies, the RBI, Enforcement Directorate, Ministry of External External dependence on security paper and ink could be reduced by increasing indigenous production.

- At the same time, India may consider using its diplomatic leverage to make sure that international companies contracted to supply India-specific paper maintain secrecy. Since most of the currency printing paper and inks are being imported from Europe, the European Union should be asked to keep a tight watch on importers of currency-related printing paper and ink based in Pakistan. New Delhi also could press relentlessly through INTERPOL for extradition of those criminal elements involved in the fake currency racket based in foreign countries.

- India could offer to train Nepalese and Bangladeshi customs and immigration officials in identifying and keeping watch over frequent travellers to Dubai, Dhaka, Colombo and other neighbouring countries. New Delhi could also help the installation of hi-tech luggage scanners at the international airports of Nepal and Bangladesh so that the baggages of passengers are thoroughly checked for counterfeits before boarding.

25 January 2014
NOTES


Piracy and Maritime Terrorism: An Overview of Linkages and Counter-Measures

Aditi Chatterjee

Concepts and Cases

Maritime terrorism and piracy have often been used interchangeably and there exists an on-going debate about their definition and legal meaning. The 1958 Geneva Convention on High Seas defines piracy as, “any illegal act of violence, detention or any act of depredation, committed for private ends by the crew or the passengers of a private ship or a private aircraft, and directed on the high seas against another ship or aircraft, or against persons or property on board such ship or aircraft; persons or property in a place outside the jurisdiction of any State.” Maritime terrorism on the other hand is defined as “any illegal act directed against ships, their passengers, cargo or crew, or against sea ports with the intent of directly or indirectly influencing a government or group of individuals.” These definitions highlight the motivational difference between the two. Pirates are often motivated by private ends attained through financial gains, whereas maritime terrorists are politically motivated and they aim to influence governments through threat of violence at high seas. In the case of pirates the financial gain does not necessarily have to be substantial and the pirate group also does not have to be robust.

Experts are of the opinion that though maritime terrorism is conducted by terrorists to fund their onshore operations their primary motivation has always been political in nature. Martin Murphy opined that the factors facilitating piracy to flourish are mainly: legal and jurisdictional weakness, lack of governance, favourable geography, conflict and disorder, under-funded law enforcement, inadequate security, permissive political environment, cultural acceptability and promise of reward. On the other hand, he observed that the factors assisting the effective
Operation of terrorists at sea are legal, jurisdictional and security weakness, geographical necessity, secure base areas, maritime tradition, charismatic and effective leadership and state support. This displays the considerable overlap between maritime piracy and terrorism.

Pirates and terrorist groups have operated simultaneously in the Arabian Sea, the South China Sea, and in the waters off the coast of western Africa since decades. However, due to the massive international efforts to freeze the finances of the terrorist groups in the aftermath of 9/11, terrorists have come to view piracy as a potentially rich source of funding. Piracy on high seas is increasingly becoming a tactic for terrorists. The Strait of Malacca has particularly become one such appealing hub for the Jihadi terrorists. The year 2000 witnessed a failed attempt from Al-Qaeda to hit the USS Sullivans in Yemen with a boat loaded with explosives. In the same year, Al-Qaeda suicide bombers blew a hole in the USS Cole using a speedboat packed with explosives, killing 17 sailors. In 2002 an explosives-laden boat hit the French oil tanker Limburg off the coast of Yemen. These attacks clearly brought out significant economic benefits that were generated by attacking petroleum tankers and offshore energy facilities which provided motivation to the terrorist groups. However, despite such linkages many scholars argue that a connection between the two has never been clearly established. For instance Karine Hamilton explains that geographically pirates and terrorists are largely separated from each other, like in the case of Somalia where the terrorist group Al-Shabab operates in the south-central part of Somalia, the pirates operating in that region are based along in the coasts around northern Somalia. Hamilton further enunciated that occasions of contact between the two groups have often resulted in open conflicts. In fact terrorist groups such as Al-Shabab and Hizbul Islam have often condemned pirate attacks because it has been reasoned that Islamic groups want to rid coastal towns of pirates in order to secure an important revenue stream in the form of ship tariffs.

The Nexus

Terrorists and pirates have shared interests when it comes to conducting sea-based attacks and these interests are primarily derived from the factors that give rise to both threats. As an extension of land-based operations, maritime terrorism and piracy thrive only when conditions on shore permit. Neither terrorists nor pirates are completely self-sufficient and both require some form of support in order to achieve their goals and objectives. This support
could range from money to arms and supplies. It is plausible that pirates and terrorists could collaborate and provide assistance to each other. Terrorists lack the skills and experience that are needed to conduct maritime attacks, because unlike land-based operations where the targets are static, ships in sea are in constant motion, and pirates provide them with the required insight. Pirates on the other hand would gain monetarily from the terrorists for services rendered. Also, terrorists could provide the pirates with the arms and supplies needed to conduct their attacks and could help pirates secure a safe passage once on shore as well. Thus, any nexus between the two should be viewed with great caution, as both stand to benefit from the other.

However, there are certain pitfalls that accompany this collusion. Both, terrorism and piracy are high-risk activities and any relationship formed between their perpetrators will exponentially increase this risk. Though it is much easier to track and capture the pirates than the terrorists, neither of them engages in violence with the intent of getting caught. Thus, the security risks associated with their alliance may outweigh any prospective gains.

In the modern era, almost ninety per cent of the world trade is transported across the sea. A major portion of this trade is transported through the risk prone trade routes of the Malacca Strait, Suez Canal and the Gulf of Aden. According to the reports of the International Maritime Bureau till 2012, the frequency and violence of piracy had been on a rise in the past decade. Pirate gangs operated with great impunity off the coast of Somalia where acts of piracy were at its peak in the year 2011. Piracy off West Africa has also been increasing in the recent years- mostly because of the surge in Nigerian pirates and most of them target vessels serving the Nigerian oil industry.

Terrorist groups such as Hezbollah, Jemaah Islamiyah, Provisional Irish Republican Army, Palestine Liberation Front, the Popular Front for the Liberation of Palestine-General Command, and Sri Lanka’s Tamil Tigers have long sought to develop a maritime capability. For instance intelligence agencies estimate that Al-Qaeda and its affiliates own dozens of hijacked ships that have been repainted, renamed and operate under false documentation. These are manned by crews with fake passports and forged competency certificates. Since September 11, 2001, strikes on oil targets have become almost routine. In October 2001, Tamil Tigers carried out a coordinated suicide
attack by five boats on an oil tanker off northern Sri Lanka. Oil facilities in Nigeria, the United States’ fifth-largest oil supplier, have come under repeated attacks. Maritime security experts in a Report of the RAND Corporation on maritime terrorism observe that apart from economic damages sea-based terrorism also aim at inflicting mass coercive punishment and triggering major environmental disasters.9

**Countering the Nexus**

Piracy and terrorism both pose a potential threat to all seafarers. Though an increasing nexus between the two is visible in the recent years, each state responds to them differently and handles the two threats in different manners. For instance, many scholars opine that the world’s energy supply would consistently remain a terrorist target which can be secured by improving the security of the ocean highways.10 However, the two threats can also be handled conjointly because both piracy and maritime terrorism are challenges that policymakers face when it comes to ensuring safe transit of vessels without fear of attacks being mounted against them. The lack of governance of the state and the cultural acceptance of piracy and terrorism at sea that coexist in a number of affected states create a favourable environment for such crimes at sea to thrive. To counter piracy and maritime terrorism, a comprehensive approach involving both maritime and land-based measures requires to be implemented.11 Despite problems of state sovereignty and overlapping jurisdiction, several steps can be taken to help protect maritime trade and energy markets, as well as to help nations to break the forming nexus between piracy and terrorism. These measures should be taken not only by littoral countries or countries located near strategic chokepoints, but also by those who derive economic benefits from an uninterrupted trade system.

The international community has made strong efforts over the past several years to address this issue. They include international agreements such as the 1988 Convention for the Suppression of Unlawful Acts of Violence Against the Safety of Maritime Navigation popularly known as the SUA Convention and the 1982 UN Convention on the Law of the Sea (UNCLOS). With the increasing fear of maritime terrorism post 9/11 a new Protocol to the SUA Convention came to the fore in 2005 whereby the transport by sea of anyone who has committed a hijacking or terrorist attack of any equipment, fissionable materials or related technology was to be criminalized.12 The International Maritime Organisation (IMO), established to develop and maintain a
comprehensive regulatory framework for shipping, has now been expanded to address safety, the environment, technical and legal cooperation, and maritime security.\textsuperscript{13}

In 2006, after the militant Islamists seized control of the Somali capital, the International Somalia Contact Group (Somalia Contact Group) was established to support peace and stabilization in Somalia by combating efforts of piracy and terrorism alike.\textsuperscript{14} The Somalia Contact Group also exerts pressure on internal and foreign entities to promote a stabilized political environment. Also, three separate task forces have been operating in the Gulf of Aden and Somali Basin which includes the Indian Navy contributing several vessels for counter-piracy operations. With numerous nations involved in countering piracy and terrorism activities, synchronization amongst them have become a necessity, and with the vast expanse of pirate infested waters, there can never be enough vessels patrolling the region. This realization led to the establishment of the Internationally Recommended Transit Corridor (IRTC) that separates eastbound and westbound transit lanes, each of which is five nautical miles wide with a two-nautical-mile buffer between the lanes.\textsuperscript{15}

In 2008, a movable area overlaying the IRTC called the Maritime Patrol Security Area (MPSA) was established in order to bolster the IRTC. The Somalia Contact Group is looking for ways to strengthen the legal system in the region, by addressing the major challenges of evidence gathering and keeping suspects in legal detention while on board of navy ships. The diverse legal systems of various nations have different standards for the evidence required for conviction, and the powers that can be used against suspects to hold them in pre-trial detention.\textsuperscript{16}

These further complicate legal prosecution. Broader and precise provisions might lead to more successful prosecutions. It is incumbent upon all nations who have a vested interest in maritime security to work together and find common ground on how to defeat these threats. International and regional institutions should be utilized to the maximum extent possible to help overcome the operational, policy and legal hurdles of combating terrorism and piracy at sea. Though the IMB Report of 2013 indicates that global piracy for the first time in the last six years have hit the lowest figure, it is imperative to continue combined international efforts to tackle piracy and terrorism.\textsuperscript{17} Fight against maritime terrorism and piracy is a multilateral endeavour which requires global cooperation and resolve.

10 February 2014
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4. Hamilton Karine, n. 2, p. 27.


Contextualizing India’s Threat Environment

N Manoharan

Threats do not emerge in a vacuum, but in a geo-strategic context. It is often said that the logic of geography is unrelenting. Geography gives India “a unique position in the geo-politics of the Asian continent, with our footprint reaching well beyond South Asia and our interests straddling across different sub-categories of Asia – be it West Asia, East Asia, South-east Asia or Central Asia.”¹ Geo-strategically, a few facts are particularly relevant:

- India is both a continental and maritime nation with a territory of over three million square kilometres, a land frontier of 15,000 kilometres, a coastline of 7,500 kilometres, and a population of over 1.1 billion, the second largest in the world.

- Its location at the base of continental Asia and the top of the Indian Ocean gives it a vantage point in relation to West, Central, Continental and Southeast Asia, and the littoral States of the Indian Ocean from East Africa to Indonesia.

- India’s peninsular projection in the Indian Ocean which bears its name, gives it a stake in the security and stability of these waters.

- It shares borders with 11 neighbours, most of whom do not share borders amongst themselves and most of them are either not stable or not democratic.

- It is an energy deficient country located close to some of the most important sources of oil and natural gas in the Gulf and Central Asia and adjacent to one of the most vital sea lanes through which 60,000 ships transit every year. Its natural features, particularly the high wall of the Himalayas to the north and the vast Indo-Gangetic plain, incline natural movements to and from the northwest of India, from West and Central Asia to the plains.²
Very few countries in the world are placed in an unfavourable, troubled and uncertain security environment as India is. Its immediate neighbourhood especially is dangerous. South Asia is the second most volatile region in the world, the first being West Asia. Most importantly, India is located at the centre of an arc of fundamentalist activism, terrorism and political instability between North and East Africa and Southeast Asia that has witnessed some of the most dramatic acts of terrorism over the last decade. The Afghanistan-Pakistan border region currently elicits the greatest concern. The regrouping and resurgence of the Taliban in a swathe of territory west of the Indus on both sides of the Durand Line threatens stability well beyond the area itself. Al Qaeda and the Taliban are allied with and extend reciprocal support to a host of jihadi groups operating out of Pakistan. These groups have been responsible for much of the cross border terrorism directed against India. India has, since independence, faced aggression and conflict with its two largest neighbours. At least one has been openly hostile and adventurist through the entire period. There are unresolved territorial and boundary issues with the other. Talks have commenced with both, but the situation is not yet such that India can lower its guard. The country faces a proxy war from across its borders through sub-conventional means like terrorism and local insurgencies on a daily basis. Such sub-conventional warfare strategy is a viable low-cost high-paying option available for some of India’s neighbours.

India is also faced with an unfavourable nuclear and missile environment. Apart from two declared nuclear weapon states with whom India has had a history of aggression and conflict, and proliferation emanating from and to the region, we have to contend with the possibility of weapons of mass destruction falling into the hands of terrorists and non-state actors in our vicinity. Each of India’s neighbours is undergoing its own political and social transformation. The more fragile a government, the more it tends to act in an irresponsible fashion. India has to contend with instability and failing states in its neighborhood providing the breeding ground for terrorists and other non-state actors. There are also spillovers of internal conflicts in neighbouring countries and threats to internal security from extremist movements from within because of cross-border linkages.

India’s responses to threats have been passive and reactive. As a result, a perception has developed among threat bearers and their sponsors that the Indian State is “soft and indolent”
and is inherently incapable of meeting their challenge. Some point out the lack of Strategic Culture – defined as the “ability to generate power and the will and ability for a full and effective use of that power” – as the causal factor for most of our indecisions and inactions on issues of security. There has also been no long-term perspective on the issue. Consequently, the state dealt with threats as and when they rose and effectively learnt to live from one crisis to another.

Countering complex nature of threats effectively requires a renewed set of policies and mechanisms. A comprehensive approach, thinking laterally beyond conventional methods, is urgently required. It demands a rethinking on existing mechanisms, if not thorough overhauling, on internal security, but based on a clear understanding of the threats. The ‘whole of government approach’ is not enough. Security is too big and serious issue to be left solely to the government machinery. Any response option should not ignore the dimension of human security. A country is as secured as its people. Security is not luxury, but a part and parcel of day-to-day life.

31 March 2014

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1. Speech by Foreign Secretary Mr. Shivshankar Menon on “India and International Security” at the International Institute of Strategic Studies, London, 03 May 2007.

2. Pranab Mukherjee, the then Defence Minister of India, Address at the Carnegie Endowment for International Peace, 27 June 2005.

3. Lt. Gen. Hamid Gul, a former ISI chief, in this regard, said, “Keeping the Indian Army occupied in internal security amounts to Pakistan having two additional divisions at no extra cost.”

4. The latest WikiLeaks release of US cables points out fears of Western countries in this regard. For full coverage, see “WikiLeaks cables expose Pakistan nuclear fears,” The Guardian, 30 November 2010.

5. Spillovers have been from Sri Lanka, Bangladesh, Pakistan, Afghanistan, China, Nepal and Myanmar.

Climate Change in the IOR: The Irreversible Threat Looming Large

Aditi Chatterjee

The new Inter-governmental Panel on Climate Change (IPCC) report released in Yokohama, Japan on 31 March 2014 Monday has set off warning bells across the world, predominantly for countries in South Asia, which have vast coastlines. The Report clearly states that left unchecked soaring carbon emissions will magnify the risk of conflict, hunger, floods, drought and water related food shortages. It extends a stark warning to the world as to how with every rise in degree the impact of climate change would not only be severe but also irreversible. Since around 40 per cent of Asia’s four billion inhabitants live within one hundred kilometre of the coastline, the effect of climate change is likely to hit this region the hardest.

The Indian Ocean Region (IOR), according to Brahma Chellany, is a constant reminder as to how the international community is still struggling to develop a suitable response to the threat of global warming.1 The IOR being a critical hub of trade and energy, climate change is deemed to be a threat of high magnitude in this region. Several studies reveal that climate change is likely to aggravate interstate and intrastate competition in the region over natural resources especially over the availability of water.2

The accelerating melting of glaciers and mountain snows would adversely impact on the river water flow and subsequently on hydropower generation. The Himalayan glaciers whose melt water is essential for the survival of millions of people is said to be losing almost half and two-thirds of its mass by the year 2100.

The IPCC Report (2014) also reveals that due to sea-level rise projected throughout the 21st century and beyond coastal regions and low-lying areas would
increasingly experience adverse impact such as submergence, coastal erosion and coastal flooding. For countries like Maldives, Kiribati, Tuvalu and such other islands, which face the serious risk of submergence, climate change has become an existential threat. This expected rise in the sea-level would likely increase interstate and intrastate migration in the IOR creating strains on internal and regional security. Alongside, it threatens the ecologically delicate areas such as beaches, mangroves and coastal wetlands with complete erosion.

Climate change would also negatively impact on the overall yield of grains, production of fish, eventually reducing the supply of fish meal and fish oils. Increase in air temperature and monsoon irregularities are affecting the abundance and distribution of fisheries in the Ganges. This has eventually reduced the availability fish spawn for aquaculture. Erratic rainfall and hailstorms in different parts of India have led to the damage of crops worth crores of rupees. Impact on the agricultural and fisheries productivity would directly have an impact on prices of daily food products, the brunt of which is already being felt in India with the immense rise in prices of vegetables and fish in early 2014. A study by the Toklai Experimental Station in Jorhat (Assam) reveals that rise in temperature and change in the pattern of rainfall have already started impacting the production and quality of tea in Assam which is the largest tea producing state of India. The tea producers of both Assam and Darjeeling have stated that climate change has stimulated the abundant use of pesticides and fertilizers, degrading both its quantity and quality.

The IPCC Report also enunciates how climate change scenarios are likely to increase the potential transmission of infectious diseases such as dengue and malaria. Likewise, climate change would be accompanied with an increase in heat waves leading to increased humidity and urban air pollution which would exacerbate diseases.

According to an ESCAP Report of 1995 around 50% of global natural disasters occur in the IOR which is now termed as the ‘World’s Hazard Belt’. These natural dangers are recent and owe their genesis to global climatic change. Cyclones, floods, tsunamis and earthquakes are the most devastating natural hazards that hit this region frequently. The effect of global warming will have its impact on the monsoons and could result in more frequent high-intensity rainfall and the severity of it would have to be borne by the coastal regions of the IOR. Climate change
accompanied with environmental degradation and increasing competition for natural resources will start having major security implications in the maritime domain of the region transcending borders.9

The real challenge lies in integrating environmental security as an essential component of national security for all the IOR states. Cooperative regional responses complemented with collective global action will be required to deal with the threat of climate change. Expanding on Brahma Chellany’s argument, an integrated and comprehensive warning system for natural disasters needs to be designed and put in place whose constituent sub systems would include, inter alia, the tsunami-warning system that has been set up in the Indian Ocean Region after the 2004 December tsunami.10 The future developmental activities in the coastal region need to be accompanied with measures to counter all climate based challenges. Reduction of carbon emissions swiftly according to the IPCC Report could reduce the severity and overall risks of climate change.11 Cheap and simple measures such as reducing wastage of water and rain-water harvesting could prove to very useful. Conservation of wetlands and mangroves should be a prerequisite to use as a flood buffer and coastal shield. Climate resilient crops should be harvested in larger amounts while encouraging producers to use water-efficient irrigation technologies. Also, large spaces in cities need to be redesigned as green areas to avoid the urban heat build-up. Climate change awareness should be vehemently brought about by the government by including such policies at the national and local levels and boosting disaster management efforts. Energy efficiency needs to be build up in the industrial, household and transport sector to contain emissions.12 All nations need to collaborate to counter the adverse impacts of climate change and resource crunch. Most importantly, maritime forces of the IOR could conduct periodic SAR and HADR exercises to keep themselves prepared for any natural disasters. The recently concluded Komodo naval exercises, in which 17 countries participated, should bolster future efforts of IOR nations to counter the challenge of climate change.

4 April 2014
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5. Ibid, p. 57.


12. IDSA Working Group, n. 4, p. 172.
Chennai Blasts and Urban Terrorism in India

N Manoharan

Chennai that was so far untouched by terror attacks has finally been breached by twin bomb blasts at the Central Railway Station on 1 May 2014 claiming 15 casualties. The casualty figures may be far less compared to other train blasts in the past, but the blasts has confirmed one thing: that the phenomenon of urban terrorism has taken firm root in India. In less than a decade, there have been about 20 major attacks in urban areas, averaging two attacks a year. The victim cities include Mumbai, Delhi, Kolkata, Guwahati, Hyderabad, Bangalore, Jaipur, Varanasi, Pune, Kanpur, Coimbatore, Srinagar, Jammu, Patna, Ahmedabad and now Chennai. All of these attacks led to large-scale casualties, material damage and disruption of life and economic activity.

While urban terrorism is relatively new to India, it has a long history in the international arena. The Irish Republican Army had fought British forces in the urbanised Northern Ireland for several decades before a political settlement was finally negotiated. The Baader-Meinhof gang, a communist urban guerrilla group, was responsible for several acts of terrorism in Germany in the 1960s and 1970s. Most of the terror groups in Latin America are urban-based. Palestinian militants have managed to launch numerous urban terror attacks on Israeli civilians despite Israel’s vigorous pre-emptive measures and a pro-active response strategy. Members of Aum Shinrikyo, a cult group, carried out five coordinated sarin gas attacks on several lines of the Tokyo metro in March 1995. Chechen rebels have been fighting Russia since the 1990s mostly in urban set up. Terror groups in Africa have been successful in attacking urban targets.

As terrorists are rational in their choice of terrain and targets, evaluating strengths and weaknesses and costs and
benefits, urban terrain holds significant advantages. As is the characteristic of urban areas, population is not only high, but also dense. Unlike in rural areas, inhabitants in cities and towns are more heterogeneous that gives more space for anonymity. It is this posture of anonymity that enables the terrorist fish to swim easily; an excellent place for camouflage. For terrorists, logistical support like arms, medicines, food, and lodging are readily available in an average urban area. Manoeuvrability of terrorists is guaranteed by the presence of public and private transportation facilities that are both dependable and unobtrusive. In urban areas, a terrorist group may find it easier to recruit prospective terrorists in a predictable manner, for it is the city that nurtures dissidence in general. Cities are the nerve centres of a country. It is in urban areas where targets are most varied and abundant: laymen, officials, foreign nationals, corporate heavy weights, government buildings with symbolic/strategic value, bus stands, railway stations, airports, markets, foreign embassies, communication centres etc. By attacking high profile symbolic targets, the terrorists wish to make a point that if a government fails to protect high value targets, it is obvious that it may not be in a position to protect the normal ones. As a result, the credibility of the government of the day is undermined. Since the quality and quantity of terrorists’ ‘defined enemy’ is high in cities, the impact of a destructive act is more widespread. This also gives an added advantage to terrorists to prevent any kind of indiscriminate counter-terrorist operation by the state that could maximise collateral damage. For the same reason, use of aerial bombardments against the terrorists becomes difficult. Urban operations for terrorists also often demand less in the way of brute physical strength and endurance than do operations in mountainous or rural terrain. And they do not need sophisticated long-range weapons to inflict desired damage.

The key to success in fighting urban terrorism lies in obtaining accurate intelligence about impending attacks and the neutralisation of the terrorists before they can launch their planned attacks. Since the threat of urban terrorism is transnational in nature, there is an urgent need for regional and international networking of friendly intelligence agencies. Most importantly, the Central and state intelligence agencies should share information methodically and it must trickle down in real-time to the user. While electronic surveillance, including the interception of communications, is no doubt useful, it is of critical importance to penetrate the networks and sleeper cells of the
terrorist organisations so as to gain actionable intelligence.

Since the terrorists usually choose high-profile soft targets, where the presence of ‘defined enemy’ is abundant, they should be put under maximum surveillance and protection. The staff manning these places should be trained in rendering first aid, evacuation techniques, and rescue and relief operations. Surveillance cameras, metal and explosive vapour detectors and X-ray scanning machines should be installed at key access points. Technology to detect and alert for suspicious activity such as loitering by an individual or vehicle should be made use of. Security personnel should be sensitised to spotting and segregating suspicious objects that are left behind.

The success of counter-terrorism operations, especially in the urban domain, depends to a considerable extent on a speedy response by the right force that is trained, armed and equipped suitably for the job at hand. As the National Security Guard is India’s primary strike force for counter-terrorist operations, it must be given the wherewithal to respond swiftly to urban terror attacks to minimise casualties and deny the perpetrators the ability to consolidate. The Central Government’s recent decision to locate NSG echelons in the cities that have been targeted most frequently will enable the force to respond in a swift manner. The NSG, however, must also be equipped with state-of-the-art technology and equipment to enable the commandos to enhance their operational performance and minimise their own casualties. Where necessary, the Indian Army’s elite Special Forces should be employed to counter terrorist attacks in urban areas. Every state, in fact, should have a NSG-type of commando force to counter lethal terror strikes. Rehearsals should be periodically undertaken for search-and-rescue operations after large-scale terrorist strikes. Different contingencies should be simulated and practised. Future training should also cater for tackling terrorist attacks using WMDs.

Without the eyes, ears and intuition of the general public, it is difficult to identify a terrorist who is anonymous and blends seamlessly into the environment in which he is living and operating. An effective battle against terrorism can be waged only by involving members of the public. This includes creating societal awareness to keep a steady eye on tentative or errant behavior in the neighbourhood and sharing of information of suspicious movements with point persons in the police and intelligence agencies. For instance, on every New York City subway train, the
message to passengers since the terrorist attacks of 9/11 has been clear: “If you see something, say something.” Had the passengers of the victim train (Kaziranga Express) been vigilant, the story might have been different.

In general, urban Indians need to organise themselves into neighbourhood watch committees through community consensus mechanisms based on genuine concern to prevent future terrorist attacks. All communities have to be co-opted in counter-terror measures instead of perceiving some as the “other”. The community of Indian fishermen could keep a constant tab on coastal waters. Awareness creation among people should also include ‘golden rules’ to be followed by the people in case of a terrorist attack. Such familiarisation will not only minimise the lethality of terrorist attacks, but also reduce the consequent panic. At the same time, ‘eternal vigilance’ should not be stretched too far to result in a siege mentality. In short, unless a comprehensive approach is adopted, involving all stakeholders of the society, it is difficult to counter urban terrorism.

2 May 2014
Private Security Companies at Sea: Solution or Threat?

Aditi Chatterjee

On 11 July 2014, nine months after MV Seamen Guard Ohio – operated by a Private Security Company (PSC) – was detained off India’s Tuticorin port, the Honourable High Court of Madras passed its verdict staying off the trial of the ship’s crew for an offence under the Indian Arms Act. Justice P N Prakash made it clear that MV Seamen Guard Ohio anchored within Indian territorial waters out of necessity, thereby justifying the action of its crew as ‘lawful’ under the principle of ‘innocent passage’ laid down in Article 18 and 19 of UNCLOS, 1982 and Section 4(1) of the Maritime Zones of India (MZI) Act, 1976.

The rampant spread of piracy in the Indian Ocean has compelled shipping companies to resort to PSC to guarantee the safety of their vessels, crew and cargo. However, the murky legal status of PSCs has often led to conflict with domestic laws of coastal states and the potential for accidental use of force. The case of MV Enrica Lexie – though not directly relating to PSCs – is case in point. In February 2012, the Italian armed guards onboard MV Enrica Lexie killed two fishermen in the Indian waters, mistaking them for pirates. Notwithstanding the aforementioned judgement, there is a need to take an objective look at the security challenges that the PSCs pose.

Maritime PSCs have expanded their operations substantially, protecting commercial shipping in the Indian Ocean. Due to absence of any central registry for their licensing it is difficult to determine the exact number of contractors operating. It is estimated that over 140 PSCs are currently employed in the northern Indian Ocean, which have deployed at least 2,700 armed guards onboard commercial ships. This translates into more than a quarter of the vessels navigating in the area employing private armed security guards onboard.
While the recent decline in piracy attacks off Somali waters is being attributed to the effectiveness of PSCs, questions are being raised about the legality of the arms used in the process, and the associated risks. While the private security guards are complying with an International Code of Conduct (ICOC) for Private Security Service Providers, the ICOC is a private initiative, and the legality of PSCs remains a moot point.

The PSCs provides a patrol vessel to escort private merchant vessels. For the shipping industry, employing private guards is seen as a solution, since they are trained to deter pirates and enable the victim merchant ship to escape unscathed. These guards are mostly retired military personnel trained to deal with combat situations. The PSCs also offer a range of counter-piracy services, which includes hardening of vessels in accordance with industry standards, crew training on counter-piracy measures, and preparation of onboard citadels.

Many coastal states require PSCs to register movement of weapons through their maritime zones and ports, and often refuse permission to such companies. To avoid this maze of local regulations, some PSCs have begun procuring weapons from ‘floating armouries’ that ply in international waters. Some of these private shipping companies even have their own ‘floating armouries’ for their own vessels or for use by other companies. Sri Lanka has established itself as an important operator of ‘floating armouries’, which have been approved by Sri Lankan Security Association for the Maritime Industry.

This surge in PSCs and the ‘floating armouries’, especially in the western Indian Ocean, has raised security concerns in India. During a press conference in 2013, the then Indian Navy Chief Admiral D.K. Joshi, pointed out that there are several ships operating as ‘floating armouries’ outside coastal state jurisdiction, and called for an appropriate regulatory framework under the International Maritime Organisation (IMO). He emphasized that the unregulated nature of ‘floating armouries’ has severe security implications for India, particularly with regard to the potential for infiltration by terrorists groups. These ‘armouries’ could also be run as a cover for arms trafficking.

Given the risks attached to the ‘floating armouries’ in the Indian Ocean and their doubtful legal status, the sudden boom in maritime private security industry has not been palatable to all nations, even though the PSCs may have contributed to counter the piracy menace. Notwithstanding the ICOC
for Private Security Service Providers, the IMO, in consort with the affected coastal and stakeholder states, may need to resolve the jurisdictional ambiguities with regard to PSCs. The issue may also need to be deliberated upon at regional fora like the Indian Ocean Regional Association (IORA) and the Indian Ocean Naval Symposium (IONS), which are mandated to address the issues of maritime safety and security in the Indian Ocean.

28 July 2014
The alliance relationship between the United States and Japan has been revitalized in the recent past. For the first time since 1997, the two countries are revising the “guidelines for bilateral defense cooperation”. While the review is underway, the US-Japan alliance is planning to institutionalize a disaster-management mechanism in the ‘Indo-Asia-Pacific’ region in consonance with the new draft guidelines which say:

“When either or both Governments conduct emergency relief operations in response to requests from governments concerned or international organizations in the wake of large-scale disasters, they will cooperate closely with each other as necessary.”

The U.S.-Japan alliance endeavour has got together American and Japanese think-tanks to conduct a series of workshops titled ‘(US-Japan) Strategic Assistance: Disaster Relief and Asia-Pacific Stability’ so as to understand the perceptions of the regional countries with regard to their acceptance for such humanitarian and capacity building assistance, and advise their respective governments accordingly.

The third workshop in the series was conducted at Tokyo in September 2014. The author was invited to the workshop to present the South Asian perceptive. The workshop addressed the entire spectrum of disaster management, viz the three R’s – Resilience, Response and Recovery. Hence, the perspectives of non-government organisations (NGO) and the private sector were also discussed. However, the focus of the workshop was clearly on disaster response, wherein the military forces usually play the primal role as ‘first responders’. Given the predominantly maritime configuration of the region, it translated into seeking answers on what and how the U.S. Navy/U.S. Marines and the Japan Maritime Self Defence
Force (JMSDF) could do together in a joint Humanitarian Assistance and Disaster Relief (HA/DR) mission. For such a mission, the alliance is willing to partner with the key regional navies with adequate HA/DR capacity, such as those from Australia, India, Singapore and South Korea.

This issue-brief seeks to analyse this new development with regard to its drivers, the imperatives for the IOR, and the challenges for institutionalising the US-Japan disaster response mechanism in the IOR, including issues relating to India’s partnership. It also attempts to address the salient operational aspects of the US-Japan endeavour.

The Rationale

The US-Japan endeavour is ostensibly a result of the spate of successive regional disasters over the past decade ranging from the Indian Ocean Tsunami in December 2004 to the March 2011 Tsunami off Japan’s east coast leading to the Fukushima nuclear disaster. These also include the more recent Typhoon Haiyan of the Philippines in November 2013.

Besides human-security considerations, the geo-political imperative is likely to be a major driver of the prospective US-Japan disaster response endeavour. During the 2004 Indian Ocean Tsunami, while the four navies (of Australia, India, Japan and the U.S.) undertook the HA/DR mission, China was only a bystander. But since then, its capacity to respond to maritime disasters has grown significantly, particularly in terms of its naval platforms – notably large amphibious vessels and hospital ships – capable of undertaking HA/DR missions. The U.S. and Japan may have realised the emerging imperative of the ‘Strategic Assistance’ concept, not only to wield a favourable balance of influence in Asia, but also attempt to ‘contain’ Chinese influence, and thereby, its strategic options in the region.

Imperatives for IOR

The imperatives for disaster response in the IOR are too evident to be stated. The region – particularly the north-eastern IOR – is highly prone to natural disasters. The resilience of the regional countries to prevent such disasters is underdeveloped, and so is their capacity to respond to such contingencies. Besides, the increased use of the Indian Ocean as an international space for maritime and air routing has enhanced the likelihood of man-made disasters.

In the wake of the 2004 Indian Ocean Tsunami, the coordinated four-navy HA/DR mission turned out to be immensely effective. However, it was an
ad hoc arrangement implemented sans Standard Operating Procedures (SOP) among the participating navies. While the success of the mission is reflective of a high level of ‘operational compatibility’ achieved among the participating navies over many years, military operations – even for low-end missions like HA/DR – cannot depend on ‘good luck’.

The above needs to be seen in context of deliberations during the recent Indian Ocean Dialogue (IOD-2014) held in early-September 2014 at Kochi (India) under the auspices of the Indian Ocean Regional Association (IORA). During IOD-2014, a consensus emerged that in the light of the uncertainties about the continued American commitment to the Indian Ocean Region (IOR) in the coming years, the regional countries may not be able to fend for themselves in terms of maritime security. The IOR countries would, therefore, need to adopt an inclusive approach, by welcoming the assistance of major stake-holders in the IOR like the U.S., China and Japan, including for disaster response and capacity-building.

Overcoming the Challenges

While the IOR countries may seek foreign assistance to tide over their adversities with regard to coping with major disasters, any such assistance would willy nilly involve foreign military forces, which is a sensitive issue for many regional countries. It is also important to note that for staging of relief supplies to an affected state, a foreign HA/DR mission may also need the cooperation of a neighbouring country. Some countries may view a western-led HA/DR mission through the prism of intervention. The 2008 case involving France invoking Responsibility to Protect (R2P) when Cyclone Nargis hit Myanmar has not contributed to reverse such perceptions. While the R2P as a concept may be legitimate, the IOR countries may perceive it as an instrument that possesses a high potential to be misused in the guise of HA/DR. The US-Japan endeavour would, therefore, need to be based on a ‘narrative’ that indicates the indispensability of foreign assistance for humanitarian considerations. It would need to build upon the U.S. and Japanese contribution to the Tsunami disaster relief effort the Indian Ocean (2004-05), which generated substantial goodwill for the two countries among the affected countries. The posture of US-Japan alliance would need to be seen as ‘benign’, and not motivated by geo-politics. An outreach to the IORA may also be helpful to overcome geo-political sensitivities. Humanitarian aid would be more welcome to IOR countries through direct bilateral dialogue, wherein there
is no influence on its sovereignty, and it is treated as a ‘partner’ rather a ‘subordinate’.

Some regional countries may not be amenable to any assistance under the aegis of a military alliance. This applies to the prospective U.S.-Japan endeavour, notwithstanding the scale of their efforts to project it as benign. Hence, a multilateral approach may be preferable, which involves the identified regional countries with adequate capacity to partner with the US and Japan. Furthermore, a trilateral US-Japan-India response may need to be avoided due to geo-political sensitivities of China. The HA/DR effort may, thus, also involve other key players like Australia, Singapore and South Korea.

The U.S.-Japan alliance may seek to forge standing agreements with individual countries. Track-2 channels would be valuable for the assisting nations to secure the willingness of the affected and other relevant countries. In the absence of a prior agreement, the political-level acceptance of foreign assistance may be sought through diplomatic channels, before committing the HA/DR forces.

In the longer-term timeframe, the demonstrated willingness of the U.S.-Japan alliance to develop the resilience of regional countries to natural disasters and the capacity of their maritime forces would be crucial.

**Operational Issues**

The US-Japan endeavour may consider developing real-time Information and Communication Technology (ICT) links with IOR Disaster Response organizations for early-warning and response coordination. The initiative may need to enter into agreements with regional organizations and regional countries at the political-level for planning and coordination of disaster-response. Institutionalized exchanges with the Indian Ocean Naval Symposium (IONS) involving coordinated planning and joint-exercises – possibly through the West Pacific Naval Symposium (WPNS) – may be helpful.

The geographical mandate of the US Pacific Command stretches from the International Date Line (in the far-east) to the longitude passing through the India-Pakistan land border (in the IOR), thereby placing the western IOR beyond its purview. This leads to a jurisdictional ambiguity. In the event of a disaster involving the western IOR/ East African countries, would the US-Japan alliance commit its disaster response efforts in the area? Even if it does, the challenge lies in establishing standing
mechanisms/SOPs and developing local resilience/capacity before a disaster occurs. This would need to be addressed by the U.S.-Japan alliance.

The acceptance of Command-and-Control chain by the affected country may be an issue. Some regional countries may have reservations about a particular major power (the US, even an Asian power) being in command of the HA/DR operation. The ‘Malabar’ exercises have enabled the Indian Navy to achieve a high level of operational compatibility with the US Navy. However, the established SOPs for HA/DR missions would need to resolve the existing divergences on fundamental issues like the Chain-of-Command and Rules of Engagement (RoE) for Force Protection.

The resources of military forces are optimized for high-end conflicts. Hence, for lower-end contingencies like HA/DR, their capability needs to be suitably re-oriented. The key elements of HA/DR capability are the vectors, communications, medicine and sea-basing.

- Given fiscal challenges for dedicated capabilities, the key ‘HA/DR Vectors’ would need to be fungible with other high-end missions. Such ‘multi-functionality’ could be achieved through inducting large amphibious ships capable of operating heavy-lift helicopters and air-cushion craft.

- The second element is ‘HA/DR communications’. The naval communications meant for high-end military used would need to be made compatible with those of government, NGOs and other civilian agencies involved in HA/DR.

- The third element is ‘HA/DR medicine’. The capacity of medical teams and hospital ships would need to be reoriented from combat wound treatment of military personnel to a wide spectrum “at-risk” population (including infants and the elderly) and on preventing the outbreak of infectious diseases.

- The fourth element is ‘sea-basing’. While tailoring HA/DR capabilities, ‘quick reaction’ is among the foremost of the imperatives since in disaster-response, ‘time lost’ is directly proportional to ‘lives lost’. During natural disasters, land-based facilities may not be available. Hence, the concept of ‘sea-basing’ would need to be implemented more comprehensively than hitherto. This would need to include all its elements ranging from logistics to command-and-control, and communications. This would also reduce
the concerns of the US-Japan alliance over force-protection issues, and to a large extent, the sensitivities of regional countries over sovereignty issues.

Lastly, while military forces may continue as the ‘first responders’, eventually, the overall direction of the HADR mission may be shifted to the political/government level. This is the underlying philosophy of India’s Disaster Management Policy of 2009,⁴ that civilian authorities must direct national disaster management, even though the military forces remain a key component of its apex Disaster Management structure. Of course, the military forces would continue to play a major support role, such as for overseas & ship-to-shore logistics, sea-based communications, security and other specialized tasks. Coastguard vessels can play a valuable role in HA/DR – their employment would be more cost-effective, besides being less sensitive to the affected countries.

NOTES


2. Indian Ocean Dialogue, 05-07 September 2014, Kochi (Kerala state) India. Organised by the Ministry of External Affairs (India) and the ORF, New Delhi. The author was among the delegates.


Six Years since Mumbai 26/11: A Review of India’s Coastal Security Mechanism

Aditi Chatterjee

On 26 November 2014, India marks the sixth anniversary of Mumbai terror attacks. It is time for an assessment of the threat and India’s coastal security response. On 04 September 2014 the Al-Qaeda leader, Ayman al-Zawahiri, indicated the radical outfit’s intent to spread its jihad to the Indian subcontinent. The threat posed by the organisation was realized only two days later; when Al Qaeda in the Indian Subcontinent (AQIS) lay siege of a Pakistani naval dockyard in a brazen attempt to seize the frigate, PNS Zulfiqar. The event is a reminder of the existing threat to the Indian littoral. Following the incident, the Indian Navy was placed on high alert.

The porous nature of India’s coastline was amply exposed in 2008, which led to 26/11. The Mumbai carnage forced the Indian government to initiate a complete revamp of its existing coastal security architecture. Coastal security was hitherto neglected by the Indian security establishment, and corrective measures were taken up only when the situation was too grave to be dismissed.

Earlier this month, while taking over as the thirty sixth Defence Minister of India, Manohar Parrikar, said that he would maintain the pace of acquisition set in motion for the defence forces, while ensuring transparency at every stage. Immediately upon assuming office, Parrikar visited INS Hansa the naval air station at Goa on November 14, and was apprised of the issues pertaining to coastal security. On November 23, Parrikar inaugurated the National Command Control Communication and Intelligence System (NC3I) at Gurgaon, which is intended to be the country’s backbone of Maritime Domain Awareness (MDA). The Information Management and Analysis Centre (IMAC), the single-point agency
linking the newly-formed coastal radar chain is the nodal centre of the NC3I. The NC3I would receive real-time situational inputs from 51 naval stations, 46 Doppler radar units along the coast and maritime operational centres of all commands. It will also receive inputs from nearly 40 Indian Coast Guard stations to obtain information about the threat in the ‘brown waters’. The centre will also have a comprehensive shipping database of world registers of shipping for analysis of the traffic transiting through the Indian waters. In February 2014, the Minister of State of Home Affairs Shri Mullapally Ramachandran, in response to an unstarred question raised in Rajya Sabha, said that under Phase II of the Coastal Security Scheme (CCS), the Coastal Security Group (CSG) personnel, apart from carrying out routine sea patrolling to safeguard fishermen, would also circulate pamphlets and display banners for the fishing community in all coastal villages to create maritime security awareness. He also informed that the Ministry of Home Affairs (MHA) has constituted a Steering Committee at the level of Secretary (Border Management), to oversee the implementation of the coastal security scheme, and also to ensure better coordination among the various stakeholders.

On July 16, the Union Home Minister Rajnath Singh informed Rajya Sabha that significant steps had been taken by the Indian Coast Guard post-26/11 for around-the-clock monitoring and patrolling off eastern and western coasts. In a written reply to the Rajya Sabha, the Home Minister stated that coastal security has been subjected to multi-level inter-ministerial review by the Government, and it will make concerted efforts to ensure coastal security.

Taking forward the implementation of UPA Government’s initiation of CCS Phase-II, the new government has listed measures to enhance the Coastal Security. It proposes to provide assistance to the coastal provinces to set up additional coastal police stations, purchase high-speed boats, recruit security personnel and procure high-tech gadgets under the programme. Besides, Multi-purpose National Identity Cards (MNICS) are being issued to all people living in the coastal villages, including fishermen, and registration of all types of small vessels has been initiated. The current Minister of State for Home Affairs, Kiren Rijiju informed the Rajya Sabha that sustained daily deployment of about 19-22 ships has instituted, and about 100 coastal security exercises and 117 coastal security operations have
been conducted between January 2009 and June 2014.

Notwithstanding the efforts to revitalise and reinvigorate coastal security, its efficient implementation with appropriate commitment is still inadequate. The coastal states which are largely responsible for the security of their respective coastline have been ineffective in equipping, training and organising themselves to ensure a proactive approach. The information flows from central and state agencies involved in coastal security poses the biggest challenge to a fully functional hub for coastal security. This can only be realized when an effective law is in place to regulate and synchronize the various agencies of coastal security. Given the prevailing security environment, it is imperative for the Coastal Security Bill to be tabled in the forthcoming winter session of the Parliament. The Bill has been drafted to ensure better coordination amongst multiple agencies responsible for maritime and coastal security, and to fill the gaping voids in law-enforcement powers of these agencies.

25 November 2014
Naval Developments
Japan Seeks Collective Self Defence

Ateetmani Brar

On 1 July 2014, Japan adopted a new defence policy on upholding its right of ‘collective self-defence’ under international law. The policy seeks to fundamentally alter the missions of the Japan Self-Defence Forces (JSDF), ever since these forces were established in 1954.

Backdrop

After the Second World War, Japan resolved to ensure that the horrors of war shall never be repeated, and made tenacious efforts to establish itself as a pacific nation. The Constitution of Japan upholds pacifism, and sets forth in Article 9 the renunciation of war and non-possession of war potential. Article 9 does not deny Japan the inherent right of self-defence that it is legitimately entitled to as a sovereign state. Therefore, Japan maintains the minimum level of armed strength that it considers necessary for it to exercise the right of self defense.2

The revision of Article 9 has long been a mission for Japan’s Prime Minister Shinzo Abe and his like-minded conservatives, who want Japan to become a “normal” country. Initially, Mr. Abe favoured a major constitutional overhaul. However, this would have necessitated not only a majority vote in national referendum, but also at least a two-thirds consensus in both houses of Japan’s Diet (Parliament). Though Mr. Abe’s party is in majority in both the houses, the two-thirds bar was difficult to achieve. Hence, instead of revising the Constitution, Mr. Abe now seeks to reinterpret it. This essay aims to examine the trends of evolution of Japan’s new defence policy in terms of the ‘collective security’, and its imperatives and impediments.

The Incremental Process

In the recent past, Japanese leaders have made incremental efforts to play a larger role in international security
through the legal provision of ‘collective security’. Since the 1990s, the JSDF has also participated in the following overseas security missions:-

- United Nations peace-support missions in Cambodia, Mozambique, East Timor, Golan Heights, Haiti, and most recently, in South Sudan (since November 2011). 

- Afghanistan (Operation Enduring Freedom, 2001) - JMSDF vessels refuel the coalition naval forces in the Persian Gulf.


- Anti-Piracy mission (since 2009) – Two JMSDF destroyers and a P-3C aircraft deployed in Gulf of Aden.

All aforesaid events bear an element of ‘collective security’, and indicate a progressive effort by Japan towards attaining its envisaged aim. The Japanese troops involved in missions to Iraq and Cambodia in the 1990s operated under strict rules of engagement that other militaries had to be called on to escort and protect Japanese soldiers. In the later years, Japan seemed to have found the way to circumvent its Constitutional restrictions to a great extent. For instance, the 2001 refuelling mission was enabled by Japan's Anti-Terrorism Special Measures Law (2001). For the anti-piracy mission, a special legal dispensation was taken through the June 2009 anti-piracy bill, which needed to be renewed every year by the Diet. It allowed the JMSDF to protect non-Japanese vessels.

The New Policy

Under its new policy, Japan would have the right to collective self-defence, wherein the JSDF can fight abroad and come to the aid of a friendly country under attack. Nonetheless, the policy reiterates its earlier defence-oriented stance, with Japan continuing to adhere to pacifism. In accordance with the new policy, Japan can resort to collective self-defence if:-

- The attack on that country poses a clear danger to Japan’s survival or could fundamentally overturn its citizens’ constitutional rights to life, liberty and the pursuit of happiness.

- There is no other way of protecting Japan and its citizens and of repelling the attack.

- The use of force is limited to the minimum necessary.

The JSDF would, therefore, still operate under severe restrictions. Mr. Abe has given assurances that Japan will not
join coalition military operations under the UN mandate. But under the new law, Japan would now be allowed to invoke collective self-defence in aid of its only ally, viz. the US. Japan would now be able to join international minesweeping operations in the Strait of Hormuz to help protect international sea lanes used by tankers that transport nearly 80 percent Japan’s oil imports. Opponents to the proposed policy of collective self-defence argue that the concept of ‘limited use of force’ is difficult to apply in practice during an actual military conflict. Also, under international law, a minesweeping mission is considered as a use of force. Hence, if JSDF is involved in this mission in the midst of an ongoing war, it would make Japan lose its neutrality, and assume a ‘belligerent’ status, thereby violating Article 9 of Japan’s Constitution.

Public Reaction

The issue of ‘collective self-defence’ is quite a divisive issue. The public support for Article 9 remains quite strong. In a recent poll conducted by the Nihon Keizai Shinbun, 50 percent of respondents oppose the exercise of collective self-defense, outstripping the 34 percent who support it. Many in Japan fear that the new policy will only turn Tokyo into a glorified military lackey of Washington DC. Notwithstanding the above, the adverse public reaction to the bill is unlikely to have an impact on its passing because Abe’s Liberal Democratic Party is in majority in both chambers of the Diet.

The Imperatives

Among the factors leading to the shift in Japan’s security stance is the rapidly shifting balance of power in Asia. China’s increasing military capabilities is posing a serious challenge to the regional dominance of the United States, and threatening the US allies, including Japan. Through the new defence policy, Japan would be able to mitigate the risks associated with the rise of China. It will help Tokyo strengthen its alliance with the US, to counter the existing threats from China and North Korea. Japan would also be able to enhance its prestige in the international community as a “normal” regional power that is capable of meeting its alliance commitments.

China and North Korea have openly expressed their opposition to Japan’s new policy. It remains to be seen whether the recent measures adopted by the ‘land of the rising sun’ would be constructive towards reinforcing Asian and thereby global security, or otherwise.
NOTES


8. For example, JSDF could come to the aid of an American ship under attack, or to shoot down a North Korean missile heading towards the United States.
New Actors of the RIMPAC Exercise 2014: China, India and Norway

Priya Kumari

The world’s largest naval exercise so far – ‘the Rim of the Pacific’ (RIMPAC) 2014 – concluded on 1 August off the coast of Hawaii. The month long biennial exercise, 24th in the series, witnessed participation by 49 ships, 6 submarines, more than 200 aircraft, and 25,000 personnel. RIMPAC is hosted and administered by the United States Navy’s Pacific Fleet headquartered at Pearl Harbour. When the exercises began in 1971, its membership was restricted to Australia, Canada, New Zealand, the United Kingdom (UK) and the United States. It was a Western initiative aimed against the Soviet Union. However, the end of the Cold War annulled the strategic compulsions of the bygone era, and the structural constraints pertaining to the exercise. As a result, the stated goal of the RIMPAC was broadened to provide “a unique training opportunity that helps participants foster and sustain cooperative relationships that are critical to ensure the safety of sea lanes and security of the world’s oceans.” This year, 22 nations participated in this cooperative endeavour that included ten Asian, six American, four European and two states of Oceania.

During the harbour phase, the ship’s crew held professional interactions, military symposia, sports events and social activities. This phase was meant for the participants to get to know their counterparts, with whom they would exercise in the coming days. During the sea phase, the ships participated in various exercises including counter-piracy, disaster relief, anti-surface missions, anti-submarine warfare, anti-air warfare, and carrier strike group operations. The highlight of the exercise was the first ever participation by the navies from China, India, and Norway.

Within this context, this issue brief seeks to address two questions: first, what
is the significance of the participation of these ‘new actors’? Second, what are the imperatives and envisaged gains?

China

The US Perspective

Diplomatic: The US is a powerful actor in international politics and its invite to China may be seen as a diplomatic gesture. Lately, China with its strong economic growth and military potential has emerged as a main contender to the American power. The world is now witnessing an implicit rivalry between the so-called old and new powers. Recent tensions between the US and China escalated over various developments in the Western Pacific, with Washington’s increasing strategic emphasis on the Asia-Pacific. This has made the US and China more suspicious of each other. In such a situation, exercises such as the RIMPAC will assuage the Chinese fear of an impending anti-Chinese coalition. It is an important initiative to avoid mistrust and misunderstanding between the two major powers. This is notwithstanding that, constitutionally, the US law prohibits the Pentagon from any military contact with the People’s Liberation Army (PLA) if it is a national security risk due to inappropriate exposure. Thus, China’s participation in the RIMPAC was limited to humanitarian disaster missions and training.

Assurance to Allies and Partners: China’s rise is perceived as a threat by its smaller neighbours, who look at the US to offset China’s growing military power. The US is trying to assure its allies by re-balancing its role in Asia. In accordance with the intention, ties with the traditional allies like Japan, the Philippines and Taiwan is being strengthened. In April 2014, the US President Mr. Barack Obama undertook a four-country tour of Asia that included Japan, Malaysia, the Philippines, and South Korea.

China’s Military Transparency: Since 1990s, China has been rapidly modernizing its military forces, and according to the Military Expenditure Database of the Stockholm International Peace Research Institute (SIPRI), China is world’s second largest military spender after the US, accounting for 7.3 percent of the global share (2010). However, Beijing’s military modernisation lacks transparency, which is a cause of concern for countries of the Asia-Pacific region and the West. China’s participation in the RIMPAC may help the participating countries to understand the capability of the Chinese navy. It may lead to greater transparency from the Chinese side, contributing to trust building.
The Chinese Perspective

Demonstration of Maritime Military Power: China dispatched five surface ships comprising a destroyer, two frigates, a supply, and a hospital ship for the RIMPAC 2014. The event is a platform for China to demonstrate its military capabilities internationally. It is for such demonstrative effect that China has sent the second largest fleet for the RIMPAC 2014, after the US.

Assuage Regional Anxieties: China is at the centre of the ongoing tensions in the South China Sea with its neighbours over disputed territories. It claims 90 per cent of the 3.5 million sq. kilometres in the South China Sea, including the waters within the claimed Exclusive Economic Zones of Brunei, Indonesia, Malaysia, the Philippines, Vietnam, and Taiwan. Recent incidents have severely affected relations between China and its maritime neighbours. For instance, in May 2014, after the Philippines arrested a Chinese fishing boat and its crew with 400 protected sea turtles aboard, tension spiked between the two countries. In July 2014, China positioned its drilling rig in the Vietnam-claimed waters under naval protection. In such a tense environment, RIMPAC provides navies of these countries a good opportunity to engage each other in a friendlier manner. Participation in such an exercise, may help the navies better understand the protocol of their counterpart, the way they operate, which will be useful to alleviate tensions in contested waters.

Learning Experience: Given that China is modernising its military, RIMPAC may be a good experience to emulate new operational concepts. It will help China identify the strength and limitations of other navies, based on which, they can draw lessons. However, China has gone beyond mere learning, and has resorted to spying. Its electronic surveillance spy ship – Type 815 Dongdiao – was tasked to keep an eye on other navies during RIMPAC-2014.3

India

The US Perspective

India participated in the RIMPAC for the first time. The US views India as a crucial counterbalancing force against China in the Indo-Pacific region. Geographically, India is not a littoral state of the Western-Pacific, but has major stakes in the region including trade and energy resources. It has maintained good relations with various Western-Pacific littoral states through high-level political visits, strategic partnerships, joint exercises and overseas naval deployments. New Delhi is evolving as an important diplomatic, military, or economic player in the region.4 However,
it does not seek to be pitched against China. Hence, India was not initially inclined to participate in RIMPAC-14 since it does not want to be seen as an element of an anti-China grouping. Nevertheless, after China decided to participate, India also affirmed its participation in the RIMPAC.5

**The Indian Perspective**

INS Sahyadri, an indigenously built frigate- participated in RIMPAC-14. The exercise holds more diplomatic significance for India than to gain operational dividends. India is a key partner of the US, with which it has held several joint defence exercises such as the Malabar, Yudh Abhyas and the Red Flag exercises.6 Participation in RIMPAC will further enhance the US-India strategic partnership and accord New Delhi a greater say in establishing a global order in the maritime domain.

**Norway**

**The US Perspective**

The significance of Norway's participation in RIMPAC-14 may be seen in the context of Oslo's membership of the North Atlantic Treaty Organisation (NATO). Norway is a founding member of the NATO and has participated in various activities since its formation in 1949. For Norway, its membership of NATO is one of the central elements of its foreign policy. In this backdrop, Norway's decision to participate in the RIMPAC comes at a time when the US and Russia are embroiled in political tensions over Ukrainian crisis. The crisis unfolded with Kiev’s7 recent decision to suspend political and trading links with Moscow, which triggered a popular protest in Kiev. In this standoff, the US and the EU decided to support Ukraine. Norway, a NATO ally, has suspended all planned military activities including the planned naval exercise ‘Northern Eagle’ with Russia until the end of the year. In this context, Norway and the US as members of NATO can work towards building up stronger alliance and the RIMPAC is a step towards that. In case the conflict between Russia and the West escalates in the future, Norway and the US can ensure security of sea routes, port access and effective deployment of troops in Europe.

Another, significance attached to Norway’s participation lies in its geo-strategic location in the western part of the Scandinavian Peninsula which includes the north eastern sea route. This route offers a viable alternative for commercial shipping during summers. In the light of climate change and the attendant melting of
sea ice, it is emerging as an important passage between the Atlantic and the Pacific Oceans. Closer cooperation between the US and the Norwegian navies may help in securing common interests of developing Oslo as a bridge between Europe and Asia for its future commercial activity, and tapping of the natural resources of the region.

**The Norwegian Perspective**

Norway was represented by its frigate fitted with an Aegis system for the RIMPAC-14. It is a leading exporter of defence hardware. Its arms sales have tripled to approximately NOK 3.6 in 2007 since 2000. The RIMPAC-14 may have enabled Norway to showcase its indigenous capabilities in the global market. The Aegis system can potentially supplement the Ballistic Missile Defence (BMD) sensor grid and increase interoperability among navies in northeast Asia in the coming years. Escalating tension over the issue of Ukraine, South China Sea and piracy across the globe makes the RIMPAC a useful platform for Oslo to exhibit the capability of its frigate.

To conclude, the nature, dimension and scope of maritime threats are becoming transnational in nature. States are trying to deal with it at multiple levels, i.e. multilateral, regional, and bilateral. In such a situation, multilateral engagements such as the RIMPAC is a useful model of maritime cooperation that makes navies work in a cooperative international environment, learn from each other’s experiences and in turn, are socialised to the international norms and standards. Participation by new members shows how the RIMPAC is gradually extending its reach to become more inclusive and emerge as a global maritime cooperation initiative.

1 August 2014

**Notes**


4. Scott, David (2013), India’s Role in the South China Sea: Geopolitics and Geo-economics in Play, India Review, 12(2): 51-69

5. Hindustan Times (2013), India to play Sea War Games with 22 Nations, 9 September, New Delhi


9. Dual-sue goods are primarily for civilian use, but can also have important military areas of application.

Malabar Naval Exercises: Trends and Tribulations

Gurpreet S Khurana

The 2014 edition of ‘Malabar’ trilateral exercise among the navies of India, Japan and the US in the western Pacific Ocean concluded on 30 July 2014. Given the trends, this event indicates the increasing will and self-confidence among the participants to impart greater momentum to their strategic interface at sea, notwithstanding the past tribulations. This essay seeks to take stock of the ‘Malabar’ series of exercises since the first nascent India-US event conducted more than two decades ago, and examine the factors that have shaped the trends and tribulations, including those relating to China’s perceptions of ‘Malabar’. It also aims to suggest the approach for a positive-sum outcome for all involved actors in the complex geo-political relationships spun around ‘Malabar’.

The Upward Trajectory

Following a post Cold War initiative from the US side, ‘Malabar’ began in 1992 as a token passage exercise (PASSEX) between the Indian Navy (IN) and the US Navy (USN), off India’s southwestern Malabar coast. After a brief hiatus (1998-2001) due to India’s Pokhran-II nuclear tests, ‘Malabar’ recommenced in 2002. From 1992 to 2007, the scope of the exercises progressively increased, in terms of the participating navies, the exercise area, and the complexity of naval missions.

The 2003 ‘Malabar’ was seminal, since it not only graduated from the uni/two-dimensional level to a three-dimensional exercise (involving surface, sub-surface and air platforms), but also included Visit Board Search and Seizure (VBSS) missions against suspect vessels. Such operations may be necessary to curb terrorist use of sea transportation, including for trafficking of Weapons of Mass Destruction (WMD).

The ‘Malabar’ conducted in November 2006, for the first time, included Expeditionary operations,
Table 1 – Malabar Exercises 1992-2007

<table>
<thead>
<tr>
<th>Year</th>
<th>Country</th>
<th>Exercise Area</th>
<th>Level and Missions</th>
<th>Platforms</th>
<th>Sea Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>India-US</td>
<td>Off India's west coast</td>
<td>Elementary. PASSEX, Basic manoeuvres.</td>
<td>Destroyers/ frigates</td>
<td>1 day</td>
</tr>
<tr>
<td>1995</td>
<td>India-US</td>
<td>Persian Gulf</td>
<td>2-dimensional, PASSEX, Anti-submarine warfare (ASW)</td>
<td>Indian warship and US SSN on passage (UAE to Kuwait)</td>
<td>1 day</td>
</tr>
<tr>
<td>1996</td>
<td>India-US</td>
<td>Off Kochi</td>
<td>Unidimensional</td>
<td>7 ships (3 from each side and a US logistics ship)</td>
<td>2 days</td>
</tr>
<tr>
<td>2002</td>
<td>India-US</td>
<td>-do-</td>
<td>Basic. Manoeuvres, Underway replenishment (UNREP)</td>
<td>2 destroyers/ frigates from each side</td>
<td>4 days</td>
</tr>
<tr>
<td>2003</td>
<td>India-US</td>
<td>Off Kochi</td>
<td>Medium level. 3-dimensional, Cross-deck helicopter landings, ASW, VBSS⁶</td>
<td>6 ships, including US SSN &amp; Indian diesel submarine, US P3C Orion</td>
<td>3 days</td>
</tr>
<tr>
<td>2004</td>
<td>India-US</td>
<td>Off Goa</td>
<td>Medium level. Tactical encounter at sea, Night UNREP, VBSS</td>
<td>7 ships, including US SSN &amp; Indian diesel submarine</td>
<td>8 days</td>
</tr>
<tr>
<td>2005</td>
<td>India-US</td>
<td>Off Kochi</td>
<td>Advanced. SSN ops, Carrier ops, Diving salvage ops</td>
<td>7 ships, including 2 carriers (Nimitz, Viraat), US SSN &amp; Indian diesel submarine</td>
<td>8 days</td>
</tr>
<tr>
<td>Apr 2007</td>
<td>India-US</td>
<td>Philippine Sea</td>
<td>Highly advanced. Multi-carrier ops, Amphibious ops, SSN ops.</td>
<td>12 ships, including 3 carriers (Nimitz, Kitty Hawk, Viraat), Amphibious ships, US SSN &amp; P3C Orion</td>
<td>4 days</td>
</tr>
</tbody>
</table>
which have immense applicability for India given its increasing normative responsibility to ensure regional stability in the IOR. The mission necessitated the involvement of the US Landing Helicopter Dock (LDH) USS Boxer and the US Marines forces, operating in conjunction with Indian Army troops and Indian marine commandos (MARCOs). This was a valuable lesson for the IN to emulate the concepts of operating expeditionary platforms and stand-off amphibious operations. Three months later, the IN inducted the USS Trenton, and rechristened it as INS Jalashwa.7

Malabar-07-1 (April 2007) was the first exercise to have been conducted outside the Indian Ocean. Although an India-US bilateral event, it was nearly enmeshed with TRILATEX-07 (mid-April 2007) involving Japan as well. China’s reaction to these two exercises was guarded.

Malabar-07-2 (September 2007) involved the navies of Australia, Japan and Singapore. As in the case of Malabar 07-1, maritime strike missions, dissimilar air-combat and ‘buddy-refueling’ between the Indian Air Force (IAF) Jaguars and the US F-18 Super Hornet aircraft were the highlights.8 The exercise raised a storm in Beijing, which projected the imminence of “an Asian NATO.”9 The Chinese government activated diplomatic channels to seek explanations from all participating nations. The Chinese media upped the ante further. A vernacular press-report read, “India reminds the Chinese Navy: If you want to enter Indian Ocean, first seek India’s permission!” (translated from Mandarin).10 An analyst in Pakistan averred that exercise may be the makings of the erstwhile “SEATO in (a) new format”.11

The Tribulations

The tribulations began with Malabar-08, which was scaled back to the bilateral level (India-US). Although Malabar-09 (April-May 2009) was trilateral (involving Japan), India pulled out from the IN-US Marines amphibious assault exercise scheduled at Okinawa in September 2009. In 2012, the Indian government turned down IAF’s request to include Jaguar aircraft in Malabar-12.12 These aircraft are optimized for undertaking maritime strikes in support of naval missions. It may be recalled that five years earlier, the IAF Jaguars had participated in Malabar 07-2 conducted in the same area. From 2010 to 2013, the Malabar exercises were scaled back to bilateral level, with no further increase in their complexity.

In sum, the quantum and scope of Malabar exercises has steadily increased
<table>
<thead>
<tr>
<th>Year</th>
<th>Country</th>
<th>Exercise Area</th>
<th>Missions</th>
<th>Platforms</th>
<th>Sea Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>India-US</td>
<td>Arabian Sea</td>
<td>Carrier ops, SSN ops, P-3C Orion-based ASW, VBSS, counter-terrorism.</td>
<td>15 ships, including US Carrier &amp; SSN, &amp; Indian diesel submarine</td>
<td>10 days</td>
</tr>
<tr>
<td>2009</td>
<td>India-US-Japan</td>
<td>Off Okinawa</td>
<td>Surface Warfare, ASW, Air Defence, VBSS.</td>
<td>6 ships including US SSN</td>
<td>6 days</td>
</tr>
<tr>
<td>2010</td>
<td>India-US</td>
<td>Off Goa</td>
<td>ASW, VBSS, Cross-deck helicopter landings</td>
<td>10 ships, including US SSN &amp; Indian diesel sub. US P3C Orion</td>
<td>7 days</td>
</tr>
<tr>
<td>2011</td>
<td>India-US</td>
<td>Off Okinawa</td>
<td>Missions same as above. Also, Air Defence and screen exercise</td>
<td>8 ships, including US SSN</td>
<td>5 days</td>
</tr>
<tr>
<td>2012</td>
<td>India-US</td>
<td>Bay of Bengal</td>
<td>Surface warfare, helicopter landings</td>
<td>9 ships including US Carrier Battle Group</td>
<td>7 days</td>
</tr>
<tr>
<td>2013</td>
<td>India-US</td>
<td>Off Visakhapatnam</td>
<td>Surface warfare, gun-firing, helicopter landings, ASW, VBSS</td>
<td>No Carriers. 4 ships, including US P3C Orion &amp; IN TU-142 aircraft</td>
<td>6 days</td>
</tr>
</tbody>
</table>

Till it peaked in 2007. Since then, the level of the exercises has languished. The essentials of the trends (1992-2014) in terms of the countries participated and the exercise area are depicted in the map below.

Pertinent Questions

The incremental progression in the complexity of Malabar exercises (till 2007) may be explained as a function of time and the growing operational compatibility (inter-operability) between the US Navy and the IN. However, an examination of the broader trends raises some interesting questions:

(a) What was the motivation to change the nature of ‘Malabar’ from ‘bilateral’ to ‘multilateral’?

- The rationale to have Malabar at the multilateral level flows from the imperatives of ‘cost-effectiveness’ and ‘resource optimisation’, and cannot be attributed to China. After the end of the Cold War, India began conducting
naval exercises with all major navies, in consonance with its multi-vectored foreign policy. Besides the India-US Malabar, these include ‘Indra’ (with Russia), ‘Konkan’ (with the UK), ‘Varuna’ (with France) and SIMBEX (with Singapore). Also notable is the biennial naval exercise with China since 2003. All these bilateral naval exercises are conducted regularly, and have led to IN’s resources being severely stretched. Besides, it was realised that, over the years, the dividends from these exercises seemed to have ‘plateaued’. The logical approach, therefore, was to schedule exercises with a group of navies, rather than bilateral exercises.

(b) What was the basis of the choice to include Australia, Japan and Singapore in Malabar (among other options)?

- India’s decision to include Australia, Japan and Singapore in ‘Malabar’ may have been largely driven by the commonality of operational philosophy between the navies. English is a common language, and a major facilitator for maritime communications, which itself, is an essential prerequisite for joint naval operations. Besides, familiarity with ‘Allied’ publications leads to commonality of tactical doctrines. Notably, Japan’s military alliance with
the US since the end of Second World War has made the Japan Maritime Self Defence Force (JMSDF) proficient in NATO doctrines and procedures. In contrast, the navies of India and China are vastly different in terms of evolutionary development, operational philosophies and battle indoctrination. Hence, the occasional exercises that the IN has undertaken with the PLA Navy has largely meant to foster mutual trust, and thus involved very basic facets such as communication drills and formation steaming.

(c) Why was the ‘Malabar’ exercise area diversified to beyond the Indian Ocean?

The occasional shift of the ‘Malabar’ exercise from the Indian Ocean to the Western Pacific may be justified by the geographical dilation of India’s maritime and overseas interests beyond the IOR, and hence the imperative for the IN to familiarise itself to operate in these distant waters. Notably, the Indian Maritime Doctrine (2009) classifies the Western Pacific as India’s secondary area of maritime interest. Since 2009, the IN has conducted joint exercises with the navies of France and the UK in the Atlantic as well.

(d) Why has the quantum and scope of ‘Malabar’ been steadily declining since 2007?

India’s reluctance to enhance the scope of Malabar – or at least its cautious approach to avoid breaching its established frontiers – is more likely to have been influenced by the China factor. This is best exemplified by its pulling out from the IN-US Marines Amphibious Assault exercise at Okinawa (September 2009) and its unwillingness to field the IAF Jaguars during Malabar 2012.

The objectives of ‘Malabar’ are well established, and so are the compelling reasons for India and the US to enhance the quantum and scope of these exercises. However, these have steadily declined since 2007 due to New Delhi’s overriding compulsions to balance its relations with the US and China. It appears that the US has understood India’s concerns, and has been reciprocating by toning down its own participation.

However, the 2014 edition of ‘Malabar’ indicates the realization of the potential and imperative to develop these exercises further. To achieve this, the perceptional challenge with regard to China would need to be addressed.

The Way Forward

The anxieties raised by ‘Malabar’ in Beijing are understandable. The answer does not lie in hedging the issue by scaling down Malabar, as was done by
India following Malabar-07. As in case of the recent RIMPC exercise (2014), India and the US could invite China to be an observer in the next trilateral Malabar. In the next few years, the Chinese Navy could be invited to participate in a multi-nation Malabar. This may serve the larger interests of both the US and India.

During the 2009 visit of the US Admiral Keating – CINCPAC (C-in-C Pacific Command) – to India, he noted that the US had invited China to take part in the joint exercises involving its military forces in the region (including RIMPAC). He added that “China had agreed to send observers to these exercises, and hence, he would have no objection to the Chinese observing the Indo-US exercise.”\(^{16}\) It is also notable that among the important elements of the US ‘rebalance to Asia’ strategy is the endeavor to ‘socialize’ China.\(^{17}\) The US invitation to China to participate in RIMPAC-14 may be seen as a step towards that end.

On the other hand, in all past endeavours of India to engage with the US – particularly with regard to naval exercises – it has been necessary for New Delhi to look back over its shoulder for reassurance that such engagement would not yield negative consequences vis-à-vis its relations with China. Ostensibly, India’s decision to accept the US offer to participate in RIMPAC-14 was based on the fact that China itself was sending its warships for the exercise.\(^ {18}\)

China could be occasionally included in India-US Malabar exercises, which may yield positive-sum outcomes for all parties. Even if symbolic and sans tangible operational benefits, it would be valuable joint India-US endeavor to ‘socialize’ China. At the same time, it would enable India, the US and their maritime partners in the Indo-Pacific region to break through the ‘glass-ceiling’ to further their cooperative endeavour towards regional security, while also preserving the established global norms with regard to the global maritime commons.

5 August 2014


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2. Refers to the most salient missions. In nearly all exercises after 2003, communication drills, surface warfare missions, manouevres and UNREP (underway replenishment) have been exercised in addition.

3. Refers only to the most salient naval platforms. In addition, destroyers/ frigates and tankers also participated.

4. Passage exercise.

5. Nuclear-powered attack submarine

6. Visit Board Search and Seizure (maritime interdiction) operations


13. Indian Maritime Doctrine (INBR-8), Maritime Doctrine and Concept Centre (MDCC), Mumbai/ Integrated Headquarters MoD (Navy), August 2009, p.66


17. Ashley Tellis, Public Lecture on ‘Pivot or Pirouette: The US Rebalance to Asia’, National Institute for Advanced Studies (NIAS), IISc Campus, Bangalore, 03 Jan 2014

In naval parlance, acquiring ‘sea-legs’ refers to a person who is usually more comfortable on *terra firma*, but has adapted to living and working on an unstable sea-going platform. The unprecedented distant deployment of China’s submarines in the Indian Ocean is a seminal development with far-reaching consequences, which may be expressed metaphorically as a traditionally ‘continental’ power stretching its ‘sea-legs’. In an unprecedented development, in end-September 2014, a submarine of the PLA Navy docked in Colombo port along with a submarine-support vessel. More recently in early-November 2014, another Chinese submarine docked in the same port with a similar support vessel. The identity of the submarines and the mission remains unknown, at least in the public domain.

Most media reports indicated that these two submarines were nuclear-propelled (SSN). Their names were stated as ‘Changcheng 2’. ‘Changcheng’ is specific classification for a Han-class SSN, five of which were commissioned between 1974 and 1991. However, Changcheng 2 (the second of the Han-class) was decommissioned in 2005. This ambiguity is possibly caused because the Chinese also refer to their submarines *generically* as ‘Changcheng’ (Great Wall). Eventually, analysts identified the first submarine at Colombo port through its pennant number as a Song-class diesel boat. While the second boat remains unidentified, it is likely to be the same diesel submarine, and certainly not a nuclear submarine.

As the Indian media reports indicated, the unprecedented development raised a storm in India. The docking of the Chinese submarines off its southern (maritime) frontier was perceived in New Delhi as being ‘unmindful to India’s security concerns’. New Delhi strongly objected to Colombo’s acquiescence.
via high-level political exchanges and diplomatic channels. The development raises three key questions:

- Was the Chinese submarine foray into the Indian Ocean unexpected?
- Was it appropriate for Colombo to permit a Chinese submarine to dock in its port?
- How should India respond?

Ever since its birth as a sovereign state, sub-surface warfare has been central to China’s naval strategy. In initial years, when threatened by big neighbours, submarines provided the PLA Navy the necessary asymmetric edge. Today, China’s security environment is vastly different, but its stakes and vulnerabilities have expanded much beyond its maritime periphery. For the next couple of decades at least, the PLA Navy would not be able achieve ‘sea-control’ to preserve these far-flung interests against military opposition. Under such circumstances, PLA Navy’s only option is to employ its submarine arm for ‘punishment’ and ‘limited power-projection’.

‘Peace-time’ submarine deployment in the Indian Ocean is, therefore, a necessity for the PLA Navy to familiarize itself with the new operational environment. (Although China claims that its submarines were deployed for counter-piracy mission, such claim is tenuous, since it would be a grossly sub-optimal employment of a potent warfighting platform).

Over the past decade, many news-reports and academic writings – both Indian and foreign – have covered China’s naval strategy and modernisation. When pieced together, a number these writings clearly indicate the likelihood of PLA Navy’s submarine deployment in the Indian Ocean up to the medium term timeframe. The salient indicators _inter alia_ are the following:

- Augmentation of PLA Navy’s South Sea Fleet since early-2000s including completion of the new submarine base in Hainan. (This Fleet is likely to be responsible for Indian Ocean).
- Induction of new-generation Shang-class (and follow-on) SSNs for distant missions since 2006.
- Expression of concern by Indian naval chiefs on various occasions about the growing numbers of Chinese nuclear submarines.
- US report (2012) on Indian Ocean deployment of China’s maritime
intelligence ships capable of collecting oceanographic and bathymetric data.

Considering this backdrop, the foray of PLA Navy’s submarine arm into the Indian Ocean was not unexpected, except that one would have expected the PLA Navy to deploy its long-endurance SSNs, rather than the conventional submarines. A possible explanation (and deduction) could be that its new-generation Type 093 and 095 SSNs – armed with land-attack cruise missiles (LACM) – are not successful, or at least, are still not deployable. (The reports of March 2014 on the Chinese SSNs undertaking operational patrols in the Indian Ocean have not been confirmed).

Let us now turn to the specific development in terms of the submarine docking in Colombo port. From the Sri Lankan view-point, permitting entry to the submarine into its port was legitimate in terms of norms of international conduct for ‘goodwill’ visits of ‘men-of-war’ to foreign ports. What about the legal status of the Sri Lankan action? Since China and India are not at war, Colombo cannot be accused of violating the Law of Neutrality under the laid down Laws of Armed Conflict (LOAC). India has cited the July 1987 India-Sri Lanka agreement that obligates the latter against making available any of its ports “for military use by any country in a manner prejudicial to India’s interests”. However, the provisions of the agreement are not objective, and subject to interpretation. For example, there are no objective criteria to determine what is “prejudicial to India’s interests”. In any case, the 1987 agreement is superfluous to the central issue. Today, we are talking about Chinese submarines in Colombo; tomorrow, these submarines may enter Karachi or Gwadar ports. Which agreement will India then assert?

Notwithstanding the above, India would need to formulate a suitable response, before its strategic options narrow down further. The diplomatic manoeuvres of South Block would need to be subsidiary arm of the overall approach, at best. The central arm would need to be deterrence and preparedness for the worst-case scenarios. India’s recent decision to scale-up its naval engagement with the United States, including in terms of conducting multi-nation Malabar exercises, indicates that its policymakers are ‘steering the right course’.

21 November 2014
Maritime Cooperation
Expansion of Trilateral Maritime Cooperative Initiative to Mauritius and Seychelles

Nilanjana Sen

The decision to expand the reach of the Trilateral Maritime Cooperative Initiative between India, Sri Lanka and Maldives to include Mauritius and Seychelles, as discussed by the senior officials of the trilateral group at the meeting held in Colombo on 19 December 2013, is reflective of a need for a more robust maritime vision for the Indian Ocean region. While the initiative in its original avatar reflected the concerns primarily of South Asia, the inclusion of Mauritius and Seychelles signals the emergence of a regional maritime strategy that transcends the South Asian sphere and establishes a link with strategically located Indian Ocean Island states. The Outcome Document of the second NSA meeting on Trilateral Maritime cooperative initiative that was held in Colombo in July 2013 had alluded to such an expansion to include other Indian Ocean Island states.

The geo strategic location of the Indian Ocean is being noticed globally. The political, economic, strategic, geographical and cultural significance of the Ocean cannot be ignored by the states in the region. An effective regional strategy should aim to reduce security dependence on extra-regional powers. In this light the trilateral maritime security arrangement and its proposed expansion is a welcome step.

Rationale for Expansion

The trilateral maritime initiative underlines a new cooperative framework with greater focus on developing a discourse on security as opposed to stress on economic factors. The rationale for expansion can be discerned by the following factors:

The desire to build a security design which reflects the collective interests of the Indian Ocean Region; hence a move beyond South Asia has taken place. Following the realist line of thought, such a decision can be seen to indicate attempts at what C. Raja Mohan calls
“power projection”. As India’s maritime policy is now increasingly seen to display a strategic bent, the importance of states like Seychelles and Mauritius cannot escape the eye of New Delhi’s strategic circles. It can be argued that in the IOR, India has projected its aspiration of being a major security provider. India wants to be “stakeholder” rather than a “free rider” in the IOR. Weak states or what Raja Menon terms as “passive states” prefer multilateral arrangements, where no one state assumes the dominant role in an overt manner. This would enable the development of a cooperative framework which is conducive and stimulates maritime security for the region as a whole alongside serving the interests of the dominant power in the region. The move to expand the cooperative initiative also indicates the importance the Indian Ocean has come to enjoy in the strategic calculations of the states of the region. This should be understood in the light of regionalism as a process that is occurring simultaneously with globalization. The inclusion of Seychelles and Mauritius in the cooperative maritime framework is particularly significant as these two nations have enjoyed cordial relations with the other members of the security arrangement and can contribute significantly to the development of a regional security framework. If these countries while maintaining global linkages also consolidate their regional identities, they will assume a powerful role in the global arena. It serves the interest of smaller nations that often struggle to voice their views in the global arena. At the same time, it renders the region more powerful as it is characterised by greater coordination in the actions of the states and it facilitates heightened degree of trust.

The expansion is motivated by a need for more effective ways of dealing with both traditional and non-traditional threats. The norms of international relations, as they exist today, have reduced the chances of direct military confrontation at sea. However, the non-traditional threats are increasing their foothold in the Indian Ocean region. The outcome document explicitly mentions cooperative endeavours in dealing with the latter. The increase in these threats is also linked to the asymmetries in power which exist in the region; both political and economic. The document stresses “maintaining lines of communication on illegal activities between identified points of contact”; it finds mention of cooperative efforts to deal with marine pollution and with the legal and political issues of piracy.

Modalities

The initiative hinged on cooperation as its major rallying point and it was recommended in multiple forms:
In the realm of search and rescue operations Joint cooperation on exclusive economic zones surveillance. Cooperation in dealing with issues such as piracy in the Indian Ocean region.

Dealing with disaster management related issues like passing of Tsunami warning to the agreed points of contact and the designated National Tsunami warning centres. The outcome document is limited in terms of the scope of disasters; beyond Tsunami no other disaster, especially climate change, is covered.

In increasing maritime domain awareness.

In the provision of technical assistance and training facilities; India’s expertise is recognised in the outcome document. She is expected to set up Maritime Rescue Coordination Centres in Sri Lanka and Maldives.

Indian Ocean Rim Association (IORA) enjoys a much broader scope in terms of its focus on holistic development; primarily in the economic front but also in the cultural and political domain. However, more recently in the 11th Ministerial Meeting in Bengaluru, India; maritime security and safety topped its priority list. The Trilateral Maritime Security Initiative, on the other hand, solely reflects maritime security concerns and in its current manifestation covers a much smaller area of the IOR. IORA includes states that are culturally, politically and economically disparate and is based on a western model of open regionalism that stresses liberalisation. The Trilateral Maritime Initiative in its present form is limited in its scope and has extended to states that enable the celebration of commonality. It has succeeded in serving a political function, as it has enabled the participating states to push their political differences to the background, to serve the collective interest of the region. The case in point being the decision of Sri Lanka and India as also India and Maldives to join the initiative despite their bilateral problems.

For this framework to enjoy support in the region, two points should be kept in mind:

Using Joseph Nye’s “Public Goods Theory” we can presume that the dominant power would convince the smaller island states of its benevolent intentions and the latter in return would emit positive signals with regard to the dominant power’s position.

However, the trilateral arrangement refrains from overtly projecting the aspirations of any one dominant power or powers, as regional solidarity for
greater security is given priority over privileging individual ambitions.

While we may debate intentions of bigger players like India in supporting such an expansion, it is clear that India is adopting a careful stand on what it aspires from such an initiative. While aware of her technological superiority, as was also eminence and consistently the stress has been on shared security concerns.

Since there is an asymmetry in the military capabilities of these states, such an initiative has great symbolic value. As mistrust is a major impediment in building a robust regional framework, formalisation of such an initiative serves to tone down the threat perceptions that inhibit such a development. It is essential that the smaller island states be assured of the behavioural intentions of the larger and more powerful states and, in this regard, the Trilateral Maritime Initiative and its stated expansion will be well received.

Seychelles and Mauritius have been involved in cooperative arrangements with each other in the past and their relationship with the other countries in the Trilateral Maritime Initiative has been cordial. Both Seychelles and Mauritius connect the Atlantic and the Indian Ocean, hence their strategic significance cannot be underplayed. The capacity of countries like Seychelles is majorly affected by challenges such as piracy, more so because it is close to Somalia, and membership of a well-functioning security arrangement boosts its own capability which in turn enhances its capacity.

While politically, as democracies there exists similarity between Mauritius and Seychelles and the existing members of the Trilateral Maritime Initiative. However, there exists an ostensible disparity in their economic positions. The combination of military capability and economic strength of countries like India can create a situation ripe for mistrust. In such a situation considering that Seychelles and Mauritius are members of other regional organisations in southern Africa like COMESA and SADC as also members of organisations like IOC in the Indian Ocean region, increases their bargaining capacity. And this is particularly significant in the case of countries like Seychelles that have small economies. However, since the Trilateral Maritime Initiative is a security arrangement, the presence of Mauritius and Seychelles will serve as a “behavioural signal” of how the intentions of the other regional players are perceived. Perceptions play a critical role in the consolidation of a security framework in the Indian Ocean region and this consequently affects the perceptions of the international community towards the region.
While the trilateral maritime security framework deals with issues such as cooperative efforts to curb piracy, which realists such as Stephen Walt label as “abstractions”, the effort however should be celebrated as a major diplomatic endeavour in a region which has of late come to privilege difference over commonality. Drawing on Walt’s work the initiative can be seen at two levels. While Walt stresses that the cultural and ideological factors in maintaining cohesive alliances is often conflated, constructivists by contrast stress the role of formation of identity based on common norms, historical experiences and ideas. The Trilateral Maritime Security Initiative, initially may have benefitted from the common South Asian identity and the proposed expansion to island states located in South West Indian Ocean aims to draw on a common Indian Ocean identity. However, the robust functioning of the arrangement is hinged on “deployment of incentives.” Considering the capacities of these countries their reliance on external powers often becomes inevitable and this places greater responsibility on states like India.

Conclusion

The common security concerns, political congruence and a certain degree of cultural affinity have aided the functioning of this maritime security arrangement. The countries involved have displayed maturity by not allowing the bilateral differences to disrupt the cooperative initiative and in the process facilitated greater coordination. The successful functioning of such an initiative relies heavily on the bargaining capacity of the smaller island states, the attitude of the bigger players in the region, well defined objectives which in turn facilitate coordinated responses and sustained diplomatic efforts to mitigate threat perceptions.

The security arrangement has developed with a long term ambition in mind. It aims to contribute to the building of a unique identity for the Indian Ocean Region. While organisations in the past have focused heavily on trade and culture as factors contributing to building of a robust regional framework; the Trilateral Maritime Security Initiative has primarily stressed common security considerations as aiding its functioning. This would demand that the security arrangement work in close cooperation with other regional organisations in the region like Indian Ocean Rim Association, while also maintaining hold over its core functions. Vice Admiral (retd) Pradeep Kaushiva makes a telling observation regarding the benefits associated with smaller groups
in forming regional security constructs. He argues that smaller number of “stakeholder nations” make it easy to “identify {their} common maritime anxieties and agree upon cooperative solutions thereof.” In this sense the rationale behind the Trilateral Maritime Initiative, despite the new found focus of IORA on maritime security, can be extrapolated.

Power considerations in joining the security arrangement should not be underplayed. Hence, this regional initiative should be discerned at two levels: serving the interests at the domestic front and simultaneously strengthening the security of the region. The success of the Trilateral Maritime Security arrangement in the Indian Ocean Region depends on the lucid expression of foreign policy goals of the states concerned, effective leadership that agrees to bury bilateral differences and careful identification of “common challenges” and threats to facilitate coordinated responses.

External dependence on security paper and ink could be reduced by increasing indigenous production. At the same time, India may consider using its diplomatic leverage to make sure that international companies contracted to supply India-specific paper maintain secrecy. Since most of the currency printing paper and inks are being imported from Europe, the European Union should be asked to keep a tight watch on importers of currency-related printing paper and ink based in Pakistan. New Delhi also could press relentlessly through INTERPOL for extradition of those criminal elements involved in the fake currency racket based in foreign countries.

India could offer to train Nepalese and Bangladeshi customs and immigration officials in identifying and keeping watch over frequent travellers to Dubai, Dhaka, Colombo and other neighbouring countries. New Delhi could also help the installation of hi-tech luggage scanners at the international airports of Nepal and Bangladesh so that the baggages of passengers are thoroughly checked for counterfeits before boarding.

8 January 2014
NOTES


7. Ibid.

8. Ibid.

9. Ibid.


12. Ibid.


16. Ibid.

India-Australia Nuclear Cooperation: Issue and Options

Pragya Pandey

Few countries are better placed than India and Australia, with a number of similarities like common colonial heritage, membership in the Commonwealth of Nations, being littoral states of the Indian Ocean and liberal democratic values; to naturally develop mutually beneficial long-term partnerships. However, such partnerships did not materialize as with the onset of the Cold War, India and Australia took different paths to secure their respective interests. The two countries had divergent views on various issues like the Vietnam War, Soviet Union, South Africa's apartheid, Indian Ocean as a Zone of Peace (IOZP) and most importantly the nuclear issue. It was only after the end of the Cold War that the two countries started looking afresh at each other. New Delhi’s ‘Look East Policy’ and market reforms in the early 1990s created considerable interest in Canberra. India and Australia have been warming up towards each other ever since, the post 1998 blip notwithstanding. It is against this backdrop, that nuclear cooperation between the two countries needs to be analysed.

Issues in Nuclear Cooperation between India and Australia

Foreign Minister Alexander Downer went to the extent of calling it “an outrageous step perpetrated by India.” However, this criticism was largely at the governmental level. Australia takes a lot of pride in projecting itself as a one of the world leaders on nuclear non-proliferation. Canberra actively supports the causes of NPT, CTBT and the Fissile Material Cut-off Treaty (FMCT). Australia has 40 per cent of the world’s known uranium reserves and imposes many pre-conditions upon those seeking Australian uranium. These include - adherence to NPT, uranium to be used only for the civilian purpose, the recipient countries to have suitable safeguard agreements with the IAEA and an additional bilateral level treaty with Canberra.
India, on its part, needs to import uranium to support its ambitious civil nuclear programme for generation of electric power. This would also reduce India's dependence on greenhouse gas emitting hydrocarbons. With the path-breaking visit of US President Bill Clinton to India in 2000, Canberra also began to review its relationship with New Delhi. The India-US civil nuclear deal in 2005 made its own impact on Australia.

The year 2006 saw a turning point when the Australian Prime Minister John Howard, during his visit to India, expressed willingness to negotiate on uranium supply though under stringent safeguards and conditions. However, this was overturned by the succeeding Labour Party government under Kevin Rudd that came to power in November 2007. Interestingly, NPT has no explicit or implicit injunction against civil nuclear cooperation with non-signatory states, all it requires is safeguards application under Article III. Both India as well as the Opposition in Australia criticized the Labor government’s double standards with regard to the uranium supply. Australia had supplied uranium to France and China, neither of whom had a good non proliferation record despite being signatories to the NPT. On the other hand, India, although not an NPT signatory, has a clean record and has never proliferated any nuclear technology to a third party. It was this impeccable track record that made Washington come around and the Indo-US nuclear deal was widely interpreted as signifying US acceptance of India as a de-facto nuclear weapon state. This was followed by the Nuclear Suppliers Group (NSG) waiver to India in 2008 and India-specific safeguards by IAEA. This opened a new door for India in the nuclear commercial market dominated by the 48 member NSG that control around 80 per cent of world’s uranium reserves. Consequently, as Sandy Gordon observes, Australia’s decision to supply or not to supply uranium to India will have little material implications on India’s access to uranium so long as India is granted access to the world market. Since Australia continues to sell in that market, it is not wise now on Australia’s part both economically and diplomatically to deny uranium to India. As of now, at least nine countries like Russia, United States, France, Britain, Canada, and Kazakhstan have signed bilateral deals with India to supply uranium.

**Australia-India Nuclear Cooperation: Prospects for the Future**

As Rory Medcalf writes, “any denial of nuclear fuel or technology is likely to be seen in India as an act of bad
The leader of the Labour Party, Prime Minister Julia Gillard, in December 2011 at ALP National Conference succeeded in obtaining her party’s vote to reverse the policy on the sale of uranium to India, though by a slim majority: 208 in favour and 185 against. Among the arguments put forward in support of Labor’s policy shift was that exporting uranium exclusively to NPT states had become outdated. What is significant here is the fact that the heads of state/territory of Northern Territory and South Australia, where major uranium mining activity takes place, were amongst those who strongly supported to lift the ban on India. India’s ambitious nuclear power market holds opportunities for Australia’s uranium mining industry. During her visit to India in October 2012, Julia Gillard and Prime Minister Manmohan Singh agreed to start negotiations for a civil nuclear agreement. Australian Foreign Minister Julie Bishop, during her India visit in November 2013, said that both sides were negotiating in “good faith” and India could count on Australia for its “trusted and reliable support.” During the ongoing fourth round of talks on the civil nuclear cooperation agreement in Canberra, Australian government further reiterated its willingness to close a deal to supply uranium to India. Australia’s foreign minister Julie Bishop said on 17 February 2014 “We see it as a priority and want to move as quickly as possible” and was supported by Trade and Investment Minister Andrew Robb who said “We want to be seen as a trusted partner of India.” There is a broad consensus that the nuclear agreement with India is a part of broader strategic partnership. If things go as these are planned, India could well become Australia’s first non-NPT customer.

However, here are two major concerns in Australia that require attention because these are likely to shape the contours of India-Australia nuclear deal in the making. Firstly, supply of uranium to India could be a negative example and may encourage countries like Pakistan, North Korea and Israel to continue defiance of NPT in the hope of uranium supply being extended to them as well. To counter this, some experts recommend that uranium export be linked to an undertaking by India signing the CTBT. The idea may look good in Canberra but New Delhi’s strong reservations on the CTBT provisions preclude its acceptability. A pragmatic way ahead would to base the go ahead decision on India’s most impeccable non proliferation track record. And secondly, the concern over possible diversion of nuclear fuel meant for civilian programme towards military purposes needs to be set to rest. A clear-
cut separation agreement, in addition to placing all civilian nuclear installations under IAEA as done in the case of Indo-US Nuclear Deal, should take care of this issue.

Conclusion

Australia has a strong interest in improving relations with India not only as an important market but also as an emerging strategic partner. Supplying uranium would go a long way in enhancing the bilateral relations between the two countries. India has already signed civil nuclear agreements with a number of countries. A deal with Australia will give further leverage to India’s position on the issue and a similar deal with Japan may also follow. Given the positive signals, it is hard to see Australian supply of uranium to India being hampered by any other considerations. What is needed is mutual understanding and appreciation of each other’s position on the issue. As things stand, the deal is eventually likely to be signed since there are no major hurdles in that direction and it is, therefore, only a matter of time before the supply of yellowcakes to India starts.

22 February 2014

Notes


ASEAN-US Maritime Cooperation: An Analysis

Arenla

The Association of Southeast Asian Nations (ASEAN) has come a long way since its inception in 1967. Forty-seven years on, it has seen its membership double from five to ten including all Southeast Asian countries. ASEAN’s importance for the United States stems from many factors: the strategic location of ASEAN member countries, large share of global trade that pass through the region’s waters, and the alliances and partnerships forged by the United States with most of the ASEAN member states. India has emerged as one of the key players in the region and is one of the dialogue partners of ASEAN. Stability and security of Southeast Asia, particularly in the maritime domain, are India’s key concerns.

A formal relationship between the US and ASEAN was established when the first ASEAN-U.S Dialogue took place in Manila in 1977. However, the Carter administration (1976-80) was not able to give adequate attention to Southeast Asia due to its preoccupation with the Soviet Union. The succeeding US administrations started gravitating towards the region, albeit gradually. Post-9/11, the US’s security concerns have been the major guiding factors in its interaction with the ASEAN countries.

The basis of ASEAN-US Cooperation is the Joint Vision Statement on the ASEAN-US Enhanced Partnership (AEP) that was simultaneously issued in all ASEAN capitals and Washington DC in 2005. This was followed by the development of the ASEAN-US Enhanced Partnership Plan of Action in 2006. In 2008, the first US resident ambassador to the ASEAN was appointed. But the real fillip to the United States’ re-engagement with the ASEAN was provided only during the first Obama administration. In his 2009 address in Suntory Hall, Tokyo, President Obama reiterated that the
US is a Pacific power and that the US is committed to constant engagement with Southeast Asia. As the Secretary of State, Hillary Clinton made her first overseas trip to the ASEAN Secretariat (Jakarta) in February 2009. In the same year, she signed the Treaty of Amity and Cooperation (TAC) that established guiding principles intended to build confidence among its signatories with the aim of maintaining regional peace and stability. The ASEAN-US relationship underwent a major change when the leaders of ASEAN and United States met at the 1st ASEAN-US Leaders Meeting on 15 November 2009 where leaders were provided with an opportunity to exchange views on regional and global issues. The ASEAN-U.S Enhanced Partnership laid the foundation for a comprehensive programme of assistance to ASEAN. This led to the adoption of the Joint Declaration of the 1st ASEAN-US Leaders Meeting on Enhanced Partnership for Enduring Peace and Prosperity. This later changed to ASEAN-US Summit which was first held at Bandar Seri Begawan in October 2013 to elevate their partnership to a strategic level, and to promote cooperation in the region. The contours of US-ASEAN maritime cooperation need to be viewed against this backdrop.

Southeast Asia is also afflicted with threats like piracy and armed robbery, territorial disputes, maritime terrorism and insurgency, trafficking at sea in the form of drugs, people, arms, illegal fishing, marine pollution, and various other illegal activities at sea. In order to address these threats, ASEAN and US have been collaborating and cooperating in the maritime domain through various initiatives and programs.

The US Navy has been conducting regular Cooperation Afloat Readiness and Training (CARAT) and Southeast Asia Cooperation against Terrorism (SEACAT) exercises with various maritime law enforcement agencies in Southeast Asia as part of the training programs. The US has been carrying out performances on existing programs that includes effort to combat piracy in and around the Malacca Strait to counter transnational organized crime and terrorist threats in the tri-border region south of the Sulu Sea between the southern Philippines, Indonesia, and Malaysia, and to expand information sharing and professional training through the Gulf of Thailand initiative. The US takes initiatives in providing funds and expertise to the Southeast Asia Regional Center for Counter-Terrorism (SEARCCT) which is based in Kuala Lumpur. In addition, since 1999, the US has been supporting International Law
Enforcement Academy (IEA) based in Bangkok. The principal objective of the IEA is the development of effective law enforcement cooperation within the ASEAN and the strengthening of each country's criminal justice institutions to increase their abilities to cooperate in the suppression of transnational crime.

As a part of the continuing US commitment to maritime cooperation within Southeast Asia, the first Expanded ASEAN Seafarer’s Training (EAST) Initiative started in 2012, and then a follow up workshop of the 1st Expanded ASEAN Seafarer’s Training-Counter Piracy (EAST-CP) in September 2013 in Manila. The US worked with the members of the East Asia Summit in institutionalizing an Expanded ASEAN Maritime Forum (EAMF) in Manila on 9 October 2012 to address common challenges on maritime issues building upon the existing ASEAN Maritime Forum (AMF). The ASEAN Defence Ministers Meeting Plus (ADMM+) established in 2010, initiated Maritime Security Expert Working group (MSEWG) that remains as one of the main forums to address maritime security concerns.

A sustained maritime engagement of the US in Southeast Asia through alliances, security partners and overall presence and posture of the military has provided stability in the region. The US time-and-again reiterated that it does not take any sides over the sovereignty claims in the region, but opposes any action that threatens freedom of navigation, open access to Asia’s maritime commons, and respect for international law in the South China Sea. The position of the United States on maritime security remains clear and it is recorded that the US has interest in freedom of navigation; in unimpeded economic development and commerce; and in respect for international law making clear that the country believes that the customary international law provides clear guidance on the appropriate use of the maritime domain as reflected in the United Nations Convention Law of the Seas (UNCLOS). This is similar to India’s interests in the region in the maritime domain, even though the two countries interpret certain provisions of the UNCLOS somewhat differently.

4 March 2014


Sri Lanka – Maldives Maritime Cooperation: The Issue of Transit to Fishing Vessels

N Manoharan

It is important to keep a watch on issues and the level of cooperation among India’s neighbours, especially in the maritime domain. In this context, the recent meeting of the Sixth Joint Commission between Sri Lanka and Maldives merits analysis.

The Sri Lanka-Maldives Joint Commission meeting was held at Foreign Ministers’ level at Colombo on 09 September 2014 and included representations from other ministries as well. From the Maldivian side, apart from Foreign Minister Dhunya Maumoon, Fisheries and Agriculture Minister Mohamed Shiny, Education Minister Aishath Shiham and senior officials participated. The Commission was established to enhance bilateral relations between the two countries in various areas: economic cooperation, tourism, youth and skills development, employment, collaboration in the fields of health and higher education, consular and community issues, sports, culture, crime prevention, security and military training and maritime issues.

On maritime issues, the two countries focused on shipping, disaster management and research in diverse fields of oceanography. But, substantial energies of discussion focused on the issue of ‘right of passage’ for Sri Lankan fishermen through Maldivian waters as a means of access to the high seas. Presently, Sri Lankan fishing vessels, which journey to the high seas in the Arabian Sea or Indian Ocean, generally have to take a detour to avoid trespassing into Maldivian waters. Maldives is one of the most dispersed countries in the world with 1,192 coral islands grouped in a double chain of 26 atolls, along the north-south direction, spread over roughly 90,000 square kilometres. Passage through Maldivian waters would enable Sri Lankan vessels to save not only time, but also fuel costs.
Maldives has no problem in giving transit, provided information on such passage is available in advance. As per the existing understanding, Sri Lankan fishing vessels need to inform the Ministry of External Affairs in Sri Lanka or Sri Lankan Embassy in the Maldives by Fax or E-mail or via UHF radio while at sea 48 hours in advance, then arrangements are made for them to travel through Maldivian waters. But, such provision is available for all foreign vessels transiting Maldivian waters. As per Article 14 of ‘Maritime Zones of Maldives Act No. 6/96’, ‘No foreign vessel shall enter the exclusive economic zone of Maldives except with prior authorization from the Government of Maldives in accordance with the laws of Maldives.’ What Sri Lanka wants is a special provision in the form of exemption from reporting. Maldives, however, has reservations to provide unconditional transit to Sri Lankan fishing vessels for three main reasons:

• **Security Issue:** It will be a security nightmare for Maldives to allow any boat without information, especially in its territorial waters. The scar of 1988 coup attempt originating from Sri Lankan violent non-state actors still remains in the psyche of the Maldives. Maldives is also concerned about piracy and other threats in its neighbouring waters.

• **Monitoring Problem:** Maldives National Defence Force’s (MNDF) capacity to monitor/detect illegal fishing activities in Maldivian Exclusive Economic Zone (923,322 square kilometers) by Sri Lankan multi-day vessels while on transit is insufficient. The EEZ is too vast, though India has been helping in maritime patrol and surveillance.

• **Politico-Economic Compulsions:** Fishing is a politically sensitive issue in Maldives, where it is the second largest economic activity, next to tourism. There is already an apprehension among the Maldivian fishing community that Sri Lankan fishermen habitually poach in Maldivian waters and may take undue advantage of any special provision. It is feared that a free flow of Sri Lankan multi-day fishing craft would adversely affect Maldivian fishermen, the fisheries industry and the economy. It is true that UNCLOS provides for Right of Innocent Passage [Article 17] to foreign vessels through territorial waters. However, such passage by ‘a foreign ship shall be considered to be prejudicial to the peace, good order or security of the coastal State if in the territorial sea it engages in inter alia “any fishing activities’ [Article 19(2)(i)].

Given these compulsions, Maldives is unlikely to provide special provision
to Sri Lankan fishing vessels despite enjoying good bilateral relations. Taking Maldives’ compulsions into consideration, Sri Lanka could explore two initiatives: First, to strengthen information infrastructure of its fishermen so that they transit Maldivian territory only after providing prior information. The issue faced by Sri Lankan fishermen is the cumbersome nature of the reporting process, which could be eased. Moreover, Sri Lankan Navy could make sure that no Sri Lankan vessels heading towards Maldivian waters remain unreported. Second, Sri Lanka could advise its fishermen to avoid poaching in Maldivian waters. If there are poaching incidents, it would be difficult for any government in Malé to shape public opinion in favour of a concession to Sri Lankan fishermen.

19 September 2014
India’s Strategic Engagement with Vietnam: 
A Maritime Perspective

Om Prakash Dahiya

The recent visits by the top Indian leadership to Vietnam have strengthened strategic ties between the two countries. First, President Pranab Mukherjee visited Vietnam from 14 to 17 September which further sealed political and strategic ties between the two countries. A number of important agreements in the field of defence, trade, culture and education were signed. Earlier, in August, India’s Minister of External Affairs, Sushma Swaraj had visited Hanoi and during her meeting with the Vietnamese Prime Minister Nguyen Tan Dung, Swaraj unveiled a shift in India’s foreign policy from “Look East” to “Act East”. The two countries also finalised details of a defence agreement under which India will train Vietnamese pilots to operate Russian-built Sukhoi fighters. Earlier, in 2013, India had agreed to train up to 500 Vietnamese sailors in “comprehensive underwater combat operations” at its modern submarine training centre in Vishakhapatnam.

The strategic and defence ties between India and Vietnam have acquired a new force and dimension against the backdrop of the ongoing flux in the South China Sea. Since the establishment of diplomatic ties between the two countries in 1972, India-Vietnam relationship has developed intensively and is reflected by the increase in high-level visits. Bilateral ties were upgraded to Strategic Partnership in 2007, underpinning the importance that each country attaches to the other. Since May 2014, the Modi government has strongly promoted India’s “Look East” policy in which Vietnam is regarded as a “pillar”.

With maritime security on mind, India has extended Vietnam a US$100 million credit line to purchase military equipment which can bolster Vietnam’s military infrastructure and its preparedness to deal with maritime threats and challenges. The two sides
are now looking to intensify strategic defence dialogue and enhance joint naval exercises to expand maritime security cooperation. Significantly, India and Vietnam see their growing relations as part of the larger drive for regional peace and stability. India attaches great importance to its ties with Vietnam which can be judged its plans to supply BrahMos cruise missiles to Vietnam, thereby sending out a strong message about its desire to play a greater role in regional security in Southeast Asia. China’s continued assertiveness in the South China Sea, where it claims nearly 90 per cent as its own including the areas claimed by Vietnam, Hanoi’s fear appear to be real. Vietnam was unnerved after the unpleasant experience of May 2014 when ships of the two countries rammed each other repeatedly after China moved an oil rig into waters claimed by both. As a result, Vietnam is seeking friends and strengthening its own military capability. Its military spending has increased by 83 per cent over the past five years, accounting for 8 per cent of national spending.

India’s presence in the South China Sea is driven because of oil exploration activities, and therefore it needs to protect its strategic interests. India also has a principled stand on freedom of navigation and access to resources as per the 1982 UNCLOS. This issue was also was appeared in the US-India joint statement in September 2014. Significantly, over 97 per cent of India’s trade by volume and 75 per cent by value is sea borne. If one follows the ‘direction of trade’, nearly 33 per cent of Indian trade is east bound and transits through the Straits of Malacca through which over 60,000 vessels transit annually. In that context, the safety and security of merchant traffic through the Straits of Malacca and SCS is important to India.

It is worth noting that New Delhi and Hanoi have been careful not to offend Beijing despite strong ties and common concerns in the form of long-pending territorial disputes China. China is an important economic partner for both the countries. India has an intensive high level engagement with China, and Vietnam could mark a maturation of India’s East Asian Strategy under the Modi government. This translates into a twin track Indian diplomacy in Asia; build on the new economic possibilities with China; but don’t allow Beijing to define the limits of India’s partnership with Vietnam.

Vietnam-India strategic dialogue and political consultative meetings are effective cooperation mechanisms for maintaining and enhancing bilateral relations in the strategic and political
dimensions. Given the complementarity of Indo-Vietnamese strategic and security interests, strengthening defence cooperation between the two countries does not come as a surprise. With the frequent flaring up of tensions between China and India along the Line of Actual Control, and its increasing influence in India’s neighbourhood, New Delhi may overtly court Hanoi to further deepen security cooperation.

14 October 2014
China and India: Prospects for Maritime Cooperation

Ateetmani Brar

During Chinese President Xi Jinping’s recent visit to India in September 2014, China and India affirmed their willingness to hold their first bilateral Maritime Dialogue very soon. In the past, there have been several proposals for maritime cooperation mooted by both sides, but without any tangible progress on ground. If and when the Maritime Dialogue is held, it would be a milestone event in furthering India-China bilateral relations. While the issues that may be discussed at the Dialogue are not known, this writing attempts to identify a few issues that could possibly be considered for the Maritime Dialogue. These are divided into three domains, viz. maritime security, maritime economics and China-India maritime engagement in multilateral organisations.

Maritime Security

Both India and China are key players in Asia’s maritime security architecture. Their combined efforts could constructively counter non-traditional security challenges such as piracy and maritime terrorism. Although recent trends indicate a steady decline in pirate attacks in the IOR, the crime is likely to continue posing a major risk to global shipping and seafarers. The security of international shipping lanes is critical for both India and China. All of India’s seaborne trade, ipso facto, transits through the Indian Ocean. China is also heavily reliant on the Indian Ocean for its trade, including energy imports. In 2012, nearly 40 per cent of China’s trade transited through the Indian Ocean. Also, nearly 60 per cent of its oil imports sourced from Africa and West Asia pass through the Indian Ocean.

The navies of India and China have operated together in the Gulf of Aden to tackle the threat of the Somali pirates. Their ships have escorted each other’s commercial ships, as also other flag vessels passing through the IRTC
Both countries could consider a reciprocal arrangement, wherein the Indian Navy (IN) provides security to the Chinese shipping and seafarers in the Indian Ocean, and the PLA Navy reciprocates by providing a security cover to Indian shipping and seafarers in the western Pacific.

In November 2008, India bore the brunt of maritime terrorism for the first time with the Mumbai attacks. More recently in September 2014, the Al Qaida declared its intent to launch jihad in the Indian subcontinent, and three days later, the fundamentalists undertook an unsuccessful attempt to take control of the PNS Zulfiqar at Karachi, with the aim of striking US warships operating in the area. Following this incident, the Indian Navy placed its warships on high alert. India and China may consider sharing of information to curb the emergence of maritime terrorism in the region.

Natural disasters have always posed severe risks to Asian countries and their people. The Indian Navy and PLA Navy could coordinate their HADR (Humanitarian Assistance and Disaster Relief) operations in the event of such crises, and also develop best practices for such missions. It is pertinent to recall that both navies have lately been participating in multilateral HADR exercises in the western Pacific, including under the ADMM+ and WPNS.

For the Indian Navy and PLA Navy to coordinate their operations, tactical compatibility is an essential prerequisite. Until now, the two navies have only been involved in routine passage exercises. The two could hold structural naval exercises in the future to be able to operate together, including as part of UN supported multinational coalitions and other partnerships.

**Maritime Economics**

Chinese President Xi Jinping invited India to be a part of its 21st century MSR (Maritime Silk Route). As of now there are no concrete details on the new MSR. However, it is believed that it would involve enhancement of economic connectivity through the construction of ports and other maritime infrastructure. It would also involve developing special economic zones in the partner countries, to which China would shift its manufacturing so that its exports remain competitive and not get affected by rising labour costs in China. The MSR could help India to develop its maritime infrastructure and provide new employment opportunities.

China has lately emerged as the world’s largest shipbuilder, having
overtaken South Korea in terms of shipbuilding capacity and new orders. Indian shipbuilding could benefit from Chinese shipbuilding practices and technologies. China could benefit by outsourcing some of its shipbuilding to Indian yards, which have advantages like low costs of labour and raw material.

Deep seabed mining is another potential area of cooperation. As the land resources deplete worldwide, the deep seabed promises to yield vast resources of mineral wealth. India became a pioneer investor in deep seabed exploration in 1987, when it was allocated an area of 150,000 square kilometres in the Central Indian Basin by the International Seabed Authority. India has developed considerable expertise in metallurgical processes, and is on a stage of establishing two or three pilot plants for metal extraction from the poly-metallic nodules. Lately, China has also been accorded a permit by the ISA for seabed exploration in the South-west Indian Ocean. China has developed the world’s deepest diving vehicle, Jiaolong, which can operate as deep as 7000 metres. It may be recalled that during his visit to India in 2012, the Chinese Foreign Minister Yang Jiechi proposed to his Indian counterpart SM Krishna that the two countries could exchange technological knowhow on seabed research. While joint seabed exploration may not be feasible due to national security concerns, sharing of technology in deep seabed mining may be more feasible.

Another emerging area is ‘Blue Economy’. Mr Narendra Modi spoke about its importance, even as he was sworn in as the Indian Prime Minister in the month of May this year. Blue economy is essential for sustainable development and management of ocean resources, and could also be used concurrently with the development of marine technology to achieve food security in two of the world’s most populous countries- China and India.

**Maritime-Multilateralism**

India and China are members of various multilateral institutions. China is a dialogue partner in the IORA (Indian Ocean Rim Association) and also seeks to participate in the IONS (Indian Ocean Naval Symposium). Both countries are members of the ADMM+, where they can enhance their cooperation through five platforms- HADR, military medicine, maritime security, peacekeeping and counter-terrorism. China and India could also work towards formulating a common approach on Arctic issues since both have been accorded permanent observers
status in 2013 in the Arctic Council. The world is looking at the Arctic as an emerging area of opportunities.

From the above, many convergences between China and India emerge, which bear substantial potential for maritime cooperation. Such cooperation could translate into rich dividends for both countries in both the economic and security domains. The proposed Maritime Dialogue is an opportunity that the two countries should not miss.

28 October 2014
Marine Economy
Blue Economy: An Agenda for the Indian Government

Vijay Sakhuja

Prime Ministers Narendra Modi of India and Navinchandra Ramgoolam of Mauritius, during their meeting on the sidelines of the swearing-in ceremony of the former in May 2014 in New Delhi, agreed to increase cooperation in ‘maritime security, renewable energy, and the blue-economy, including development of related infrastructure’. Earlier, Seychelles Vice President Danny Faure had stated that his country was ‘working closely with India on developing the Blue Economy concept’ and that both countries had accorded high priority to issues like ‘maritime pollution and overfishing that impact the Indian Ocean’.

Before going any further, it is important to understand ‘blue economy’. The idea of blue economy was argued during the Rio+20 preparatory meetings, where several Small Islands Developing States (SIDS) observed that ‘Green Economy’ had limited relevance for them; instead, ‘Green Economy in a Blue World’ was a good concept and most suitable for the sustainable development and management of ocean resources.

A number of countries have included blue economy in their national strategy and have published white papers and official documents. For instance, China has long followed this idea and has instituted Five-Year Development Plan for National Marine Economy which monitors progress of various marine sectors. China’s State Council has published a White Paper on the subject which notes that the Chinese maritime economy grew at 17 per cent annually in the 1980s, and 20 per cent in the 1990s. In January 2013, China released the 12th Five-Year Development Plan for National Marine Economy which notes that the marine economy is expected to grow at 8 per cent annually up to 2015, generate 2.6 million new jobs,
and could be about 10 per cent of the national GDP.

Likewise, the European Union has announced its ‘Blue Growth’ strategy for sustainable development of marine and maritime sectors to contribute to the Europe 2020 strategy for smart, sustainable and inclusive growth. It is estimated that it would result in nearly 5.4 million jobs and a gross added value of about 500 billion annually and generate sustainable jobs and growth. In the Indian context, the idea of blue economy is yet to develop. There are as many as 17 different agencies whose mandate includes matters maritime/marine; ironically, there is no synergy among them partly due to the absence of an overarching agency to facilitate dialogue among these agencies.

During his first address to the newly constituted 16th Lok Sabha, President Pranab Mukherjee outlined major policy priorities of the new government over the next five years which included setting up of the National Maritime Authority (NMA), an apex body, to address coastal security concerns. This is a significant initiative and addresses gaps in coastal security and would help prevent terrorist attacks from the sea similar to the 26/11 attacks in Mumbai in 2008. It is equally important to harness the seas to enhance the maritime power potential of the country. A multi-disciplinary maritime advisory body can help bring together a number of national / state bodies and can help formulate a maritime vision, draw up plans and coordinate economic, environmental and security activities in the maritime domain which can then work to ‘craft a National Maritime Security Policy’. This could then be integrated with the maritime strategy which would automatically ‘reinforce maritime security’.

Taking this argument further, Prime Minister Modi’s announcement to do away with the eight-member Planning Commission and set up a larger think tank that accommodates the states to do the ‘big thinking and thinking for the future’ could explore the possibility of constituting a group of specialists under a maritime think tank to develop a blueprint for growth of blue economy.

Mauritius and Seychelles are important island nations in the Indian Ocean and have made a strong case for blue economy as an important pillar of their national development strategy. As noted earlier, their leaders have passionately argued about their commitment to sustainable exploitation of living and non-living marine resources and deep seabed minerals to enhance food and energy security. However, these countries are constrained by a
number of technological and investment limitations for the development of the maritime sector which is critical for their economic growth and look towards India or even China for support.

On another level, the high decibel security discourse in the Indian Ocean centered on asymmetric threats and challenges appears to have swamped the idea of blue economy and pushed it to the back burner. There is no doubt that security is critical for sustainable development of sea based resources, it will be useful for India, Maldives, Mauritius, Seychelles and Sri Lanka to jointly promote the idea of blue economy in the Indian Ocean and keep environment and ecology high on the agenda.

1 September 2014
China’s Maritime Silk Road: Creating Mutuality and Dependency Enroute – The Sri Lankan Case

N Manoharan

Introduction

The ‘21st Century Maritime Silk Road’ (MSR) proposed by China is aimed at “exploring the unique values and concepts of the ancient road, enriching it with new meaning for the present era and actively developing economic partnerships with countries situated along the route.”1 Linking three continents (Asia, Africa and Europe), it is a nautical counterpart of land-based Silk Road. Several countries lie on the maritime silk route that straddles from China’s ports, through the South China Sea, the Straits of Malacca, north Indian Ocean, the Horn of Africa, Persian Gulf, Red Sea, and Mediterranean Sea, before meeting the land-based Silk Road in Italy. The success of MSR largely depends on active participation and support of each of the countries on the route. The Chinese strategy is to rope these countries in the project “to forge a community of interest with political mutual trust, integrated economies, inclusive culture and inter-connectivity.”2 The plan is to weave the existing cooperative mechanisms between China and countries along the route into MSR; build “a community” that represents the common concerns, interests and expectations of all countries—a “shared destiny.”3 The idea is to create mutuality and dependency for long-term sustainability of the route and benefits thereof.

Among South Asian countries, Bangladesh, Sri Lanka, Maldives and Pakistan have agreed to be part of the project. India is yet to make its decision. Deep understanding of how its neighbours look at MSR and what China has been doing to take the project forward in each of these countries is important for India’s decision. A comparative analysis of South Asian countries’ perspectives and preferences on MSR vis-à-vis India’s involvement
in the neighbourhood would throw more light, especially for the future of ‘Project Mausam’. Sri Lankan case is instructive.

**MSR and Sri Lanka**

In the ancient Maritime Silk Road, Sri Lanka stood as the “East Intersection.” In the 21st Century MSR, Sri Lanka is seen as “an important hub.” China has reiterated this time and again calling the island state as the “splendid pearl of the Indian Ocean.” Way back in 2005, Colombo and Beijing proclaimed that the bilateral ties were cast within the broad structure of the ‘China-Sri Lanka All-round Cooperation Partnership of Sincere Mutual Support and Everlasting Friendship’. Reiterating this mutuality, the Chinese President, during his recent visit to Sri Lanka, observed: “The two countries should coordinate development strategies and work as partners in pursuit of common dreams. Mahinda Chinthana, which represents Sri Lanka’s dream of national strength and prosperity, has much in common with the Chinese dream of national rejuvenation.” Sri Lanka has bought the idea and has envisaged itself as becoming a five-fold hub: maritime, aviation, commerce, energy and knowledge, which coincide with China’s proposal to build the 21st Century Maritime Silk Road. The economic and socio-cultural development of Sri Lanka is seen as an integral part of the MSR concept.

**Areas of Dependency**

Apart from the above emphasis on mutuality, China has been working on four broad areas of dependency:

(a) **Infrastructure**: On the top is China’s help in Sri Lanka’s infrastructure development that has attracted considerable attention of India and the West. Some of the important infrastructure projects developed by China in Sri Lanka include Hambantota port, Katunayake-Colombo Expressway, the Norochcholai Coal Power Project, Maththala Airport, Colombo South Harbour Expansion Project, 661-room Shangri La hotel and the Center for Performing Arts in Colombo. Recently, Colombo Port City has been launched with a Chinese loan of USD 1.4 billion. It will be a “hub on the marine Silk Road of Asia.” Statistically speaking, funding from China accounts for more than two-thirds of Sri Lanka’s construction and development loans. With investments totalling more than USD six billion, China has become Sri Lanka’s largest investor, replacing India. India’s involvement in Sri Lanka’s infrastructure development cannot be underestimated. These range from helping fund the Matara-Colombo rail line, the dredging
and refurbishment of the Kankesanthurai Harbor, and the renovation of Palaly Airport, construction of five Vocational Training Centres, renovation of the Duriappah Stadium in Jaffna, restoration of the Tiruketheeswaram Temple, interconnection of electricity grids between the two countries, construction of a 150-bed hospital in Dickoya, setting up a coal power plant in Sampur, rehabilitation of the Atchchuvely Industrial Zone near Jaffna, and construction of a new Cultural Centre in Jaffna. However, Sri Lankans rate the Chinese better in terms of timely completion of projects, cost effectiveness and quality of infrastructure. Most importantly, Beijing places no conditions in terms of “structural adjustments, policy reforms, competitive biddings, transparency attached to their loans” or even human rights, except bringing in some of their own labourers.12

(b) Trade: In 2013, the trade volume of countries along the MSR accounted for nearly 20 percent of China’s total trade. The trade between China and Sri Lanka reached $3.6 billion in 2013, up from nearly $1.1 billion in 2006. The trade volume is expected to grow further with the proposed signature of free trade agreement between the two countries. On the other hand, India-Sri Lanka trade is on the downward trend. In 2013, India-Sri Lanka bilateral trade volume stood at $3.63 billion, compared to $4.86 billion in 2011.13 Reduction in trade can also be attributed to anti-Sri Lankan protests in Tamil Nadu and also in the light of India’s vote in favour of US-sponsored resolution on Sri Lanka at the United Nations Human Rights Council (UNHRC).14

Significantly, the balance of trade has been tilting in favour of China as against climb-down with respect to India (ratio of 1:19 compared to 1:7 with India in 2013). Yet, Sri Lankans are not complaining. And, India has not bothered to highlight this point to Sri Lankans. Ironically, Sri Lanka’s Central Bank announced in June 2011 that China’s national currency, the Yuan (renminbi), would be allowed to be used in international transactions. On the other hand, the Indian rupee does not enjoy the same privilege, despite India remaining as Sri Lanka’s largest trading partner and one of the largest donors and investors.15

(c) Defence: Sri Lanka did not forget China’s liberal supply of requisite arms and ammunition to Sri Lankan troops during ‘Eelam War IV’.16 These fetched China tremendous good will from the Sri Lankan government and the Sinhalese in general. Sri Lanka justified arms
procurement from China on two counts: lack of alternative source of supply and price worthiness. On the other hand, India insisted on providing only “non-lethal weapons” owing to domestic political implications, especially from Tamil Nadu. Though India remains as a preferred destination for the training of Sri Lankan military officers, in the light of opposition from Tamil Nadu, the future of cooperation in this area remains uncertain. The same pressures have stalled long-pending Defence Cooperation Agreement between the two countries. Colombo has been looking for alternative training sources like Pakistan and China. Recently, China and Sri Lanka have agreed to “strengthen cooperation in the areas of defence-related science and technology, exchange of military academics, and provide logistic support” and further “to maintain the momentum of visits between the two defence authorities and military forces at all levels.”

(d) **Diplomatic Support:** Sri Lankans appreciate is China’s unstinted diplomatic support to Colombo against the call for international investigations on war crimes committed during ‘Eelam War IV’. China has made it clear that it “resolutely opposes any move by any country to interfere in Sri Lanka’s internal affairs under any excuse.” On the other hand, India’s stand on the issue is seen as inconsistent. In May 2009, it joined China and Russia to defeat the UN resolution that was aimed at censuring Sri Lanka. However, in March 2012, not satisfied with Colombo’s sincerity in carrying forward assurances on reconciliation with Tamil minorities, India voted in favour of the US-sponsored resolution. India maintained the same stand in 2013 as well. However, in 2014, India abstained from voting on a similar US-sponsored resolution.

At the same time, it should be noted that China’s attempts at creating dependency is not without challenges. Two of them are worth mentioning. First, opposition parties like UNP are unconvinced on the benefits flowing from MSR to Sri Lanka. Doubts have been raised in the form of transparency, true intentions of China, getting into a probable debt trap in the future and Sri Lanka’s over-dependence on a single country for its development. Therefore, there is no guarantee for the MSR’s sustenance in case the UNP comes to power. Therefore, China has all the reasons to show urgency. Second, dependency will not work as and when goodies from China stop flowing. Also, if Sri Lanka finds a better alternative, China may have to go. At one point, the US was the largest trading partner and largest investor in Sri Lanka; later,
Japan took over, only to be replaced by India. Now, Beijing is in the limelight and it is plausible that another country may replace China in the future. A chain is only as strong as its weakest link.

### Conclusion

Taking the above issues into consideration, Sri Lanka’s preference for China is obvious. Sri Lanka considers it as a “time-tested friend”; such consideration is not just rhetoric. In the recent years, China has emerged as one of the major players in the island’s economic development. Last year, both countries upgraded their relations to ‘strategic cooperative partnership’ and a ‘Plan of Action’ has been agreed upon during Xi’s recent visit to deepen this partnership. China has been quite successful in creating dependency and convincing Sri Lanka that they have “shared destiny”.

Colombo is now in a position to juggle India and China. India’s interests and concerns are not in Sri Lanka’s radars, although the island state tries its best to do the fine balancing act to keep the two Asian powers in good humour, while at the same time benefitting from both. Development projects are offered to both India and China from time-to-time. Beijing is preferred because it has “no strings attached”, at least overtly, to any of the projects implemented or aided. Sri Lanka knows well that China will never demand to address the grievances of Sri Lankan minorities through a reasonable negotiated political settlement, and not place restrictions on the involvement of any other country in the island in any manner. India has to take these into consideration and do the needful in all the four areas identified.

26 September 2014

### Notes


2. Ibid.

3. This was outlined by the Chinese President Xi Jinping during his Speech to Indonesian Parliament, ASEAN-China Centre, 03 October 2013. Full text of the speech is available at http://www.asean-china-center.org/english/2013-10/03/c_133062675.htm, accessed on 17 September 2014.
Project ‘Mausam’ is a Ministry of Culture (Government of India) project with Indira Gandhi National Centre for the Arts. The central themes that hold Project ‘Mausam’ together are those of cultural routes and maritime landscapes that not only linked different parts of the Indian Ocean littoral, but also connected the coastal centres to their hinterlands. More importantly shared knowledge systems and ideas spread along these routes and impacted both coastal centres, and also large parts of the environs. More details on the project are available at http://ignca.nic.in/mausam.htm. See also Akhilesh Pillalamarri, “Project Mausam: India’s Answer to China’s ‘Maritime Silk Road,” *The Diplomat*, 18 September 2014.


This was proposed by the visiting Chinese Premier Wen Jiabao in April 2005. It was a four-point proposal that included “promoting traditional friendship and expanding exchanges between governments, parliaments and parties; exploring new areas for economic and trade cooperation; expanding cooperation in such fields as agriculture, fishery and tourism; and enhancing coordination in international and regional issues. See “China, Sri Lanka set up all-round cooperative partnership,” *People’s Daily*, 09 April 2005, available at http://english.peopledaily.com.cn/200504/09/eng20050409_180198.html, accessed on 21 September 2014.


“China and Sri Lanka need to turn the wishes into a driving force – President Jinping,” Policy Research & Information Unit of the Presidential Secretariat of Sri Lanka, 16 September 2014.


13. In 2012 Sri Lanka's exports to India has increased to US$ 566.37 million from US$ 521.61 million in 2011 while Indian exports to Sri Lanka has decreased to US$ 3.51 billion in 2012 from US$ 4.35 billion in 2011, mostly due to the reduction in imports of vehicles from India.

14. Nearly 40 per cent of all trade with Sri Lanka takes place through Tamil Nadu, involving thousands of people in the state. The informal trade through the State is estimated to be nearly double the formal one. See Hari Narayan, “Engaging Sri Lanka is the best way forward,” *The Hindu*, 21 March 2013.

15. Informally, Indian rupees are accepted freely as a currency in some pockets of capital Colombo. But, this is not enough.


20. “Gotabhaya deeply disappointed with India’s stand,” *Lankasiri News*, 22 March 2013. The Sri Lankan Defence Secretary observed that “those wanting Sri Lanka to satisfy the global community should realise that they were adopting double-standards. In fact, they would never have tolerated external intervention in domestic issues, though Sri Lanka was being asked to give into an investigation on the basis of unsubstantiated allegations. Would India address its accountability issues to the satisfaction of Western powers or the UN?”
Bay of Bengal: Exploring Partnership for Blue Economy

Vijay Sakhuja

The verdict of the Permanent Court of Arbitration (PCA) on delimitation of maritime boundary between India and Bangladesh is a significant development, and has put to rest the long-standing dispute between the two countries. It will now be possible for both countries to demarcate their territorial waters, exclusive economic zone (EEZ) and the continental shelf. Last year, Bangladesh and Myanmar settled their maritime boundary dispute through international arbitration. The three contending parties appear to have welcomed the outcome of the arbitration process.

The above developments offer Bangladesh, India and Myanmar a number of opportunities to exploit marine resources in their respective EEZs and harness the economic potential of the Bay of Bengal. These can potentially address issues of economic development, food security, energy security and poverty alleviation. However, it is important that the resources are exploited in a sustainable manner.

The idea of Blue economy is fast gaining currency across the globe and becoming a buzzword for sustainable development of sea based resources. Significantly, Goal 14 of the post-2015 development goals specifically deals with the oceans and calls for sustainable development of the sea based resources.

Indonesia has announced its decision to support Blue Economy, and is working closely with the Food and Agriculture Organization (FAO). It will soon begin implementing the Blue Economy concept in East Lombok and Central Lombok provinces of West Nusa Tenggara, and, this is expected to generate US$114.88 million annually and create 77,700 new jobs. Likewise, Australia and Seychelles have indicated their willingness to partner in their efforts to harness the economic potential of the Indian Ocean.
India has made significant scientific and technological advances in ocean studies. A number of institutions are engaged in research and development of world class indigenous technologies for sustainable utilization of sea based non-living and living resources. For instance, the National Institute of Ocean Technology (NIOT) offers technical services and solutions for management of ocean resources and environment. India operates Sagar Kanya, an ocean survey vessel equipped with sophisticated laboratories which undertakes scientific research cruises to study physical and chemical oceanography, marine biology, marine geology, marine geophysics, and also undertakes the study of monsoons. India also possesses modern remote sensing capabilities, which can map marine resources in the northern Bay of Bengal.

The Bangladesh Prime Minister Sheikh Hasina recently addressed an international workshop on ‘Blue Economy’, which was attended by experts and representatives from 20 countries including India and Myanmar. She noted that Bangladesh was committed to ensure sustainable development of sea based living and non-living resources. The Prime Minister also observed that these activities demand ‘management of the sea’, and Blue Economy is a “new horizon for development of the coastal countries and the small island developing states.” The country is in early stages of embracing the Blue Economy concept and has taken a number of initiatives such as setting up a National Oceanographic Research Institute for marine scientific community, teaching oceanography at the Dhaka and the Chittagong Universities and training human resource to develop skills for the sustainable development of resources, and working towards protecting the marine environment and preserving the bio-diversity of the seas. It also has established scientific collaboration with Norway through the Nansen-Bangladesh International Centre for Coastal, Ocean and Climate Studies (NABIC) located at Dhaka. It is pertinent to mention that nearly 30 million people in Bangladesh are dependent on the sea for their livelihood, and are engaged in fishing and commercial transportation.

Similarly, Myanmar has sought Norwegian assistance and the research vessel Dr. Fridtjof has carried out survey for Myanmar to study the marine biodiversity and oceanography in Myanmar's waters.

There is an opportunity for Bangladesh, India and Myanmar to develop partnership to advance Blue Economy in the Bay of Bengal. This
would require the integration of each others’ coastal development frameworks into respective national sustainable development initiatives. Further, they would need to share with each other the scientific knowledge accumulated over the years, and help develop scientific institutions and human resource to study the seas.

At the regional level, the Indian Ocean Rim Association (IORA) comprising of 20 countries has supported the idea of Blue Economy and has acknowledged the large potential of the oceans for the development of the blue economy for the regional countries. Although it may take some time for a pan-IOR consensus on Blue Economy, sub-regional approach among the IOR member states can help generate interest in the idea. The next Council of Ministers (COM) meeting of the IORA is scheduled to be held in October 2014 in Perth and it will be useful for IORA to include Blue Economy in its agenda and raise the issue with the member states.

1 October 2014
Blue Economy: Marine Potential Escapes Indian Economists

Vijay Sakhuja

The 7,500 kilometers long coastline and 2.019 million square kilometers of Exclusive Economic Zone (EEZ), which is a repository of huge wealth of living and non-living resources and an important source of employment, are often referred to in the speeches and statements by the Indian political elite. Further, importance of ‘securing India’s trade interests at sea’, and expressions such as ‘maritime sector is of vital significance to our economy and every effort should be made to strengthen it’, has often reverberated in their speeches. These statements clearly suggest a strong penchant for maritime affairs in the national thinking. However, closer examination of some of the important documents relating to national economy tells a different story. Ironically, the contribution made by the seas and the coastal communities to the national economy appear to have largely been not mentioned by the Indian economists.

Among the many documents to understand the state of the Indian economy, the annual Economic Survey of India (ESI) that is released just before the federal budget is presented in the Parliament, is of utmost importance. The ESI provides a number of indicators for the national economy such as the GDP, its growth rate, inflation, import-exports trends and foreign exchange reserves. It tabulates key economic indicators and performance of the Indian economy during a financial year (April to March) and reviews the ‘performance on major development programmes’ at the macro as well as sectoral levels. It also ‘highlights the policy initiatives of the government and the prospects of the economy in the short to medium term’. Therefore, it is an important guiding document for a number of stakeholders interested in the Indian economy including the policymakers, economists, businesses, analysts and researchers.
A quick look at the ESI indicates there is limited reference made to the seas and the related services. Interestingly, marine fisheries is clubbed under agriculture and is placed under the sub-head ‘Agriculture, forestry, & fishing’. The 2013 ESI notes that the fishery sector contributed about 1 per cent to overall GDP which represents 4.6 per cent of agriculture GDP. Likewise, there are references to gross tonnage of shipping and cargo handled by ports etc; but there is no mention of revenue generated by the marine tourism sector.

Ironically, there is little reference to the larger economic potential of the seas and its contribution to the national economy which suggests that matters ‘maritime’ or ‘oceanic’ have not found favour among the authors of the ESI or they do not consider the potential of the seas significant enough; or that the contribution from the maritime domain to national economy is limited and therefore does not merit a separate and detailed mention. At another level, States and the Union Territories calculate their respective GDPs and are often ranked based on their economic performance indicators. Their data includes land area, population, and other economic indicators similar to those provided by the ESI. However, no reference is made to the length of the coast line, the contribution of the maritime sector, and information relating to offshore and coastal industry and services including employment generation. For instance, Tamil Nadu, a coastal state, is the fourth-largest economy during FY 2013–14 in India. A quick reading of the available data suggests that a brief mention is made to the ports and the fishery sector. Likewise, Kerala, another maritime state, provides similar data. Interestingly, in 2013, six of the top 10 States and Union Territories in terms of GDP were coastal states. Similarly, nine of the top 10 developed GDP cities are in coastal states and four of these are port cities. Notwithstanding the above indicators, the maritime dimension seems to have missed the requisite spotlight in the ESI and the federal and State budgets clearly suggesting a sub-optimal maritime orientation.

Oceans and economy form the core of the current wave of globalization. Significantly, maritime medium is the keel of economic globalisation and a number of countries are investing enormous amounts of financial, intellectual and technological capital to exploit the seas for economic growth and are building the associated maritime infrastructure. Several countries across the globe are developing strategies to harness the potential of the seas for
economic interdependence, growth and prosperity. China has developed a sophisticated system of marine economy; the EU has recently announced its Blue strategy with the ‘seas and oceans’ at its core, and the US has set up mechanism to take stock of the contribution of the maritime medium to the national economy. Smaller island states such as Mauritius and Seychelles have been at the helm promoting the idea of Blue Economy in the Indian Ocean and interestingly, for Bangladesh, the Bay of Bengal is its ‘third neighbour’ the other two being India and Myanmar.

Taking a long-term view of the potential of the marine sector and its significant contribution to economic growth of India, the idea of ocean / coastal economy needs to be developed for a better understanding and use of the seas for harnessing its economic potential. A National Maritime Authority (NMA) that has under it a variety of stakeholders including various ministries and department of the Government of India can be a useful initiative.

1 November 2014
Blue Economy: Who Takes the Stewardship in the Bay of Bengal?

Vijay Sakhuja

Bangladesh has proposed ‘Bay of Bengal Partnership for Blue Economy’ for the sustainable development of sea based resources. It has urged the littoral states to place Blue Economy high on respective national economic agenda, ‘move together and ahead’, harness the seas in a sustainable manner, and ensure ‘an inclusive and people-centric blue economy’. However, the moot question is who among the Bay of Bengal littorals should take the ‘Stewardship of the Partnership’ and lead the region.

On its part, Bangladesh has been quite proactive to promote the idea and has also urged the Food and Agriculture Organisation (FAO) under the United Nations to include Bangladesh in its “Blue Economy Initiative” which is fast gaining popularity among a large number of countries across the globe. Earlier, in September, it organized an international workshop on Blue Economy.

Indonesia too recently organized a major forum on ‘Blue Economy Diplomacy and Maritime Development: Developing Indonesia to Become a Maritime Axis’, to promote Blue Economy in multilateral forums such as the UN, ASEAN, the Indian Ocean Rim Association (IORA) and the Pacific Islands Forum (PIF). Significantly, the new government led by Joko Widodo had placed matters maritime high on its election agenda, and had even announced setting up of a Coordinating Ministry for Maritime Affairs and the Environment, whose mandate would be to develop Indonesia’s maritime potential.

Likewise, Sri Lanka has unleashed a string of measures to promote Blue Economy such as policies ‘to ensure the sustainable and equitable use of the Indian Ocean’, and has established the Centre of Excellence in Ocean Sciences and Environment.
Before examining the issue further, it is useful to mention that the Bay of Bengal is a semi-enclosed sea and offers ambient conditions for regional cooperation. A number of regional and sub-regional groupings dot the Bay of Bengal – SAARC, ASEAN, IORA, East Asian Summit (EAS) and the Bangladesh–China–India–Myanmar Forum for Regional Cooperation (BCIM). The Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation (BIMSTEC) established in June 1997 is the only pan-Bay of Bengal grouping and its headquarters was set up at Dhaka in Bangladesh in August 2014. These multilateral institutions focus on a number of issues at the regional level such as politics, economics, connectivity, security, social development, environment, etc including climate change.

In 2008, the UN through the FAO established the Bay of Bengal Large Marine Ecosystem (BOBLME) Project involving eight countries i.e. Bangladesh, India, Indonesia, Malaysia, Maldives, Myanmar, Sri Lanka and Thailand. The project began in 2009 for five years with the aim to evolve ‘a common strategy to optimize the use of shared marine resources on a sustainable basis’. Its mandate endeavours to ‘better the lives of their coastal populations by improving

regional management of the Bay of Bengal environment and its fisheries’. A number of international donors such as the Global Environment Facility (GEF), Norway, the Swedish International Development Cooperation (SIDA), the National Oceanic and Atmospheric Administration (NOAA) of the USA also support it.

The Project comprises five major components that are closely related to each other and focus on trans-boundary activities to address critical issues such as improved understanding of the Bay of Bengal marine ecosystem, resource management, sustainable use and maintenance of the ecosystem health, and encourages coordinated approach among the BOBLME countries. The BOBLME also addresses the Millennium Development Goals (MDGs) which seek to eradicate poverty and hunger, work towards an environmentally stable world, and endeavour to integrate the principle of sustainable development into country policies and programmes and reversing the loss of environmental resources.

Significantly, these issues figure prominently in the idea of Blue Economy. It is fair to argue that BOBLME Project is a useful model for taking forward the Blue Economy Partnership on several counts. First, the Partnership focuses on

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the countries comprising the BOBLME and the participants remain same. Second, the participants have developed a good understanding of working together on a number of issues contained in the BOBLME. Third, a number of studies which drew on more than ten years of research, reviews, and analyses focused on the Bay of Bengal marine issues have already been conducted and could serve as important database for the region. Fourth, the Strategic Action Plan of the BOBLME, which is under finalization by the Project participants, acknowledges that ‘many of the issues in BOBLME are trans-boundary in nature and improved regional collaboration and management holds the greatest promise of positive change.’ Fifth, the current financial and technological capabilities of the Bay of Bengal littorals require capability and capacity infusion to push the Blue Economy initiative.

The BOBLME is an interdisciplinary and multination programme, and was generously supported by a number of global agencies. It can be extended and reengineered to emerge as the ‘Bay of Bengal Partnership for Blue Economy’ and support Sustainable Development Goal 14 which aims to ‘conserve and sustainably use the oceans, seas and marine resources for sustainable development’.

15 November 2014
Blue Economy: Concept Gains Currency in Asian Multilateral Forums

Vijay Sakhuja

Last month, a number of multilateral forums in Asia highlighted the importance of Blue Economy and the leaders, in their national statements, urged member states to place the issue high on national agenda. Likewise, the concept also appeared in some of the ‘outcome documents’ of these forums.

At the 22nd APEC Economic Leaders’ Meeting in Beijing, China, the ‘2014 Leaders’ Declaration’ endorsed the ‘Xiamen Declaration’ which identified four priority areas including Blue Economy and called upon the member states build ‘partnership through ocean cooperation’ and pursue economic growth through sustainable development, ocean and coastal conservation, and innovation.

Soon after the APEC Summit, the Asia Pacific leaders gathered at Nay Pyi Taw, Myanmar, to attend the 9th East Asia Summit (EAS). Joko Widodo, the President of Indonesia announced his vision to make ‘Indonesia a world maritime axis’ and his government’s commitment to ‘safeguarding and managing marine resources with its focus on achieving marine food sovereignty through the development of the fisheries industry with fishermen as the main pillar’. Indonesia has already endorsed the idea of Blue Economy and initiated a number of projects for development of marine resources in a sustainable manner.

In South Asia, the 36-point Kathmandu Declaration after the South Asian Association for Regional Cooperation (SAARC Summit acknowledged the ‘manifold contributions of ocean-based Blue Economy in the SAARC Region and the need for collaboration and partnership in this area’. This was pursuant to the Bangladesh Prime Minister’s forceful call
on the SAARC leaders to ‘focus on our fourth frontier - the Indian Ocean’ as a major resource base for living and non-living marine resources and argued that ‘Blue Economy can play a critical role to sustainable development of the SAARC region’. Earlier, the 2014 Communiqué of the Indian Ocean Rim Association (IORA) endorsed Blue Economy and recognized the ‘opportunities offered by the ocean (blue) economy’.

There are at least eight important reasons for Blue Economy to gain currency in the Asian multilateral forums. First, food security among Asian states has gained critical importance keeping in mind the impact of climate change, which could result in unprecedented heat waves, droughts, floods, cyclones etc and may adversely affect the land-based food supply chain. Further, Asia’s 4.3 billion people constitute nearly 60 per cent of the global population would grow in the coming decades resulting in higher demand for food, and the sea-based food chain would be the best source for protein supplement.

Second, the oceans contain a variety of non-living resources and some of these such as oil and gas, salt, minerals etc. contribute to economic growth and national strength. Likewise, seabed is a repository of a number of poly metallic nodules and poly sulphides and these would aid the Asian growth. However, the states are conscious of exploiting these in a sustainable manner.

This brings the third issue of preserving biodiversity and protecting the marine ecosystem. States are keen to bring as many areas and spaces under the purview of marine protected areas and ecosystems. This would help preserve marine life, protect degradation of ecosystems, stem biodiversity loss and ensure better food security.

The fourth issue relates to the wellbeing of the coastal communities that are dependent on the seas for their livelihoods. Perhaps the single most important issue for these communities is the absence of a robust fisheries management mechanism and over exploitation resulting in depleted fish stock that threatens food security. Further, the current state of research about effects of climate change on fish stocks remains largely unaddressed.

Fifth, tidal wetlands (mangroves and marshes), beaches, reefs, atolls and islands are extremely sensitive to environmental pollution. Besides, they are also vulnerable to sea level rise and other climate induced stressors. These must be protected to maintain the health of the oceans.

Sixth, Asian states want to harness the full potential of the seas for trade but
in an eco-friendly environment. This entails development of infrastructure such as ports, shipping, shipbuilding yards and waterways, which would necessarily have to be carefully chosen both for economic growth as also for preserving the environment. This is a challenge for Asian countries that are highly dependent on an export-oriented economy but also need modern, clean and eco-friendly technologies.

The seventh driver is the promise offered by the marine leisure industry, which can potentially generate huge amounts of revenue for both local and national economies through ecotourism activities. However, it is useful to point out that indiscriminate or poorly managed systems can potentially bring about changes that may diminish the popularity of destinations and increase operating costs. Besides, climate induced changes could adversely affect the economy generated through marine tourism industry.

Finally, states believe poor management of marine ecosystems and protected areas not under their jurisdiction could adversely affect their own mitigation and adaptation strategies and would therefore require multilateral approaches to help foster ecosystem resilience.

Asian countries believe that forums such as the APEC, EAS, SAARC and IORA would help them to highlight the concept of Blue Economy, encourage multilateral approaches, identify and develop cooperative strategies and actions plans, and move towards sustainable development of marine resources.

1 December 2014
Pakistan’s Blue Economy Ambitions: Success is in Cooperation

Vijay Sakhuja

Blue Economy has found favour in Pakistan. In a recent article titled ‘Pakistan’s ‘Blue Economy’ Potential and Prospects’, the authors have called upon the government to harness the ‘untapped maritime potential’ of the country and ‘turn from a brown economy to blue economy. The article argues that Pakistan needs capital, expertise and legislations to build the maritime sector and identifies a number of key areas that requires attention (a) Port Infrastructure including the associated rail and road systems; (b) Fisheries sector and best practices for sustainable development; (c) Stringent regulations to control marine pollution and check illegal fishing; and (d) Quality human resource for seafaring duties on international shipping.

The paper urges the government to formulate a comprehensive maritime policy and strategy through maritime ‘awareness and knowledge’ among policy makers and public, and encourage public-private partnerships to engage the industry. However, the article is silent on the sources of funding for the development of ports, shipping, fisheries, offshore energy resources, marine tourism, etc. It is fair to say that maritime sector is both financial and techno intensive and requires significant capital for building, operating and making then economically profitable. Besides, these require a variety of sophisticated technologies; in the case of Pakistan, such capability may be limited; probably the answer lies in cooperation.

Pakistan has a coastline of 1,050 kilometres and its Exclusive Economic Zone (EEZ) covers 240,000 square kilometres. It also lays claim to continental shelf of about 50,000 square kilometres. These geographical indicators may not be very impressive, but Pakistan has the potential to exploit ocean-based living
and non-living resources, which can contribute to economic wellbeing and also generate employment. Ironically, the marine sector contributes about US$240 million that corresponds to nearly one per cent of the GDP; however, the marine sector remains neglected due to a number of organisational, operational, and technological constraints.

The Indus River, which has its origins in the Himalayas and drains into the Arabian Sea, forms the Indus delta that extends southeast from Karachi to Sir Creek in India. The delta covers nearly 600,000 hectares and is rich in fish, oil and gas, and is home to mangroves, which support a rich biodiversity that is an important source of the food chain of the living resources in the north Arabian Sea.

However, the Sir Creek is a disputed area between India and Pakistan and the latter has linked it to the Jammu & Kashmir and Siachen Glacier issues, the primary issues of contestations with India. However, India prefers that Sir Creek resolution should not be hostage to the more sensitive bilateral political and security issues. There have been several rounds of talks between the two sides but did not result in any concrete proposal for delimitations of the Creek.

Given the deep animosity between New Delhi and Islamabad, Sir Creek issue is not likely to be placed high on the political agenda and a resolution is unlikely to emerge in the near future. The 2008 Mumbai terror attack, in which Pakistan based terrorists hijacked an Indian fishing boat and landed on the shores of Mumbai, further adds to Indian security considerations. Further, fishing boats from both sides frequently cross into each other's waters and are intercepted by the respective security agencies. In essence, it would require unprecedented political will in New Delhi and Islamabad to resolve the Sir Creek dispute.

Notwithstanding that, it is useful to explore if Sir Creek can be declared as a Marine Protected Area (MPA). There are nearly 6,500 MPAs in the world, and these constitute only 2.09 per cent of the oceans. India and Pakistan have declared a number of MPAs in their respective waters, but according to the United Nations Environmental Program and the World Conservation Monitoring Centre data, in 2010, Pakistan and India ranked quite low. In terms of percentages, Pakistan had 1.83 per cent of its territorial waters under MPA and ranked 76 while India had 1.7 percent and pegged at number 76.

Further, nations have international obligations to announce new MPAs. For instance, Pakistan has plans to declare
Astola Island along the Balochistan coast as a MPA. Similarly, Bangladesh recently announced the country's first MPA, called the 'Swatch of No Ground' (SoNG), to protect whales, dolphins, sea turtles, sharks and other marine species.

The SoNG borders India and can potentially encourage a dialogue between the two neighbours on issues such as threats to marine species, which can lead to legal and effective mechanisms for the protection and maintenance of biodiversity, declaration of no-fishing zones and no-fishing periods, guidelines for marine pollution, response to oil spillages, etc.

In the light of the Kathmandu Declaration, emerging from the Eighteenth SAARC Summit held at Kathmandu, Nepal on 26-27 November 2014, which has ‘recognized the manifold contributions of ocean-based Blue Economy in the SAARC Region and the need for collaboration and partnership in this area’, India and Pakistan can explore the idea of declare Sir Creek a MPA. This has the potential to result in trans-boundary dialogue to preserve the marine biodiversity of the Sir Creek which will contribute to the Blue Economy of both countries.

17 December 2014
Marine Technology
There are at least two important takeaways for the shipbuilding industry from Prime Minister Narendra Modi’s back to back speeches in New Delhi and Mumbai. In his maiden speech on the occasion of the Independence Day, the Prime Minister urged global manufacturers to “Come, make in India”, clearly showcasing the new government’s resolve to boost manufacturing. Next day, at the foundation stone laying ceremony of the Jawaharlal Nehru Port Trust (JNPT) Special Economic Zone (SEZ) and Port Connectivity Road at Mumbai, Prime Minister Modi made a vehement call for investing in the indigenous shipbuilding and cited South Korea’s success in this sector. He assured that his government ‘will encourage foreign investment in shipbuilding’.

These are indeed welcome signs for India’s shipbuilding industry which has not been performing up to its potential. It is true that the global order book had shrunk due to financial crisis from 368 million gross tons in 2008 to 160 million gross tons in 2012, but it has now shown positive signs of revival. However, the Indian order book remains weak. Further, Philippines, Brazil and Vietnam have emerged as other important shipbuilding nations and could pose challenge to the Indian shipbuilding industry. It is useful to take an overview of the performance of the Indian shipbuilding industry in the last decade. According to EXIM bank, during the period 2002 to 2011, India’s global ranking improved from the 22nd position to the 10th position in 2008, and the export earnings increased from US$ 56 million to US$ 7 billion. During this period, India’s share in global shipbuilding improved from 0.1 per cent to 1.0 percent. It achieved the 5th position in 2009 and by 2011, India was ranked as the 4th largest exporter of ships and boats, accounting for 3.7 per cent of global exports. In 2012,
India’s export earnings touched US$4.1 billion but declined to US$3.6 billion in 2013 and was ranked 7th in global positioning. Indian shipyards face a formidable competition from global shipbuilding giants such as Japan, Korea and China who control nearly 87 per cent of the international market. The Japanese and Korean shipbuilders are known to produce world class vessels; the Chinese too enjoy a favourable market and their shipyards are able to capitalize on low labour costs and a good ancillary industry supports ship production at relatively lower costs. Several countries have accorded ‘strategic’ status and setup financial mechanisms to support their shipbuilding sector. For instance, Brazil has the ‘Merchant Marine Fund’, the Philippines has labeled shipbuilding as ‘Strategic Industry’, Vietnam has taken the route of ‘Joint Ventures’ and Malaysia has set up ‘Specialized Marine Financing Institution’ and ‘Marine Finance Scheme’.

Indian Shipping Ministry has also decided to promote indigenous shipbuilding and efforts are afoot to engage financial institutions such as IFCI and IDBI to establish a fund to extend loans to shipbuilders. There is also some talk about declaring shipyards as Special Economic Zone (SEZ) and shipbuilding a ‘strategic’ sector. These initiatives should be able to address a number of grievances of the Indian shipbuilding industry which is unable to compete in the international market. Further, the private shipyards are expected to invest nearly US$4.3 billion and the public sector has plans to invest US$1.18 billion should be taken as positive signs of the likely revival of the Indian shipbuilding sector. There are plans to use only Indian-made LNG vessels to carry imported gas and this policy could be extended to oil and other dry bulk cargo, which could further boost the domestic shipbuilding industry. In that context, the government appears to encourage technological expertise to be imported to meet the above policy initiatives.

Currently, there are 27 major shipyards (8 Public Sector and 9 Private Sector) capable of building vessels of up to 1,10,000 dwt and these can be classified as small in comparison to international shipyards in China, Japan and Korea. Further, the Indian capacity to build vessels is only about 5,00,000 dwt which needs to be expanded through up-gradation in terms of dock capacity, crane capacity, research and development in ship design, and above all the development of the ancillary industry which involves the capability to produce engines, gear boxes, air
conditioning systems, firefighting equipment, ships fittings, navigation aids, etc. An offset policy for foreign investment in shipbuilding can promote ancillary industry in the country. At another level, shipbuilding is dependent on skilled human resource which can be addressed by both the government and the shipyards. The ITI’s are an excellent source of skilled personnel for shipbuilding, and the shipyards need to work closely with these institutions to promote shipbuilding related trades. Further, developing green-field shipyards on both east and west coast for building and repairing larger ships would contribute significantly to India’s shipbuilding capability.

15 September 2014
Shipbuilding Lends to ‘Rise Of Asia’: Can India Contribute?

Akshita Mathur

The global shipbuilding industry is currently dominated by Asia. In contrast, during the 1960’s, Europe accounted for almost 70 percent of the world’s shipbuilding capacity. Over the last 40 years, there has been a progressive shift in geographic locus of global shipbuilding from the West to the East, in tandem with the ‘rise’ of Asia. Japan became the world’s leading shipbuilder in the 1960s, followed by South Korea in the 1980s, and China since the 1990s. At present, shipyards from these three countries are the largest players in each of the four major market segments of tankers, bulk carriers, container ships and offshore vessels. Together, in 2013, the three Asian countries accounted for 90 per cent of global shipbuilding. This paper examines the key factors, which enabled these countries to succeed, and aims to draw lessons for India.

Key Drivers

The fundamental building blocks for success for all three countries – China, Japan and South Korea – are similar. The key enablers of shipbuilding industry are the availability of raw material, human resource and technology, and government policy.

The key ingredient for building ships is steel. The maturing of steel-production in Asia helped the shipbuilding industry grow. The second is skilled labour. Although initially, low-cost and abundant labour precipitated the industry’s shift to Asia, development of skills among the labour helped shipyards deliver quality and gain competitiveness.

A third determinant is shipbuilding technology. Japan and South Korea have traditionally possessed a stronger scientific base than China. However, following technology infusion and best-practices, China now produces better ships in more complex segments such as Ultra Large Container ships, and is also making inroads into the fast-growing Liquefied Natural Gas (LNG) segment. The opening up of the Arctic Northern
Sea Route has led to a growing demand for specialized ice-class vessels, the hulls of which are built in either South Korea or China. A fourth driver is government policy. Many governments support respective shipbuilding industries because it creates skilled labour force, stimulates ancillary industrial activity, spurs employment, and bears potential strategic applications. While political support is important, fiscal support and incentive from the government matter more.

**Asian Giants in Shipbuilding**

**South Korea**

South Korea supplies almost half of the world’s ship requirements and has been a global leader in shipbuilding since 2003, when it outpaced Japan and Europe, who had dominated the industry for decades. Its government designated shipbuilding as a strategic industry. In 2012, it was home to seven of the world’s ten largest shipbuilding companies. This could also be attributed to government strategies that included capital funding, supportive policies and facilitation of joint ventures with international companies, which enabled access to latest technologies. The government also adopted pro-active policies such as relaxing tax regimes for private sector to stimulate Foreign Direct Investment (FDI) through deregulation.

**Japan**

Japan’s trademark being quality and timely delivery, its shipyards were long preferred for placing shipbuilding orders. Its core products include oil tankers, bulk carriers and container ships, which comprise a major portion of the world’s shipping fleet today. In the 1950s, it began deregulating its shipping industry by adopting private administration and a liberal monetary policy. The interest rates were deliberately kept low and stable, and banks were lenient in the disbursement of loans, while also providing for over-loans and loan deferment options. These measures helped to meet the business need for capital investment, especially the capital-intensive heavy industrial sectors like shipbuilding. Other forms of support to the shipbuilding industry included tax benefits and financing through the EXIM (Export-Import) banks.

**China**

The development of China’s shipbuilding industry is often compared to that of South Korea, but the conditions of the two were fundamentally different. South Korean shipbuilding industry was essentially export-oriented. In contrast, China’s strategy was to develop shipyard capacity to sustain domestic economic development and to become self-sufficient in maritime transportation.
Over the last decade, the Chinese government has taken several measures to provide impetus to the industry. These include incentives and support in the form of direct aid, loss reimbursements, tax subsidies, etc. Chinese shipbuilders also entered into a number of technical cooperation agreements and joint ventures with Japanese and South Korean shipbuilding firms, which provided access to advanced ship-designs and shipbuilding technologies.

Relevance for India

India ranks amongst the major global exporter of ships, clearly showcasing its potential. However, despite being at an advantage in terms of the key drivers of shipbuilding such as a low labour cost and abundant availability of raw material, Indian shipbuilding industry is beset by a lack of structured policy framework and governmental support, and an inefficient public sector industry characterized by high time and cost overruns. Nonetheless, Indian shipbuilding is doing remarkably well in the warship sector, where the Indian Navy provides the design expertise. A propitious development for India is the recent emergence of private shipyards across the country. These private players contribute significantly to India’s GDP; and looking from a larger perspective, can also contribute to the larger ambit of national security. The government needs to formulate a plan to support commercial shipbuilding, alike the defense shipbuilders. The government could also set up a marine fund to support the domestic shipbuilding similar to the merchant marine fund of Brazil. India can draw lessons from China in terms of collaborating in joint ventures with other countries, especially in terms of technology-sharing. A strong public-private partnership could also revitalize the shipbuilding industry.

The recent initiative by the Indian government of the ‘make in India’ concept could be capitalized to make a paradigm shift from being a buyer to a seller. The analysis of the various facets of the global shipbuilding industry clearly shows that India needs to look at multiple innovations including in the areas of regulatory framework, investment policies, trade policies, fiscal policies, infrastructure, research and development, skill, financing process, collaboration and technology. Shipbuilding being a capital-intensive industry requires all the above facets to be addressed concurrently, and not on piece-meal basis. The emergence of private shipyards and the change in policies towards FDI may be an opportune moment for India to showcase its prowess to the world, and contribute to the ‘rise’ of Asia.

10 November 2014
Very Large Ethane Carriers (VLECs)\textsuperscript{1}: The ‘New Kid on the Block’

*Kapil Narula*

**Introduction**

Ethane (\(\text{C}_2\text{H}_6\)) is a member of the family of Natural Gas Liquids (NGL) and is used as a feedstock in the petrochemical industry. Oil refineries distill crude oil to produce various products such as LPG, naptha, kerosene, gas oil, petrol and diesel. Some of these are further processed for obtaining feedstock for petrochemical industry. Steam ‘cracking’\textsuperscript{1} plants which use naptha or ethane are often collocated with refineries and produce ethylene which is the base chemical used for making plastic and other synthetic material.

Consequent to the shale gas revolution, ethane is now available abundantly in the US and the export market for ethane is growing by the day. In 2013, the domestic demand for ethane in the US, was 960,000 barrel per day (bpd), while its supply was 1.155 million bpd. This situation of oversupply led to a sharp decline in the price of ethane which has fallen from a peak of over US$150 a barrel in 2008 to under US$50 a barrel in 2014. Compared to the price of ethane, the price of naptha, which is an alternate feedstock for the ‘crackers’, is more than five times.\textsuperscript{2} This differential in price is now forcing industries to modify their ‘crackers’ to use ethane instead of naptha for producing ethylene.

**Emergence of VLEC**

Very Large Ethane Carriers (VLECs) are deep sea going vessels specially designed to carry liquefied ethane over long distances. Although ethane is being transported over sea, seaborne trade in ethane is marginal and LPG carriers are used for short haul North Sea routes in small quantities.\textsuperscript{3} Out of the 1150 liquefied gas carriers which are currently available, 800 are used to carry LPG and other products such as butane, propane and similar derivatives; 200 of these ships carry LNG and the rest
are designed to carry ethane/ethylene. Currently there are 141 small sized ethane and ethylene carriers worldwide with capacities ranging from 918 m³ to 22,000 m³. However, due to surplus shale gas production, there is a growing demand from petrochemical plants worldwide for cheap ethane. This has led to the birth of a new class of vessels for transporting liquefied ethane, which has significantly higher carrying capacities, over longer sea routes such as from the East coast of the U.S. to North–West Europe and to Asian countries.

**Growth in Ethane Shipping**

Production of shale gas in the U.S. has increased substantially, and the supply of ethane is forecasted to grow to 2.017 million bpd, while the off take from the domestic refining industry is expected to lag at 1.615 million bpd in 2019. It is also forecasted that the ethane surplus could be up to 6m tonnes a year by 2015 and 12m tonnes by 2020. The availability of surplus ethane and the drastic fall in prices of ethane therefore presents an opportunity for undertaking ethane exports via the maritime route. In response to the growing export potential of ethane, US based NGL exporter ‘Enterprise Products Partners’ has announced that it would build a 240,000 bpd ethane export terminal at Morgan Point on Houston Ship Channel, which is expected to begin operations by the end of 2016. It is estimated that the export of ethane from this shipping terminal would require around 25 large ethane vessels. Table 1 shows a selected list of newly ordered VLECs currently under production.

It is evident from the above data that the maritime industry is preparing for a growth in ethane trade in the next few decades and is ordering for VLECs in anticipation of this growing trend.

**Design Features**

Liquefied gas carriers can be primarily classified into three types: fully pressurized vessels; semi-pressurized and semi/fully refrigerated; and fully refrigerated. The differences in capacity and the designed temperatures at which the cargo is carried are shown in Table 2 below.

Fully pressurized vessels are the simplest to construct as they do not have any temperature or pressure control equipment onboard. However they have thick tank walls to contain the high pressure and are therefore used to carry small cargoes over short distances. Semi-refrigerated carriers carry refrigerated cargo while fully refrigerated ships carry liquefied gas at lower than minus 50 degree centigrade (C). On the other hand, ethane carrying ships have a more
complicated construction as they carry ethane at minus 104 degree C.

Unlike LNG carriers, ethane carriers have onboard refrigeration and liquefaction facilities. They also have thermal insulation and a gas containment system depending on the shape of the tank in which they carry the cargo. While Type A (prismatic tanks) require a full secondary barrier, Type B (spherical tanks) requires a partial barrier. Although Type A is the preferred design option, as it better utilizes the existing onboard space, it requires additional barriers in form of stainless steel membranes for protecting against leakages and insulation to maintain the refrigeration. This adds to the complexity in the design of these ships and also increases their costs.

Table 2

<table>
<thead>
<tr>
<th>Liquefied gas carriers</th>
<th>Capacity</th>
<th>Temperature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully pressurized vessels</td>
<td>3-5,000 cu.mt</td>
<td>minus 10 to minus 50 degree C</td>
</tr>
<tr>
<td>Semi-refrigerated carriers</td>
<td>5-15,000 cu.mt</td>
<td>lower than minus 50 degree C</td>
</tr>
<tr>
<td>Fully refrigerated ships</td>
<td>15-85,000 cu.mt</td>
<td>minus 104 degree C</td>
</tr>
<tr>
<td>Ethane carrying ships</td>
<td>1500-15,000 cu.mt</td>
<td>minus 104 degree C</td>
</tr>
<tr>
<td>LNG carriers</td>
<td>125,000-135,000 cu.mt</td>
<td>minus 163 degree C</td>
</tr>
</tbody>
</table>
Advantages

VLECs are fully refrigerated carriers and have semi-pressurized tanks. As these requirements are much more stringent than those which are required for ships carrying liquefied gas cargo, these can serve as multi-fuel commodity carriers, thereby offering much more flexibility in undertaking trade in gaseous liquids. These ships are also equipped with powerful re-liquefaction units and can therefore load or discharge at virtually all pressurized and refrigerated terminals. This makes them versatile carriers for gas cargo-handling ability.

VLEC is built in a way that they utilize ethane to power their engines. This shift from Heavy Furnace Oil (HFO) to natural gas for ship propulsion has a significant positive environmental impact. Ethane as a fuel for ships has almost negligible sulfur emissions, lower emissions of Particulate Matter (PM) and emit 15-20% lower $\text{CO}_2$. The clean nature of ethane as a fuel therefore is a boon to the shipping industry which wants to switch to a cleaner fuel in the long run. Further these ships would be able to operate in Emission Control Areas (ECA) in Europe and U.S. and therefore have an added environmental advantage over conventional carriers.

Emergence of VLECs on the shipping scene would result in a large number of opportunities. However, building of new ships will also be accompanied by its set of challenges which have to be overcome to encash the new opportunities.

Opportunities

VLECs have led to the possibility of import of ethane from U.S. at a fraction of the current costs of naptha. This is evident in the recent order of six VLEC by Reliance Industry which has plans to enter into a long term contract for the next 10-15 years with a U.S. firm for supply of ethane as feedstock for its Jamnagar refinery. This presents a significant economic opportunity to lower the cost of raw materials and would help in increasing the profitability of Indian petrochemical industry.

The ramp up in construction of VLEC also opens up the possibility of building VLEC in commercial and government owned shipyards in India. As these ships are of newer designs, well established shipyards in Korea and Europe may not have the traditional monopoly in the design and production of these ships. Hence construction of this new class of ships represents a commercial opportunity for the Indian shipbuilding industry.

As large number of ships may finally end up serving the Asian market, it may be profitable to form a Joint Venture
(JV) between the India and leading shipyards in China and South Korea to bid for construction of VLECs. Setting up VLEC building facilities in India will be in line with the ‘Make in India’ policy of the Modi Government. A consortium of like minded industries might then consider giving a bulk supply order for construction of VLECs to such a JV. This would stimulate the Indian shipbuilding sector and would aid in providing jobs while leading to the growth in ancillary industry and expertise for ship construction in India.

**Challenges**

Shipbuilding industry is gradually picking up in India and private shipyards are now challenging the monopoly of PSU shipyards. Although the private shipyards may not be able to match the well established yards like Mazagon Docks Limited (MDL) in building complex warships and submarines, they are presenting cost effective options for building commercial ships in a time bound manner. Notwithstanding these advances in shipbuilding in India, building of VLECs requires state of the art design and advanced technology. Safety requirements for such ships are very stringent and therefore highest standards of quality and safety are paramount. The Indian shipbuilding industry will have to therefore rise up to this challenge to produce world class ships.

The key technological requirement is the design of gas containment technology as VLEC carry ethane at a high pressure. Further, carrying large quantities of liquefied ethane in a single hull will require additional modifications in the design of tanks such as providing additional tank support as ethane is heavier than LNG. Another challenge is to modify the main propulsion engine for using ethane as a fuel. This would involve modifying the LNG powered engine to be fired using ethane which has to be pumped at a higher pressure and would involve accompanying redesign of valves, pipes and material changes.

Ship building is a costly activity and each VLEC costs upward of US$ 75 million. This high cost of a VLEC represents a significant ‘sunk investment’ for the ship owners. Given that production of shale gas is forecasted to peak in 2022 worldwide, the maritime industry is somewhat divided in its approach to increase the capacity of ships for transporting ethane. As in the case of emergence of large scale trade of any new commodity, the chicken and the egg dilemma is being faced by the shipping industry. The first approach is to first build VLECs (it takes upto two years to build a VLEC) which
can be chartered by companies as and when the trade picks up in the next few years. The second approach is to build VLEC on specific orders. Although such projects do not carry any financial risks but these ships are tied up in long term commitments to transport ethane on fixed routes. This leads to lower profits and an inflexible and inelastic market for shipping. The approach taken by the shipping industry varies but it is certain that the demand for VLECs will rise significantly over the next two decades in order to off take ethane from the upcoming ethane export terminals on the U.S. coast.

Classification by various societies such as ABS, DNV GL and Lloyds is also under consideration for these ships. Regulatory standards for these ships are also evolving and are expected to be very stringent. Specialized training to the

ship crew and cargo operators to handle ethane both onboard and at ports would also be required.

Conclusion

Growth in transportation of ethane is evident due to the shale gas revolution. In response to this need, VLECs are emerging as a new class of ships which are set to rule the high seas in the forthcoming decades. These ships have many advantages over conventional carriers and presents significant economic opportunities for ship owners and shipbuilders. Although there are design challenges and limitations, these hurdles will have to be overcome in order to benefit from the growth in trade of ethane. VLECs are therefore the ‘New Kid on the Block’ in the shipping domain.

5 December 2014
Shipbuilding, when undertaken indigenously, can enhance the economy of any developing nation, since it has the ability to provide work to several manufacturing industries. If we flip the pages of world history, we can note that the industrial revolution in the United Kingdom (UK) and in the Europe was one of the main reasons for traditional shipbuilding to get transformed into a factory based business, which eventually resulted in the enhancement of their manufacturing sector and thus their economy. Similar, during the Second World War, when the United States’ (US) industrial produce could not get transported across the globe, due to non-availability of merchant tonnage, it was its shipbuilding industry, which helped it to quickly build ships (Liberty and Victory classes), which livened up their economy.

Post-Second World War, when the Japanese economy was totally shattered, they picked up shipbuilding as one of the industry which can improve their economy; and their bet on shipbuilding gave the desired results. South Korea, which was ravaged after their civil war, had identified shipbuilding as a core industry – amidst 10 others – to improve their economy; and they were able to stage phenomenal economic growth due to this decision. China, which wanted to improve its economy, had identified manufacturing as the main sector to push their economy, upward. Within the manufacturing sector, China betted on shipbuilding sector, as this suited their military and strategic requirements. Today, shipbuilding is one of their main industries in the manufacturing sector, which has been responsible for the growth of their Gross Domestic Product (GDP). This essay aims to establish the link between the micro-economics of shipbuilding and the macro-economics of a nation.
History has clearly indicated that the reason for most of the developing nation to focus on shipbuilding is because of the ecosystem that shipbuilding provides for improving the economy. When shipbuilding consumes raw material for construction of the hull and outfitting of the equipment, it places demand on those industries which produces raw materials such as steel and equipment such as main engine, motors, pumps, etc. Around 60 per cent of the cost of constructing a ship goes towards procuring raw materials; thus a major part of the money from the shipyard goes to the supplier of raw materials and equipment. Secondly, shipbuilding and the other industries which supply raw material to the shipyard use manpower for executing production work. Around 10 per cent of the cost of building a ship goes for paying the labour force. Thus we can note that shipbuilding ensures rotation/circulation of money, which is very essential for the growth of any economy. This qualitative argument, when indicated in quantitative term, justifies the above theory.

A shipyard purchases raw material and equipment required for building ships from around 13 industries. These 13 industries and the percentage share with respect to the total material cost is as follows, steel (20 per cent), electrical, electronics and communication systems (17.85 per cent), engines, DG sets and related machinery (15.43 per cent), anchor, windlass and shipping machinery (8.65 per cent), pipes and tubes (8.01 per cent), deck covering, insulation and paints (6.15 per cent), fabricated metal products (5.48 per cent), air conditioning and refrigeration systems (5.47 per cent), pumps, motors and propulsion systems (4 per cent), industrial valves (3 per cent), firefighting systems and chemicals (2.25 per cent), cranes and gangways (2.2 per cent), and life-saving equipment (1.51 per cent). These 13 industries can be classified as tier-I industries. These tier-I industries, source their raw material from several other industries (around 14 industries), which are designated as tier-II industries. For example, a steel manufacturer requires iron, basic metals and coal from the mining sector, and energy/power from the suppliers of fuel. The mining and the fuel supplier becomes part of tier-II industry. A matrix depicting the dependency of tier I with tier II industries, with detailed mathematics is illustrated in the book “Prosperous nation building through shipbuilding”. This mathematical analysis reveals the percentage share received by each industry associated with shipbuilding, which is as follows: Automotive components (5.54 per
cent), iron and steel (5.49 per cent), mining (4.2 per cent), castings and forgings (3.89 per cent), basic metal (3.31 per cent), chemicals (2.88 per cent), fabricated metal (2.2 per cent), fuel (0.9 per cent), pipes and tubes (0.58 per cent), electrical (0.3 per cent), pumps and motors (0.22 per cent), oil (0.19 per cent), paint (0.16 per cent) and packaging (0.14 per cent).

From the above analysis, it can be observed that shipbuilding promotes several other industries, in addition to providing opportunity for labour workforce in the shipyard as well as for tier I and II industries. The above study has been done for commercial ships carrying merchant cargo only; however, in the case of warship, the cost of raw material will be more due to higher cost of weapons and sensors, and the effect on tier I and II industries will be similar.

Countries such as Japan, South Korea and China took up shipbuilding as one of their strategic industries during their developing phase, because of the ability of shipbuilding to provide an inclusive growth. India is also in the developing phase and wants to increase the share of its manufacturing sector in the overall GDP since this sector can provide long term, sustained and inclusive growth. India has set an ambitious target for the manufacturing sector to contribute around 25 per cent of the GDP, from the present value of around 15 per cent. Shipbuilding may be considered as a mother industry, which can promote several other downstream ancillary industries, subject to the fact that all the raw material required for building a ship is procured from indigenous sources. Presently, this is not the case in India for several reasons, which needs detailed analysis. Primarily, there are certain policy issues related to indigenous shipbuilding, which when addressed, shall facilitate Indian shipbuilding to act as a mother industry, and develop several ancillary industries around it, which in turn can push the national economy, as has been successfully done by several other countries.

29 December 2014
Legal Issue
Efficacy of counterterrorism legislation, including and no less in the maritime domain, can be evaluated in terms of how far they are able to prevent and deter terrorists and how far they aid in correcting and bringing them into the political mainstream. While prevention is predominantly act or resource-oriented (except in cases when a person is taken into preventive custody based on clear evidence that he or she would be involved in a terrorist act if unconfined), deterrence and correction are offender-oriented.

The aim of prevention strategy of a counter-terror law is to make the whole environment as unfriendly and as difficult as possible for terrorists. WW Minor calls this target hardening, and Oscar Newman terms it defensible space. Provisions in counterterrorism laws providing for prohibited/security zones, checkpoints, surveillance, curfews, preventive detention, proscription, obstructing the flow of financial and other resources, and so on, fall under this category.

It is true that preventive methods are able to give some immunity to targets, but only to a certain extent. States found this strategy useful especially in preventing hijacking by making screening and surveillance compulsory in their legislation. The major problem, however, is crime displacement: in response to the state’s combat strategies, terrorists shift either their target or mode of attacks. One of the main crime displacement methods adopted by some terrorist groups is the suicide attack, which is qualitatively different, appearing almost supernatural, extremely lethal, and impossible to stop.

Preventive detention provisions in counterterrorism laws, which are far more stringent than those in normal criminal laws, try to target sleepers or would-be militants, who could be
detained based on suspicion or on information available well in advance. Since preventive detention provisions do away with the presumption of innocence, there is more likelihood of their misuse by law enforcement. They could be used to settle personal scores or for political interests or just indiscriminately against a particular ethnic group. The main issue is the basis for suspicion and who decides on suspects.

Proscription provision in terror laws is aimed at making it a crime to support or to be part of any terrorist organization. By criminalizing a particular group, it sends a clear message to the people that the proscribed group has been engaging in unlawful and dangerous activities and that associating with that group or its members is tantamount to committing a criminal offense. In that case, the proscribed terrorist group might find it difficult to operate. However, terrorist organizations tend to react to banning in one of the two ways: either the group goes underground and intensifies its violent response, or it changes its name and continues its activities as before. Either way, the net effect does little to bring down the level of violence by the organization. Counterterrorism laws should negotiate these hitches.

Deterrence is considered the most important strategy of counterterrorism legislation. The objective is not only to deter would-be terrorists from committing acts of terror, but also to increase the likelihood of terrorist acts meeting with social indifference or contempt by inflating their wickedness. Counterterrorism laws aim to enhance the deterrence value to a new level in three ways: increasing penal provisions; increasing the power of the security forces, especially in arrest and detention; and minimizing due process, including doing away with trial by jury.
Yet, is it possible to deter terrorists whose basic objective is to oppose the very rules and norms of the state they are fighting against? According to Breham and Breham's theory of psychological reactance deterrence produces a deterrence curve, with a positive slope, and a defiance curve, with a negative slope. Whether a particular form of deterrence works or not depends on the net effect of the two curves (if the positive slope is steeper than defiance curve, it works). If deterrence affects a critical freedom of a particular community or group, that community might choose to defy the deterrence. Terrorists tend to exploit this tendency in people by provoking maximal deterrence of the state and in turn gaining popular support and legitimacy for their struggle. Al Qaeda's depiction of the US ‘war on terror’ as just another crusade is a good example.

To maintain the value of deterrence, counterterrorism laws entrust security forces with wide discretionary powers, often in addition to immunity from prosecution, which often results in indiscriminate repression. Indiscriminate repression might quell terrorism, but along with that, it may also destroy community, friendship, justice, and the common good, some of the very qualities espoused by democracies.

Counterterrorism laws also try to limit the role of the judiciary – which is supposed to act as a ‘watch dog’ against any misuse – to a bare minimum in two ways: by eliminating or diluting ‘judicial review’ and by incorporating minimal due process as against optimal due process. Minimal due process reduces the accountability of government's coercive apparatus, resulting in abuse of provisions of laws for political ends by flouting built-in safeguards and exploiting discretionary powers. This is known as the ‘dialectics of legal repression’—the appearance of formal legal rationality but at the same time the abandonment of it. There are other issues that arise during the process of trial of cases under counterterrorism laws. Speedy trial is hampered by the workload of courts. Some countries deal with this problem by setting up special courts. Such courts, however, may be perceived by the affected minority as serving the interests of the dominant community. If no witnesses are forthcoming to testify against militants, whether out of fear or out of sympathy for the militants cause, how can the prosecution frame charges? For this reason, some countries provide in their counterterrorism laws for acceptance of confessional statements as evidence. But such arrangements often give rise to extraction of confessions through torture, which again is counter-
productive. Apt counter-terrorism legislation moderates these ill-effects.

Being at the lower end of priority of operation, the main aim of ‘correction’ provisions incorporated in counter-terror laws is to induce change in the attitude of terrorists and thereby moderate their radical views. This strategy lays emphasis on the basic trust in the ability of man to rehabilitate himself and to proceed towards a re-adaptation of his behavior. On release, therefore, he is expected to abandon the cause in question and reintegrate into the society. But there are certain issues. First, how far hard-core militants can be rehabilitated? There is the likelihood, moreover, that they may influence ordinary prisoners and recruit them while in prison. For internment. To avoid this, militants may be segregated, but such an exercise might help the segregated militants to organize and plan within the prison walls. Internment becomes a kind of ‘Staff College’ for the militants, enabling them to regroup. Second, are prison conditions better for correction? There are two aspects involved in imprisonment: imprisonment as punishment, and imprisonment for punishment. In the first aspect, solitary confinement and denial of societal contacts is regarded as punishment. In the second, apart from the first aspect, added humiliations are considered part of punishment. The latter aspect by default gets activated owing to poor prison conditions, resulting in the counter-productiveness of the whole corrective system. At times, counterterrorism laws suspend normal prison rules and make militant prisoners ineligible for certain concessions available to normal prisoners.

Ultimately, the success of any counterterrorism legislation depends on how the provisions bearing all three levels – ‘prevention’, ‘deterrence’ and ‘correction’ – are incorporated and implemented in a balanced manner.

19 February 2014
On 23 May 2014, during the Indonesian President’s state visit to the Philippines, the two countries signed a ‘milestone’ agreement to resolve their unsettled maritime boundary. An Indonesian official gazette declared the agreement, and also carried its text and a chart indicating the coordinates of the International Maritime Boundary Line (IMBL) stretching from the Celebes Sea to the Philippine Sea (Map 1).

Interestingly, the IMBL settlement fructified after bilateral negotiations sans any external arbitration. It may be pertinent to mention that India’s maritime dispute with Bangladesh is being arbitrated upon by the Permanent Court of Arbitration at the Hague, with the verdict expected to be delivered in June 2014.

The intervening maritime area addressed by the Philippines-Indonesia IMBL agreement is not only rich in fish and hydrocarbon resources, but also encompasses key international shipping lanes (ISL). Official sources have not released the techno-legal details of the settlement. Nonetheless, a comparison of the geographical coordinates agreed upon (Map 1) with the equidistant coordinates of 2010 (Map 2) indicates that an ‘equitable’ settlement was based on the ‘equidistance’ principle.
The IMBL agreement needs to be assessed not only in terms of local maritime security, law enforcement and economic/resource issues, but also its broader geo-political import in the context of the lingering maritime disputes between China and the Southeast Asian countries. It may also be worthwhile to draw its implications for India, if any.

**Maritime Security**

Before the IMBL settlement, fishermen of one country were often arrested by the maritime law enforcement agency of the other country, for what the latter perceived as illegal fishing in its maritime zone. With a clearly demarcated IMBL, the fishermen would be able to operate in their own waters without fear of such arrests.

Another key bilateral contention was the issue of Filipino fishing vessels transiting the Indonesian Exclusive Economic Zone (EEZ) to reach their fishing areas in the Pacific Ocean. This is likely to be resolved now with Indonesia being able to formulate domestic maritime legislation catering for the rights of Filipino fishing vessels to exercise freedom of navigation through its EEZ, as bestowed by the United Nations Convention on the Law of the Sea, 1982 (UNCLOS).

The agreement would also help the two countries to check transnational maritime crimes like piracy, drug trafficking and gunrunning.
A mechanism for coordinated naval/coast-guard patrols along the common boundary is now conceivable, which could effectively deter such crimes. The pact would also enable protection of the maritime environment, including in terms of sustainable exploitation of living resources, as stipulated by UNCLOS.

**Import for Security Forces**

Attendant to the above, the agreement could be of immense help to the maritime security forces of both countries. Their navies and coast guards will no longer need to deal with the issue of illegal fishing across the established IBML, and would now be able to focus on the more exigent imperatives concerning their respective maritime disputes with China, based on the ‘nine-dash line’ promulgated by Beijing.

For the Philippines, the dispute encompasses the entire western swath of its maritime frontier facing the South China Sea (that Manila calls the West Philippine Sea) – from Spratly Islands to Scarborough Shoal. For Indonesia, the ‘nine-dash line’ overlaps with its maritime zone off Natuna Islands (Map 3).

The IMBL settlement would also help assuage Jakarta’s broader anxieties with regard to the security of its 17,000 plus island territories. Considering the extensive geographical spread of the archipelagic country, Indonesia’s maritime surveillance and law enforcement capacity is severely constrained. The agreement with the Philippines would serve to contribute – albeit to a limited extent – to address the current ‘overreach’ of Indonesia’s navy and coast guard.

**Resource Imperatives**

Although both the Philippines and Indonesia are archipelagos with extensive maritime zones, their access to offshore resources – particularly hydrocarbons – may have been a significant driver for the two countries to settle the IMBL. With the dispute with Indonesia (on its southern frontier) added to the one with China (along its western maritime frontier), the Philippines was
constrained in prospecting for offshore oil and gas, or to make such offers to foreign companies.

Indonesia encountered a similar predicament. It has not yet demarcated its maritime boundaries with Malaysia, Palau and Timor L’este (besides the Philippines thus far). It had settled its IMBLs only with India (1977), Australia (1997) and Singapore (2009), which constitute a relatively small portion of its extensive maritime frontiers that bear enormous resource potential.

Geo-political Imperatives

It is well known that China has been asserting its maritime claims against the Philippines (and Vietnam) with increasing bellicosity. In April 2012 for instance, Chinese Maritime Surveillance (CMS) vessels clashed with the Philippines Navy while preventing the arrest of Chinese fishermen who were fishing illegally off the Scarborough shoal. In January 2013, the Philippines filed an arbitration case against China in accordance with UNCLOS Article 287 and Annex VII.1

Although Indonesia’s maritime contention with China off Natuna Islands was dormant for long, Jakarta has lately been more vocal on the existence of the dispute. Chinese fishing activity in the area has also increased more recently, leading to Indonesia augmenting its naval deployment.2 In March 2013, for instance, an Indonesian government vessel HiuMacan 001 seized a Chinese fishing boat operating Indonesian EEZ about 200 km northeast of Natuna Island. Despite higher directives to HiuMacan 001 to transfer the Chinese fishermen ashore for legal proceedings, its Captain was compelled to release the men following threats and harassment by a Chinese patrol ship.3

The most pressing imperative for the IMBL agreement, therefore, is likely to be the geo-political dimension. Although bilateral meetings on Philippines-Indonesia IMBL delimitation began 20 years ago in June 1994, the process gained momentum after March 2011, when the two countries formally agreed to accelerate the negotiated settlement. The fact that the agreement was signed in the wake of China’s growing politico-military assertiveness to further its maritime claims and its hesitation to sign a legally-binding Code of Conduct (CoC) indicate that the settlement was driven by geo-political imperatives (and possibly, also the economic/resource incentives), rather than being a consequence of technical (hydrographic) breakthrough in arriving at an equitable settlement. The agreement may be among the measures to pose a united ASEAN front against China.
As for the Philippines, the recent Chinese muscle-flexing was building tremendous pressure on Manila to deter China. The ‘Enhanced Defense Cooperation Agreement’ (EDCA) it signed with the United States in April 2014 may also be seen in this context. In such circumstances, Jakarta’s cooperative stance is likely to have been driven by inter alia its emerging leadership role in ASEAN and its increasingly vocal endorsement of the use of politico-diplomatic tools to resolve bilateral disputes. While signing the agreement, the Indonesian President emphatically stated that “…any of the tension (sic) must be resolved peacefully without the use of military force.”

Implications for India

In the broader geo-political terms, any development that reinforces Southeast Asian solidarity – not necessarily against China – may be seen positively in India, particularly in terms of furthering its ‘Look East’ policy.

More specifically, any development – albeit incremental – that serves to resolve disputes and buttress established international norms – is also good news for New Delhi. Among the key norms is freedom of navigation. Such assurance is particularly essential in the South China Sea, which is among India’s stated areas of maritime interest.

In legal-technical terms, the ‘equidistant’ principle of the Philippines-Indonesia IMBL agreement (though adjusted for equitability) strengthens the international norm as a basis of maritime boundary delineation. It may be recalled that India has always insisted on this principle as the basis of IMBL agreements with its neighbours, including the pending issue with Bangladesh.

It is pertinent to add that any dispute resolution process – even if based on equidistant coordinates – cannot possibly be completely objective. Even while technical aspects are examined threadbare, political ‘give and take’ based on realpolitik is a crucial determinant of any outcome. In this context, the Indonesia-Philippines case is instructive for India. A bilateral negotiation has the distinct advantage of greater control over the desired outcomes. On the other hand, an external arbitration leads to uncertain outcomes that may be sub-optimal for both parties. While the arbitration over the dispute with Bangladesh is fait accompli, it may be prudent for India to resolve the Sir Creek/maritime dispute with Pakistan through bilateral negotiations.

30 May 2014


China–Philippines Maritime Boundary Resolution: A Case for International Arbitration

Akshita Mathur

In recent times, a number of bilateral maritime dispute have been brought before the International Tribunal on Law of the Sea (ITLOS). Bangladesh–Myanmar, Philippines–Indonesia and Malaysia–Singapore have successfully resolved their maritime dispute through international arbitration. On 7th July 2014, the Permanent Court of Arbitration (PCA) delivered its judgment on the maritime boundary dispute between India and Bangladesh in the Bay of Bengal. This verdict has settled a long standing contention between these two countries. The judgment is a positive development and has resolved a major source of tension in bilateral relation. It has also paved the way for more effective cooperation in managing the vast maritime area with the Bay of Bengal and its resources and amounts to a ‘win-win’ outcome for both parties. Significantly, the Philippines foreign minister has referred to the India-Bangladesh maritime boundary resolution as a good example for resolving maritime dispute between China and Philippines. The relations between the Philippines and China have been strained over the years due to their lingering maritime-territorial dispute in the South China Sea (SCS). The Philippines claims Scarborough Shoal and the Thomas Shoal on the basis of geographical contiguity. After Japan renounced sovereignty over these islands in 1951 through the treaty of San Francisco, there was res nullius. The Philippines argued that the islands lie within its archipelagic baselines, and thus belong to it in accordance with the 1982 United Nations Conventions on Law of the Sea (UNCLOS). China on the other hand, claims sovereignty over these islands on the basis of its historic claims. China’s expansive maritime
claims also overlap with Philippines claimed EEZ. The maritime dispute has been a major flash point between these two countries, which remains unresolved since the naval confrontation in 1995.

Ever since China emerged as a regional power in Asia, it has been increasingly assertive to further its territorial claim in the SCS, and has announced the nine-dash line shown on the Chinese maps over which it claims sovereignty. China has bolstered its presence in the area by increasing naval patrols and imposing restrictions on foreign fishing activities. These actions by China can be seen as showcasing power to strengthen claims in the SCS, which has potentially threatened regional security. The Philippines initially opted for the bilateral route to settle the claims against China and proceeded for a multilateral resolution under the aegis of the ASEAN. However, these negotiations did not resolve the dispute, which compelled the Philippines to take recourse to international arbitration, and it filed case before the ITLOS under Article 3- Annex VII Part XV of UNCLOS against China on January 2013. The Philippines also sought invalidation of China's nine dash line claim and cessation of incursions into the Philippine Exclusive Economic Zone (EEZ). In response, China rejected the arbitration proceedings, asserting its indisputable sovereignty over the disputed maritime area with Philippines.

The SCS dispute is marked by complex political factors, both international as well as domestic. Even though there are established rules laid down by the international law, countries in true sense behave according to their core values, domestic policies as well as their national interests. These factors sometimes over ride the set norms of international law as is exemplified by China’s claim in SCS. But as responsible international players, countries usually abide by the rules set by the international community like India did in the India-Bangladesh case. If China does not accept the international law it will be falling short in playing its part as a responsible power which might lead to diplomatic repercussions.

China and the Philippines could well emulate this example in East Asia and take their cases for arbitration even at the risk of an unfavorable outcome. The India-Bangladesh judgment showcases political will to be an overriding factor in resolving these disputes amicably, and can be seen as a pathway for China and the Philippines to resolve theirs.
While comparing the two cases, the most prominent feature which stands out is the failure of bilateral talks between the parties. Despite China’s opposition, if the UNCLOS based arbitration moves forward, it would have an impact on the other claimants leading to a positive domino effect in the region. China would do anything to avoid a situation where it is pitted against the collective stand of other claimants for an international arbitration. The arbitration filed by the Philippines is considered as a useful first step by the other claimants of Southeast Asia to counter China’s claims in the region. States as international players have to abide and adhere to certain norms of international law. The absence of international law governing maritime delimitations would lead to countries behaving according to their own national interests, which could lead to a state of anarchy. If China, by virtue of its size or military capacity, is free to ignore the international law, then the entire global institution risks being discredited. And no nation, China included, would find its security and prosperity better served in an anarchic environment.

22 September 2014
Maritime History
Indian Sailors of the 16th Century

Sohinee Basak

Concepts and Cases

The history of seafaring activities of the Indians dates back to the Indus Valley Civilization. India had maritime links with the contemporary ports of Mesopotamia, Egypt and others. Roman trade of 5th century with Asia “was practically the monopoly of Malabar.”¹ The seafaring tradition was not only limited to the west coast but was also prevalent on the east coast of India. From the ancient port of Tamralipta in Bengal to the seafaring kingdom of Chola in south, east coast of India had flourishing maritime links with the Southeast Asian nations. The Indian sailors otherwise called as lascars played a very important role in this long tradition of navigation and commerce. The Indians were well versed with the use of a magnetic compass known as Matsya Yantra for navigating in the deep sea waters of Indian Ocean. The Indians sailors were known for their navigational skills and also mastered in trading and war-fighting.

When the Portuguese started building their enclaves in the Indian Ocean region, they faced a severe shortage of man power. To minimize this scarcity, the Portuguese started appointing Indian men as sailors and soldiers – the two basic pillars of Portuguese colonial power. The Portuguese sought a solution of manpower shortage by encouraging coastal fishing communities to convert into Christianity, but the shortage was so severe that the Portuguese had to incorporate even the skilled Muslim sailors of India, regardless of their religious differences.²

The reasons for the shortage of sailors in the Portuguese society can be attributed to the lowest rank given to them in the social hierarchy. The word sailor was used as a mere abuse, with often putting them in the same rank with the slaves.³ Even the senior naval
officers were often treated with disrespect by their juniors in the military and land services as the latter regarded themselves as social superiors to that of the sea men. The root of this lay in the feudal nature of the European society in general, where the landed gentry was given more importance. To enhance the prestige and efficiency of the sailors, in the age of discoveries, the monarchs often tried to improve their social position by awarding them with knighthood and other such social hierarchal positions. But even if the Portuguese fidalgoes rose in their professional ladder, it did not improve their social conditions. These reasons contributed in the decline of the Portuguese sailors and sea men, leading to a dependency of the Portuguese on Indian men.

In India, the merchants were mostly Hindus and Jains, while the crew of the ships were generally Muslims, both in east and west coast of the country. The Muslims were the most skilful navigators of the Indian Ocean. The same pattern of recruitment was adopted by the Portuguese and other European ship owners in the Indian Ocean from the 16th century. Lascars dominated the trade routes from Red Sea to the Far East. Their navigational skills and talent and their knowledge of the sea were incomparable and they were paid 6 mahmudis per month in return of their service, which was very less in comparison to that of the European sailors. The situation, though, changed later on, as in certain cases Indian sailors were being paid equal to a European. Abul Fazl, noted that in Cambay a nakhuda sailor used to earn Rs. 800 while in Satgaon, he earned Rs. 44 and a Kharwa or common sailor received Rs. 50 along with food on a daily basis.

The Hindus, though, were prohibited from crossing the kalapani were found to be great seamen. But contemporary writers point out that mostly the low caste Hindus opted for a profession of seafarers in India. Though it was a completely different picture in the Coromandel coast where people from across the castes joined the profession. Caste rivalries that were found within the Hindu seafaring community were often taken advantage by the European companies for their benefits. Tome Pires commented that he never came across Brahmin seamen and the seafarers of Gujarat and Malabar were mostly Muslims. Many low caste Hindu coastal groups, who were known for their diving and sailing skills, like Mukkuvabs and Paravas of Tamil Nadu coast converted themselves into Christianity, to improve their social and economic status. Most of the shipping
business was dominated by the Muslim trading groups, right from Gujarat to Malabar and in Bay of Bengal from 14th to 16th century. The large number of Muslims can be attributed to the conversions in the west coast and in Bengal and Coromandel due to the Islamic commercial expansion.\textsuperscript{13}

Thus, the crew on Portuguese owned ships were mostly all local sailors usually Muslim, except for one or two Portuguese who were the captain, master or pilot. The Portuguese found it very difficult to operate in the Indian Ocean without the Asians. Many Portuguese owned goods were shipped in Indian ships. The Portuguese and other European trading groups were not only chronically short of sailors but also short of soldiers and regularly employed indigenous Christians, Hindus and Muslim mercenaries for their services in the Indian Ocean trading network. The casados\textsuperscript{14} fitted into the local Asian environment, in which they would often decide to settle, either temporarily or permanently, even in non-Portuguese centres.\textsuperscript{15} But along with the co-existence, a picture of difference and tensions also existed between the Portuguese and the Indian sailors, as the Europeans often refused to work along with the Indian seamen. Another reason of Indian dominance in seafaring in Indian Ocean was their ability to understand the monsoon in the region. Kenneth McPherson points out, Indian merchants learned the harshness of monsoon as early as the first century A.D. and they along with the ancient Persians were largely responsible for the integration of the “Indian Ocean world.”\textsuperscript{16} The decoding of the monsoons was able to bring about a maritime unity in Indian Ocean region, as they connected the people of West Asia and Central Asia, with Indian subcontinent and with Southeast Asia. The nautical and navigational knowledge and the understanding of the monsoon made the Indian crew indispensable in the Indian Ocean network. The presence of monsoon also made the occupation of seafaring seasonal and most of them worked as farmers, traders and even pirates. The Indian seafarers of 16th century were cosmopolitan in character. Though the profession was dominated by the Muslims, there were presence of Hindus and converted Christians. The Indo-Portuguese mariners became the most important sailing community in the Indian Ocean from 16th century even under other European companies. While the indigenous mercantile groups faced resistance and competition from their European counterparts,\textsuperscript{17} often leading to tensions and conflicts, the indigenous sailors and fishermen found
themselves incorporated in European shipping and mercantile activities. It is ironical that India with her strategic location and skilled manpower, failed to counter the Europeans in the Indian Ocean network, but the same attributes along with the technological advancements helped the European nations to a large extent to control the Indian Ocean network in the 16th and 17th centuries.

30 January 2014

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4. Ibid, p. 32.

5. Portuguese noblemen living in India.

6. Mahmudi was a silver coin of the value of an English shilling. It was widely used in Gujarat, but its value fluctuated with time and also place. For eg. In 1630s, the rate of exchange between a mahmudi and the rupee fluctuated between 41 and 42 rupees for 100 mahmudis (B.G. Gokhale, Surat in the Seventeenth Century: A study in Urban History of Pre-modern India, Popular Prakashan, Bombay, 1979, p. 131).


9. Ship owning merchants of western India.

12. Ibid, p. 32.
14. Casados were Portuguese men who married Indians and settled in the country.
Contemporary writers describe in detail the excitement of the Mughal Emperor Akbar on seeing the sea for the first time in 1573. Akbar was the first Mughal ruler to add coastline as one of the boundaries to the Mughal Empire. Under him, the empire stretched from Gujarat coast in the west to the Bengal coast in the east, thereby connecting the land locked empire of the Mughals to the world of Indian Ocean maritime network.

The conquest of Gujarat and Bengal opened a plethora of maritime avenues for the Mughals. It also brought them in direct contact and sometimes tensions or even confrontations and tensions with the Portuguese, who at the time were dominating both the regions. Lakshmi Subrahmanian, studying the relationship between the Mughals and the Portuguese, pointed out that the Mughal conquest of Gujarat in 1573, and the attention that the Mughal emperors bestowed on the trade and pilgrim traffic of Surat, made integration of coastal Gujarat into the imperial grid possible. Surat became the most important port of western India under the Mughals, as under their patronage Surat was connected to the vast hinterland of North India. The merchants and the urban population of Cambay, as documented in the contemporary text of Mirat-i-Ahmadi, had welcomed Akbar and supported his conquest of Gujarat. Although the Mughals were not enthusiastic about Surat’s participation in the maritime dimension of the overseas trade, the responsibility of keeping the merchants of Surat safe was not neglected. The hakim or the local governor took care of revenue collection in and around the port city of Surat largely through the mediation of local elites (mustajiran). There was a gradual transformation of the imperial family and ruling elite into artful maritime merchants.

Estado da India continued to collect revenues from ships that were obliged to...
put in at Diu. The Mughals, for their part, were placated by giving cartazes or licenses for their vessels destined for the Red Sea carrying hajis. This Diu toll and its collections often became a bone of contention between the Mughals and the Portuguese. One of the major reasons of tension between the two in the maritime domain was the hajj pilgrimage. Gulbadan Begum, the Emperor’s aunt, faced difficulty, while going to hajj, in October 1576 at Surat. Gulbadan had to give the territory of Bulsar, near Daman to ensure her safe passage to the Red Sea. Akbar was criticised in his court because of this incident. Bayazid Bayat, a Mughal noble, while giving description of his journey through Gulf of Cambay, mentioned how he had to face inconvenience in the hands of the Portuguese ijaradars to whom he had to give his son as a hostage as the collectors were afraid to climb on board to estimate the amount which should be implemented as ‘Diu toll’. As the people travelling on the ship did not have 10,000 mahmudis which was demanded, Bayat, the owner of the ship paid for everyone on board and then was allowed to travel from there. After the Mughal conquest of Sind, the Portuguese were allotted a farman to settle there in 1584. They were to pay three percent customs and were free of other taxes; horses were also permitted to be imported free of charge. In return, the Portuguese were to hand three cartazes to the ships of Akbar, ensuring their safe passage. Though they were one of the strongest powers of the contemporary Asia, Mughals accepted this deal because the Portuguese were unbeatable at sea. Akbar’s acceptance of cartaze can be seen as a sign of Mughal weakness but it shows certain amount of mutual cooperation and accommodation between the Portuguese and the Mughals in the Indian Ocean network. Mughals opposed the Portuguese at sea in early 1580 regarding the cartaze system, but they were not successful in taking on the Portuguese head on because the merchants of Surat were not forthcoming to cooperate. One of the main reasons for this might be the fact that though the Mughals were supreme at land, the merchants knew they would be unable to protect them or their commodities from the Portuguese at the high seas. During the reign of Akbar, the Portuguese controlled Diu, while the revenue collection of Surat was under the Mughals. In 1594, the Surat sarkar contributed four percent of the total revenues of the subah of Ahmedabad.

Akbar conquered Bengal in phases since 1574 and could consolidate it only during the first decade of the 17th century. This facilitated the Mughal
control of India from coast to coast. On the eastern coast, the Mughal port of note was Hugli. The Mughals imposed high sair duties not only on maritime export and import, but also on the riverine trade. While the Mughal administration benefitted from custom duties the overall development of these ports and trade during Akbar’s reign was largely independent of government sponsorship or policy. When Akbar conquered Bengal, the region’s maritime domain was in the hands of the Portuguese and the Indian merchants at that time played the middleman, which was not the case in Gujarat. The scattered nature of the Portuguese settlements of Bengal as opposed to that of the western coast of India, could not pose any serious threat to Mughal’s maritime profits from the region. But, during the reign of Akbar, Mughals were unable to consolidate themselves in the region. The Mughal governors of the region failed to provide protection to the seafarers of the region against the Portuguese and the Magh pirates and buccaneers. The Portuguese were not settlers in Bengal but were merchants, unlike in western India. When Akbar wanted to meet the Portuguese of Bengal after its conquest, he could not meet any as they had left due to lean season. Though Mughals were able to give political stability to the region, which helped in the economic development of Bengal, they lacked clear-cut vision on affairs maritime and subsequently, due to the dominance of the Maghs and the Portuguese the indigenous maritime industry declined.\textsuperscript{14}

The addition of maritime boundaries had dual implications on the Mughal Empire. It brought the Mughals in direct confrontation with the Portuguese. The former were mostly not supported by the merchants, as in the absence of a navy, they could not protect the merchants’ interests at sea. Secondly, Akbar onwards, the Mughal State started playing an important role in the maritime part of the hajj pilgrimage also. And, Surat became the embarkation port for the hajj pilgrimage, a prestigious position which until then had belonged to Khambat or Cambay.

7 April 2014
India-Seychelles Relations

Sohinee Basak

The 115-island archipelagic state of Seychelles is a multi-ethnic and multi-lingual society comprising people of African, French, British, Indian, Iranian and Chinese descent. The island state is strategically located, close to the major International Shipping Lane (ISL) between Gulf of Aden and South East Asia in the Indian Ocean, about 1500 km east of the African coast. In the recent times, its proximity to the piracy-ridden country of Somalia has made its location important to the major naval powers involved in counter-piracy operations.

Political

India and Seychelles established formal diplomatic ties when the latter attained independence in 1976. As the Indian Diaspora in Seychelles constitutes about 7% of its total population, the natural convergence between the two countries is reinforced by close friendship and understanding between their peoples.

The diplomatic ties between the two countries have improved over the years. In 1979, India established a Mission in Port Victoria with its High Commissioner based in Dar-es-Salaam also being concurrently accredited to Seychelles. The first resident Indian High Commissioner was appointed in 1987. Seychelles opened its resident mission in New Delhi in early-2008.

India’s first military intervention in the Indian Ocean came at the request of the Seychelles government when INS Vindhyagiri helped abort a coup in 1986 (Operation Flowers are Blooming). India’s security role in Seychelles crystallised over a series of coup attempts against President Albert René led by the Seychelles Minister of Defence Ogilvy Berlouis. According to some reports, the Berlouis plot, code-named Operation Distant Lash, involved some 30 mercenaries and 350 Seychellois (although Indian sources believe this
was an overestimate). An Indian Navy “engineering” team of 20 sailors trained in weapons was readied for dispatch to Port Victoria. The ship was stationed at the port for 12 days, using its 4.5-inch guns and Sea King helicopter with commandos as a demonstration of military power against the coup plotters. Although military force was not employed eventually, the presence of Indian warship – and the military power that it symbolised– helped in averting the coup.

Two months later, India, through the deployment of INS Godavari, averted another coup attempt to unseat President René. The stabilising influence that India generated on both occasions not only cemented bilateral ties with Seychelles, but also demonstrated India’s political will and ability to shape events far from its navy’s traditional area of operations in the northern Indian Ocean.

In present times, the relationship between the two countries has been strengthened by the frequent high-level reciprocal visits.

Economic

Seychelles has a somewhat limited natural resource base, with the fisheries sector as its core. This makes the island state highly dependent on raw-material imports, leading to a convergence with India wherein lies the potential for economic cooperation. In 2012, Seychelles imported from India goods worth US$44.7 million, with the major imports being food items, beverages, cereals, grains, textiles, mineral products, base metals, machinery, mechanical appliances and vehicles. Although Indian imports from Seychelles amount to only US$6.6 million (2012), tourism from India contributes substantially to the revenue of Seychelles.

The India-Seychelles Joint Commission (JCM) on Economic and Technical Co-operation is the body governing bilateral co-operation in various fields. Other ‘milestone’ agreements that have imparted momentum to economic cooperation are Air Services Agreement (1981); Agreement on Tourism (1996), Trade Agreement (2000), Joint Business Council (2000); MOUs on Healthcare, Defence, and Science and Technology (2003); and the Bilateral Investment Promotion and Protection Agreement (BIPPA, June 2010). In February 2010, India also signed a MoU to establish an IT Centre in Seychelles.

India has lately enhanced its efforts to further enhance economic ties. During her visit to Seychelles in mid-2012, President Pratibha Patil’s delegation
included more than 50 Indian corporate leaders from the ASSOCHAM, CII and FICCI, who held avid discussions with the businessmen in Seychelles. In the recent years, Indian private sector investments in Seychelles have received a major boost, particularly in telecom and banking sectors. Notably, in 2013, Indian Institute of Foreign Trade organized an “International Business Programme” in collaboration with Ministry of Foreign Affairs of Seychelles to impart training to Seychelles nationals involved in different sectors of business and economy.

Security and Strategic

Seychelles possesses an extensive Exclusive Economic Zone (EEZ) of 1.3 million square kilometers. Considering such vast maritime jurisdiction, its location astride a major sea-lane and geographical proximity to unstable areas of eastern Africa and West Asia, Seychelles faces a variety of security challenges like illegal fishing, piracy and even militancy affiliated to the Al-Qaida.

The geo-strategic location of Seychelles, and the attention it has received from the European Union, US and China, cannot be overlooked. Although the US maintains a military base in the nearby Diego Garcia, it has been using Seychelles’ civilian airport at Port Victoria to operate its Reaper drones. In June 2014, the European Naval Forces (EUNAVFOR) conducted a major exercise for various maritime agencies of Seychelles to implement its national contingency plan for anti-pollution, search and rescue and fire fighting.

Since the Chinese President’s visit to Seychelles in February 2007, Beijing has also evinced strategic interest in the island state. In December 2011, Seychelles offered China the use of its replenishment facilities for its warships involved in counter-piracy operations. In January 2013, a Chinese state-run newspaper under Xinhua News Agency published a commentary to advise PLA Navy to build overseas naval bases in and around the IOR, and recommended that Seychelles would be ideal as a “fixed supply base for warship berthing, fixed-wing reconnaissance aircraft and the naval staff ashore rest.” More recently, in May 2014, China donated a new patrol vessel to the Seychelles Coast Guard. Cognisant of Seychelles’ quest for infrastructural development aid, China also offered US$ 12 million in aid and US$ 100 million in preferential loan to Seychelles.

India has been closely observing these developments particularly for their
possible adverse ramifications on its own interests. And, without being in a competition with anyone else, India has been providing security and capability-building assistance to Seychelles in addition to taking other measures to stabilize the regional balance of power.

As a part of security assistance, at the request of the Government of Seychelles, Indian Navy has been undertaking regular EEZ surveillance off Seychelles for many years now. In the more recent times, the Indian Navy has also conducted hydrographic surveys for the island state and provided assistance in many other forms.

India believes in creating ‘security self-reliance’ for Seychelles. It has thus not been content with merely providing security assistance, but has also played an important role in developing the capacity and capabilities of Seychelles’ security forces. In 1989, India established the Seychelles Defence Academy. Most senior officers in the SPdf and in the SCG have attended various courses in Indian defence establishments.

India had also gifted Seychelles two Chetek helicopters (1981 vintage) and the fast attack craft ex-INS Tarmugli (renamed Topaz) in 2005. The Indian Marine Commandos (MARCOS) have also been assisting Seychelles to train its own SPDF commandos. In 2012, the two countries had signed an agreement worth US$ 10 million for installation of a coastal radar system to cover Seychelles’ southern EEZ. In 2013, India delivered a new Dornier-228 maritime surveillance aircraft to Seychelles for US$23 million. More recently in June 2014, India gifted two new military vehicles to the Seychelles Peoples’ Defence Forces (SPDF).

Since early-1980s, India has also been extending assistance to Seychelles under ITEC programme in the civilian, defence and other fields. Seychelles is also part of Government of India’s pan-African e-network project, through which, Seychelles would be helped to establish a fiber-optic satellite-based network to enable tele-education and tele-medicine. The Government of India has also offered the Seychelles government a grant of US$ 25 Million and Line of Credit for US$ 50 Million for infrastructure development. In the domain of maritime security, India has included Seychelles (besides Mauritius) in the expanded trilateral Maritime Security form established among India, Sri Lanka and Maldives.

The Way Forward

Given the geographic location of Seychelles, the strategic and geo-political imperatives are likely to predominate for India to enhance bilateral relations with
the island state. It is also important to note that Seychelles, given its strategic location, it has been playing an active role regionally as well as internationally, mostly in the context of anti-piracy operations, regional tourism promotion, climate change issues and blue economy. It has also become akin to a ‘regional hub’ for air transport and international conferences. The presence of India in Seychelles, will not only help India strategically, but also help Seychelles in maintaining balance of power in the country. The sizable Indian Diaspora in Seychelles could further help in India's national objectives.

Notwithstanding the aforesaid strategic and geo-political contexts, it is indeed desirable to realize the full potential for India-Seychelles cooperation in all its dimensions. Both the countries have much to gain by exploring all avenues of economic cooperation and enhancing people-to-people contacts. The areas of convergence include information technology, agriculture, education, health, culture and sports. India may need to be proactive in furthering the African “Blue Economy” concept, and concurrently derive lessons as applicable in the Indian context.

Given the geographic location and disposition of Seychelles astride major sea-lanes, good order in maritime zones is essential for India, in terms of the safety of its shipping, sea trade and seafarers. India may, therefore, need to continue providing security assistance to Seychelles in various forms. This would also contribute to India's strategic ‘presence’ in the island state. Furthermore, given that Seychelles is home of vast and untapped marine resources, India may need to provide, not only security to safeguard its resources from illegal poaching and over-exploitation, but also cooperate towards sustainable development of these resources and environment protection. Conducting maritime security exercises with the island nation on a regular basis would be mutually beneficial.

Without ‘deep pockets’ and in the face of competing domestic compulsions, India may find it somewhat difficult to continue providing financial aid for infrastructure developmental projects in Seychelles. This challenge could, however, be overcome through enhanced capacity-building assistance with negligible or limited financial implications. India may assist Seychelles in its niche areas such as education, medical and information technology. India could also assist and provide training to Seychelles in the field of disaster management and food security, since the country is prone to regular storms and floods.

21 June 2014
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1. The fisheries sector accounts for over 80% of export revenues, although it only represents about 11% of formal employment.

2. M/s TATA company supplies most of the buses for Port Victoria’s city bus requirements.

Portuguese Maritime Endeavors in Indian Ocean: The Battle of Diu (1509)

Sohinee Basak

Portugal was the first country which laid the foundation of maritime colonial power in Asia in the 16th century. The Battle of Diu (1509), the first naval war in the Arabian Sea, became the transition point of the changing order in the Indian Ocean as the Portuguese introduced the concepts of monopoly and control of sea routes, notions hitherto unknown to the Asians.

Ibn Khurdadhbih who came to India as early as ninth century C.E., wrote that the merchants from the West used to travel to east both by land and the sea. They used to commence their journey from the country of the Franks on the Occidental Sea to Egypt, Quzulum, (the northern end of the Red Sea), the Oriental Sea (Red Sea), Hijaz, Jedda and proceeded to Sindh, India and then to China. According to Khurdadhbih, the Rus (Russians) also participate in this trade. They sailed down from Volga to Astrkhan, from where they entered the Caspian Sea to Iranian port of Bandar Shah and Baghdad. The travellers then entered the Arabian Sea trading network and came to India through the ports in Gujarat.

This trading network lay in the hands of the Ottomans, Egyptians and the Gujarati merchants. After the capture of Constantinople in 1453 by Mahmud II, the Ottomans controlled the trading routes between Europe and Asia. This was not only a great source of constant wealth, but also increased their sphere of influence. The discovery of an alternative trade route via the Cape of Good Hope deprived the Indians, Egyptians and the Ottomans of their revenue. The attempts by the Portuguese to appropriate the Indian Ocean trade on a monopolistic basis with the help of controlling mechanisms like cartaz and a chain of fortresses negatively affected the fortunes of the Mamluks (Egyptians), the Ottomans, the Venetians (Italians), the
Muzzaffarids of Gujarat and Zamorin of Calicut (India), who formed a joint naval force to oust the Portuguese from the waters of Asia.

Qansawh-al-Ghawri, the Sultan of Cairo, sent an expedition with 1500 men under Amir Hussain, the governor of Jedda, to oust the Portuguese from the Indian Ocean, thereby beginning a new phase in the Asian maritime history. The united fleet of the Egyptians was supported by several Sultans from Gujarat, Ahmednagar, Bijapur, Chaul and Dabhol (kingdoms situated on the western coast of India). The united force confronted the Portuguese fleet at Chaul in 1508. The Portuguese mobilized a sizeable fighting force to counter the attacks of the Afro-Asian forces near the coast of Gujarat under Dom Lourenco Almeida, son of the then Portuguese Viceroy, Francisco da Almeida. In the battle, the Portuguese commander died, and the Portuguese surrendered to Malik Ayaz, the Governor of Diu. The element of surprise from the Asian forces played a decisive role in the outcome of this battle.

The Asian forces were able to stop the Portuguese advances only for a short span of time; but, they could not keep them away from Indian waters. The joint forces were soon defeated by the Portuguese. Viceroy Almeida, in order to avenge the death of his son, proceeded towards north from Cannanore on December 12, 1508 with 1200 men and 18 vessels, among which 400 men were from Malabar. Zamorin, despite the Portuguese threats, had sent a fleet in support of the Asian forces. Viceroy Almeida after destroying the Dabhol port proceeded to Diu, where he reached on February 2, 1509. The Portuguese completely defeated the allied Asian powers and consequently, Malik Ayaz agreed to surrender Diu and give tributes to the King of Portugal. The defeat is ignored by the contemporary Asian historians, because of the decisive victory of the Portuguese and the humiliation which the Asians faced at the former’s hands.

Historians have pointed out varied reasons for the failure of the Asians in the Battle of Diu. The contemporary literary texts like Tuhfatul- Mujahidin attributed the defeat to low level of supplies and Malik Ayaz, for the lack of cooperation to Ottomans and Egyptians. Between 1500 and 1800 the prowess of European naval warfare on open seas was marked by certain important developments like the mounting of the guns in the center of the ships. Professor Vitorino Godinho has pointed out that the defeat of the Asian force was due
to their lack of naval superiority. The large Portuguese ships were outfitted with strong artillery that could deliver ordnance of the order of 90 pound shots per cannon.\textsuperscript{9} Landing craft often had light artillery mounted on the prow, which shocked the defenders. Archers were also lined on the broadsides. A distinguishing feature of the Portuguese navy was their adaptability according to the local conditions. They had 167 varieties of ships many of these ships were modification of the prevalent Asian vessels’ designs.\textsuperscript{10} The galley permitted guns either in the stern or stem but the change came with the Venetian “galleass”, a sail-cum-oar-ship (fifty metres long), carrying heavy guns at both ends and anti-personnel pieces along the sides.\textsuperscript{11} Thus, during the Battle of Diu, the Portuguese were better prepared and better aware of the maritime conditions of the Indian Ocean. However, it is incorrect to conclude that the Portuguese were technologically superior to the Asian forces.\textsuperscript{12}

Ottomans were the leading Mediterranean naval power in the 16th century. They were also responsible for mounting the most serious naval opposition to the Portuguese in the Indian Ocean through naval attacks. But they did not succeed because their Mediterranean tactics were outdated and the galleys were “undergunned” against the ocean going fleets of the Portuguese.\textsuperscript{12} Noted historians P.J. Marshall and Michael Honig have argued that the technological differences between the Portuguese and the Asians were not much at this point.\textsuperscript{13} The Turkish guns and the cannons used by the Ottomans and the Egyptians were as good as Portuguese artillerys. Both sides utilized artillery but apparently preferred grappling and boarding techniques.\textsuperscript{14}

Portuguese depended on gunpowder in maintaining a critical hold over the Asians which reached Europe from China, via India and Central Asia. Sanjay Subrahmanyam and Geoffrey Parker have argued that the presence of the Portuguese renegades, connections with the military specialists from the Ottoman Empire, and indigenous innovation in metal munitions made the Asians to adapt to the contemporary ways of warfare.\textsuperscript{15} From 1500 to 1520, the Asian naval warfare entered a phase of transition. The Battle of Chaul, which could be said to be a precursor to the Battle of Diu, witnessed the devastating defeat of the Portuguese forces. It was only possible because of the fact that the technological difference between the Indians and the Portuguese were not much.
The Portuguese leadership knew that their army could not defeat the Asian land powers. But they were aware that though the Asians possessed ships, their navies were smaller in number and often not well trained. The navies were mainly an extension of their land forces.\(^1^6\) Even though piracy was rampant in the Arabian Sea and the Red Sea, the importance attached to the navies was generally less in the region and the merchants had to bear the brunt of the violence and robbery on the high seas. The Battle of Diu showed the weaknesses of the leadership and galleys of the Asians compared to their European counterparts resulting in the maritime supremacy of the Portuguese.

The Portuguese gained economically from the Battle of Diu and ‘prizes of war’ collected by the Portuguese during the battle were quite immense. They confiscated the artillery, gold, silver and precious stuffs and clothes, all of which were distributed among the Portuguese soldiers.\(^1^7\)

Other than the destruction of the Dabhol port, the territorial implications of the Battle of Diu were negligible. The Portuguese, focussed only on sea-based activities, did not develop the notion of territorial possessions in the East, and hence they did not want to keep Diu. Tribute from Malik Ayaz appeared to be the simplest form of maneuvering in the initial phase. From 1510 onwards, with the introduction of the notion of a centralized territorial empire in the east during the time of Alfonso Albuquerque, the Portuguese started occupying resourceful territories and mercantile enclaves that would constitute geo-physically an empire-like territorial possessions for them.

However, there were several maritime implications of the Battle of Diu. The Portuguese were able to establish foothold in the major port towns of India which helped them to control trade in the Indian Ocean. They began issuing passes or cartazes from 1502 to various categories of Indian traders who were supportive of Portuguese commercial system. They first issued cartazes from Malabar and later on from Coromandel and Gujarat. The cartaz system meant to a certain degree an attempt to control the trade in the Indian Ocean It made the native traders converge at Portuguese enclaves for obtaining cartazes and made them participate in the commerce that ultimately supported the Portuguese trading system.\(^1^8\) After the Battle of Diu, the Portuguese established monopoly in the Indian Ocean, which was navigated freely by the Asians for centuries. The Portuguese also brought with them the notion of controlling the sea lanes which
was later modified and implemented by the English and the Dutch.

The Portuguese did not succeed in destroying the existing trade network nor did they seriously alter the trading pattern. Nonetheless, the intervention by the Portuguese in the commerce of the littoral of Arabian Sea had a significant adverse impact on the commercial interests of the Arabs and Al-Karimis, who eventually were scattered. The Mappilas of Malabar and the Gujaratis started began the Al-Karimis and the Arabs. This helped the rise of Cambay as an entrepôt at the expense of Calicut, which became the target of attack by the Portuguese in the initial years of their commercial expansion because of its decisive role in mobilizing resources for the Red Sea - Venice trade.

**Conclusion**

The Battle of Diu did not resolve the contention between the Asians and the Portuguese in the waters of Indian Ocean. Diu witnessed the Asians naval forces challenging the Portuguese in 1538 and 1546. But the defeat of the combined Ottoman-Egyptian and Indian forces at the hands of the Portuguese is important in the pages of history as it can be regarded as the first naval battle fought in the Arabian Sea for the control of the Indian Ocean. The battle has been underlined by many historians as not religious in nature (as the allied forces were led by the Muslim rulers), but was driven by economic interests. The arrival of the Portuguese in the Asian waters hampered the entrepreneurial interests of the Ottomans, Egyptians and the Indians who were forced to confront the European power. It was the lack of unity and uniform motivation among the Asians and superior leadership of the Portuguese which resulted in the defeat of the Asian alliance and helped in laying the foundation of the Portuguese maritime empire in Asia.

30 July 2014
NOTES


2 V.A.Janaki, Gujarat as Arabs Knew it : A Study in Historical Geography, Maharaja Sayajirao University, Baroda, 1969, p. 9.


4 Cartazes were licenses or passes issued to the ships by the Portuguese in lieu of protection at sea.

5 R.S. Whiteway, Rise of Portuguese Power in India, Janaki Prakashan, Patna, 1979, p.6

6 K.S. Mathew, Portuguese Trade with India in the 16th Century, Manohar, Delhi, 1983, pp. 40-41.


11 Despande, n.8, p. 901.

12 Modelski and Thompson, n.1, p. 43.


14 Honig, n. 7, p.43.
15 Honing, n. 7, p. 42.

16 Ibid, p. 42.


In the first half of the 16th century, the Portuguese were an established maritime power of Gujarat, while the Mughals were a continental power. With the conquest of Gujarat by Mughal Emperor Akbar in 1573, an era of Mughal and the European cooperation and conflict began. The mercantilist interests of the Europeans clashed with Mughals who had expansionist policies.

**Causes of Conflict**

The principle reasons for conflict between the Mughals and the Portuguese in Gujarat were religious and economic. After the Mughal conquest of Gujarat, ports were developed as platforms for larger Mughal-Portuguese interactions for bolstering Mughal plans to protect their hajj pilgrims and the Portuguese plans for the missionary activities. As a result the hajj pilgrimage by Gulbadan Begum to Mecca through Gujarat port was facilitated in the same way the Jesuit missionaries were facilitated to move from Goa to Fatehpur Sikri through Gujarati ports. Gujarat emerged as the place where the religious and economic interests of the Mughals and Portuguese clashed which led to the development of an alternate port at Sind by the Mughals.

In the process, the Portuguese established a foothold in the major port towns of India and controlled the trade in the Indian Ocean. They issued passes or cartazes from 1502 to various categories of Indian traders, who were supportive of Portuguese commercial system. The Portuguese first issued cartazes to ships from Malabar and later from Coromandel and Gujarat. Though the cartaz system was an attempt to a certain degree, to control the trade in the Indian Ocean, it also made native traders converge at Portuguese enclaves for obtaining cartazes and participate.
in commerce that ultimately supported the Portuguese trading system. The amount of money received by the Portuguese from the issue of cartazes was considerably high. Ships from Mocha (Yemen) carried silver, gold, coral and other valuable items which generated considerable custom duties. \(^4\) Akbar was given a relaxation for one of his ships to cross Diu without paying any tax and it was calculated that the Portuguese lost around 15000 cruzados. During Aurangzeb’s reign the Portuguese were issuing passes to Indian ships and were earning 4000 rupees annually. Aurangzeb instructed the Governor of Surat to prevent the Indian merchants from taking passports from the Portuguese for their ships. The merchants were alarmed by this move which was obviously detrimental to their trading interests. Aurangzeb later retracted this move. Though portion of the Gujarati nobles challenged the Portuguese power in the region, the Indian rulers also thought the sea to be the merchant’s domain. Thus the interference from the Mughals or the Gujarati sultan was always less in the initial period.

The main target of the European piracy was the valuable trade between Jedda and Mocha which was carried by the Portuguese and the Dutch. Precious stones, textiles and horses were traded between Gujarat and Persian Gulf. In 1612, three instances of plundering of Indian ships by the English occurred on this route. Mughal Emperors’ ships were also ransacked and cases of molestation and abduction of women were not rampant. Bayazid Bayat, a Mughal noble, while describing his journey mentioned the inconvenience he had to face at the hands of the Portuguese ijaradars (revenue collectors) where he had to give his son as a hostage as the collectors were afraid to climb on board to estimate the amount which should be implemented as ‘Diu toll’. Bayat had to pay 10,000 mahmudis which was demanded and then he was allowed to sail further. There were also instances when the Mughal ships were captured despite having the Portuguese passes. In one such instance, the relationship between the two soured when the Portuguese captured the ship of Maryam-uz-Zamani, mother of Mughal emperor Jahangir, despite having the cartaz ‘guaranteeing her against molestation’. The ship was taken to Goa with all the cargo and around 700 passengers. The capturing of ships by the Portuguese was not new but there was an unprecedented outcry by the Mughals who considered it as an insult. In retaliation Jahangir ordered the halt of all traffic through Surat, the seizure of the Portuguese city of Daman, closure of the Jesuit church in Agra, and the suspension of all allowances to Portuguese priests in Mughal India. In
another instance, the imperial ships, Gunjawar and Shahi were captured by the English in October 1623 and were detained for three months. One of the ships was returned to the Mughals along with its cargo, after negotiations between the Mughals and the English. Another cause of tension between the Mughals and the Europeans was the custom duties. The local governors used to extract illegal cess along with that of the sanctioned imperial custom duties. Even in the case of imperial cess the local officials enjoyed considerable discretion and freedom of action. One of the first cess to be realised from a ship unlading at Surat was haq-i-langar or anchorage dues (an illegal cess) followed by naul (an imperial cess). The merchandise having brought on shore was carried to the custom house or furza for assessment of custom dues or ushur. While the percentage to be taken as custom levy was clearly mentioned, there was a lacuna in the mode of valuation of the merchandise which often led to the over valuation of goods. Moreover, the Indian and Europeans merchants had to pay taxes for the same goods at different entry level, thus causing discontentment among the traders.

**Mughals and the Europeans**

The second half of the 16th century witnessed the changing contours of cooperation and conflict as Mughal Empire touched the coasts of Bengal and Gujarat during his time. From a landlocked empire it became a maritime state.

During Akbar’s reign the relationship between the two was mostly cooperative and peaceful. From the era of Jahangir, the Mughals changed their policy towards the Europeans, specially the Portuguese. This can be attributed to the growing discontent among the trading class of Gujarat against the Europeans. It is known from the writings of Monserrate (1582) that anti-Portuguese sentiments ran high, and the mere name of Christians and Franks was conceived as ‘horrible and hateful’. Jahangir wrote in 1613 “the Europeans in Goa, in defiance of their engagements had plundered four ships engaged in the foreign trade of Surat” and imprisoned the Muslims and had captured their wealth and goods. Jahangir was convinced of the emerging English naval power, and believed that the Portuguese could be defeated by the English alone. The English wrote to Shah Jahan (then Prince Khurram), in 1618 that the Red Sea ship should be reserved for the Indians and the rest should be open to the English. The Mughal Prince, after consultation with the Indian merchants accepted their view and rejected the English plea. In
March 1629, the Mughal ship Shahi along with six other frigates was being followed by the Portuguese. Mughals approached the Dutch and the English for its protection till she reached the port of Surat. The English, who were keen to appease the Mughals and the Surat merchants, extended their support to protect the imperial ship. The response from the Mughals further intensified from second half of the 17th century onwards.

Aurangzeb seemed determined to provide protection on the seas to Mecca. Numerous hasbul hukums or imperial commands were issued to the Governor of Surat directing him to exert himself to the utmost to secure the safety of the pilgrims and travellers to the holy land. The emperor had asked the Superintendent of Ordinance to ensure safe sea routes for the pilgrims and traders whether by friendliness and conciliation or by use of force and even battle. Aurangzeb also tried to contain piracy on the high seas by compelling the European trading companies to provide a regular escort of warships and also made them sign a Muchalka or bond undertaking to suppress piracy and pay compensation to Indian ship owners in cases of plunder to ships.

Aurangzeb also proposed to build a powerful fleet to punish the pirates but the lack of skilled experts and navigators forced him to abandon the idea. He had obtained help from the Muscatis to keep the pirates away. The latter half of Aurangzeb’s reign witnessed the growing pressure on the alliance resulting from determined efforts on the part of the imperial court to raise resources from cess on trade and commerce and to organise the Mughal mercantile system. JBP Moore is of the opinion that Aurangzeb and his policies towards the international maritime trade in general and towards the west Europeans in particular seems to have been responsible to a great degree for the phenomenal increase in Indian trading shipping and navigational might. Thus in March 1669, when the French arrived at Surat, there were only 14 to 17 vessels belonging to the merchants of Surat, but by 1680 there were 72 ships belonging to the Surat merchants.

**Conclusion**

In the 16th century, the Mughals had to face only one European power in Gujarat. The Mughals along with the Gujarat Sultans could have prevented the rise of the Europeans, specially the Portuguese, in Gujarat in the initial years of 16th century; but it is interesting to note that the native ruling class never showed their real strength against the Europeans. In the 17th century with the expansion of the Mughal Empire
to the Deccan and the arrival of other European powers like the English and the Dutch, the confrontation increased with the interaction. Moreover, the Mughal treasury was depleting because of the continuous internal rebellions and wars. This was one of the reasons why the Mughals started following strict regulations in the collection of the custom duties and started giving more importance to the maritime affairs of the country, which led to clash of economic interests.

3 November 2014

NOTES


5. K.S. Mathew., Portuguese and the Sultanate of Gujarat( 1500-1573), Mittal Publication, Delhi, 1986, p. 146-147; the Portuguese mode of currency was known as cruzados.


15 “Waki’at-i- Jahangiri”, in The History of India as Told by its Own Historians, Elliot and Dawson, Allahabad, 1972, Vol. 6, p. 377.


Project Mausam and Maritime Silk Road (MSR) are congruent indicators of the historic maritime traditions and practices in Asia. Furthermore, both are initiatives taken by two largest countries of Asia, and thus can be seen as an outcome of the resurgence of Asia. However, MSR proposed by China focuses on exploring and evaluating ancient sea trade routes through modern perspectives, while ‘Project Mausam: Maritime Routes and Cultural Linkages’ is not merely an endeavor to string together ancient cultural routes and maritime linkages of different parts of the world, but also aims to explore the linkage between the coastal areas, the hinterland, and their impact on society. Though it might be perceived by some as a counter to China’s MSR, Project Mausam has come a long way before finally shaping up.

Project Mausam is a result of serious interdisciplinary academic enquiry by researchers to explore Indian Ocean culture, both historically and sparsely. The inquisitive need to enquire began with the 1972 UNESCO conference on protection of the ‘World Cultural Heritage’. India as an active member of the World Heritage Committee since 1977, and has been working in close cooperation with other International agencies such as International Council on Monuments and Sites (ICOMOS) and International Centre for the study of Preservation and Restoration of Cultural Property (ICCROM). Project Mausam is an outcome of historical intervention to identify Indian peninsula within the wider Indian Ocean world. It is an initiative by Ministry of Culture with Indira Gandhi National Centre for the Arts (IGNCA) to acknowledge and celebrate maritime heritage sites across the world, and aims to establish and nominate Indian coastal sites as transnational property on World Heritage List of UNESCO.

As the blueprint of the Project indicates, its aim at the macro level
is to ‘reconnect and reestablish communications between the countries of the world thus, leading enhanced understanding of cultural values’. At micro level, it attempts to elaborate and illustrate ‘national cultures in their regional maritime milieu’. The historical influence and impact of sea cannot be derived unless it has human interactions; for instance, there is no ‘history of sea or ocean’ as such, and it is always from human perspective that its dominance or even presence is addressed.

The active participation of the Indian subcontinent in Indian Ocean exchange network is evident from the beginning of Third millennium B.C.E. The presence of Harappan seals, beads and ceramics across the Arabian Sea showcases the maritime contacts. The archeological finds across the Indian Ocean littorals of wooden boats fastened up by coconut coir further asserts the use of boats even before the use of iron.

The word ‘Mausam’ was first used by an Arab traveller referring to the Arabian Sea. Later on, the terminology was developed and understood as a wind system or a season of shipping and navigation by Greeks. The ‘discovery’ of the regularity of monsoon winds facilitated easy movement of people, goods and ideas across the Indian Ocean. The occurrence of Monsoon followed a regular pattern of southwest from May to September, and northeast from November to March. Once the direction, area and period were known, the distance, and time of sailing reduced, and voyages became favorable. The central theme of the Project is to elaborate how this exchange network not just led to exchange of commodities, culture, religion, ideas, values and technology, but also played a crucial role in influencing patterns of migration, identity formation and cultural changes.

Though the Project aims to highlight several aspects of maritime cultural history and attempts to provide a platform to scholars for an integrated genuine inquiry to preserve cultural heritage across the Indian Ocean world, but has certain shortcomings as it overlooks the eastern littorals. As the preliminary chapters of the book *Mausam* indicate, it is merely restricted to western littorals like Gujrat, Maharashtra, Goa and Kerala, and their linkages with the western world. This makes the project exclusive and rigid, and leaves little space for any elaborative understanding of cultural engagement and linkages between the coast and the hinterland. The trade ties and exchange relation were not entirely sea borne. There were instances of overland ties as
well that ensured smooth circulation of goods and commodities. The overseas maritime trade could have never flourished without a well-established overland trade network. The maritime activity along the coast of Kalinga (modern Orissa), Arikmedu (Tamil Nadu), Tamralipti (Bengal) etc. was not directly facilitated by monsoon winds but, they did play a crucial role in circulation of commodities and were important centers of import and export.

Kalinga played a significant role in spreading Indian culture to different parts of world (Africa, Rome, and Southeast Asia). *Ptolemy’s Geography of Ancient India* mentions overseas trade of Orissa through Nanigaina (Puri) and Katikardama (Cuttak) even accounts of various Arab and Persian writers (during 9th and 10th centuries A.D.) throw light on sea borne trade of Orissa. The archeological excavations at Tamralipti show the evidences of foreign contacts. The Rouletted Pottery produced at Arikmedu was a replication of Rouletted Ware imported from Roman Empire. These suggest that there is an essential need to explore and investigate eastern sea coast to understand the organization and adaptability of trading network, the regional linkages of trade, pattern of migration and its impact. Apart from economy, it will also enable us to understand the socio-cultural connection.

This epistemological approach can enable us to break away from the conventional conjecture of land bounded national histories, and result in understanding the historical past as an inclusive connecting process of social formation, cultural exchanges and global economy. The project though initiated by government to showcase India’s socio-cultural past, cannot be denied of having a geo-strategic dimension as well.

14 November 2014
South India’s Archaeological Finds Reinforce Ancient Maritime Heritage

Adwita Rai

The recent archeological excavations at Pattanam, a village near the Kochi province brought into light another chapter of life in antiquity. The path breaking multidisciplinary excavation project initiated by Kerala government has resulted in unearthing story of Muziris, a thriving port city. Buried in soil over centuries, the evidences bring alive the story of a long cultural history from BCE 100 to 500 CE.

The eight season long excavations at Pattanam village began in 2004, after a group of archeologist and historians hypothesized that Pattanam was the ancient port of Muziris, a city of seafarers. After a few sessions of trial digging, the full-fledged excavation project began in 2007, led by the Kerala Council of Historical Research. Later in 2010, a memorandum of understanding was signed between the School of Archeology, University of Oxford and KCHR for a joint exploration at Pattanam. The project was initiated to ‘reconstruct the life at Pattanam in early historic period and Iron Age’.

The site at Pattanam covering approximately 1.5 square kilometers in Kodungalloor-Parur region has unearthed valuable artifacts that confirm the presence of the ancient port of Muziris. Muziris or Muchiripattanam (as described in Sangam texts) was the traditional port where yavana (non-Indian) ships arrived, connecting the Indian subcontinent to other Indian Ocean littorals. References about maritime linkages of Muziris are also found in the travel accounts such as *Periplus of Eathraen Sea* and *Naturalis Historia*. Written by an anonymous Greek sailor, who visited India in the second half of the first century, *Periplus* mentions voyages from the Red Sea port of Berenike to Adulis at the mouth of the Red Sea, from where it reached the then famous port of Muziris. It is
said that these ships brought a huge amount of gold, which was exchanged for black pepper. A loan contract dated mid-2nd century AD on a papyrus further validates the crucial role played by Muziris. It records an agreement between a merchant and ship’s captain. The ship was to sail from Muziris to a port in Red Sea, where the imported ‘Indian textile, oil, ivory and raw tusk of elephants’ would be unloaded and sent to Coptos. From Coptos, it would reach further to Alexandria, the premier port of Egypt and gradually enter in the Roman imperial warehouse.

The eight season long excavation at Pattanam was concluded recently, and the archeological remains have confirmed the continued presence of four cultural periods, - spanning Iron Age, Early History, Early Medieval and Modern Ages. The significant role played by Pattanam as an overseas port for both import and export is quite evident from the archeological findings. The remains of frankincense crumbs, turquoise glazed pottery, torpedo and ovoid jar fragments exported from South Arabian and Mesopotamian regions at Pattanam points to a pre-Roman, Roman and post Roman links of the ancient Indian port. Ample evidence of Mediterranean connection, during the period 100BCE-500CE, is available at the site in the form of shards of amphorae, terra Sigillata, intaglias, cameo blanks, Roman glass fragments, etc. The shards of Spanish amphorae (earthen wine jars) excavated from the site further shows the maritime link of Kerala coast with the Roman Empire. This is the first instance that shards of Spanish amphorae are found from any site in India. Although the scholars agree that most of Roman amphorae found are of Italian origin, however, the wine amphorae found from Pattanam came from the Catalonia province in Spain.

The evidences of trade, craft and urban centers, though answers a lot of questions and bring in light the ancient global linkages, but they also lead us to enquire into the socio-cultural past. A new set of questions emerges as who constituted the trading community, how the trade affected the local people, and what led to its sudden decline etc.

In ancient India, the emphasis on studies of maritime past has been on the trading networks, for instance Indo–Roman trade, Arab trade, Cola trade, etc., which generally is accepted to flourish at certain historic period and then decline subsequently. Further, it has been assumed that maritime trade was sporadic and participation of local communities of the Indian subcontinent was minimal as it was foreign demand of luxuries that triggered the trade
ties. It is essential to highlight various aspects of maritime trade to understand the organization and adaptability of a trading network, the regional linkages of trade, pattern of migration and its impact.

It is important to reconstruct our understanding of the ancient maritime past. The intensive archeological excavations have indeed clarified certain aspects of the past. While some questions are answered, however many more remain. The challenge of addressing these lies in reading archeological findings in light of literary work. Also, a multidisciplinary approach aided by scientific proving would provide a better perspective. New emerging disciples, like molecular genetics and emerging syntheses would offer a new way of addressing these questions.

10 December 2014
Miscellaneous
Quantifying India’s Performance in Maintaining Ocean Health on World’s Ocean Day

Kapil Narula

Introduction

‘World’s Ocean Day’ (WOD) which is celebrated every year on 8 June is observed to honour oceans and to appreciate its intrinsic value along with the bounties which the ocean provides. Safe, healthy and productive seas and oceans are integral to human well-being, economic security and sustainable development. However, oceans in various parts of the world are being overexploited which has led to considerable damage to the earth’s ecosystem. Top threats to the health of the oceans are climate change, ocean acidification, overfishing, habitat destruction, pollution and the spread of invasive alien species. Each threat differs in its immediate intensity, breadth of effects, and in geographic distribution.

While countries lay great importance on the right to exploit the resources in the Exclusive Economic Zone (EEZ)¹, little attention is paid to the responsibility which a nation has in protecting its oceans. While overlapping EEZ claims are increasingly resulting in maritime boundary disputes amongst nations, issues related to protection of the EEZ are taking a backseat.

Realizing this fact, the theme of the first² ‘World Oceans Day’ (WOD) in 2008 was “Our oceans, our responsibility” which emphasized on the individual and collective duty to protect the marine environment and to carefully manage the resources provided by the oceans. This year, the WOD, which was celebrated on 08 June 2014, coincided with the first day of the 24th Meeting of States Parties to the United Nations Convention on the Law of the Sea (UNCLOS), which also completes 20 years of its enforcement. The theme of WOD for 2013 and 2014 is “Together we have the power to protect the ocean.”
Global Ocean Health Index (OHI)

In order to protect the oceans, we first need to identify the areas for improvement and then have to quantify the performance of various countries in those areas. Global Ocean Health Index (OHI) is a tool which is used to measure the performance of

1. An Exclusive Economic Zone (EEZ) is a concept adopted at the Third United Nations Conference on the Law of the Sea (1982), whereby a coastal State assumes jurisdiction over the exploration and exploitation of marine resources. The EEZ comprises an area which extends from the seaward boundaries of the constituent states (3 to 12 nautical miles, in most cases) to 200 nautical miles off the coast.

2. Although it was celebrated earlier, it was recognized by the UN for the first time in 2008.

3. The Ocean Health Index was started in 2012 and reports new scores annually.

It scientifically compares and combines all dimensions of ocean health – biological, physical, economic and social, in order to generate an accurate snapshot of the health of the ocean controlled by every coastal country. The OHI evaluates the condition of marine ecosystems according to 10 adopted and well defined goals, which represent the key ecological, social, and economic benefits that an ocean can deliver sustainably, to people now and in the future. The Index is a collaborative effort, made possible through contributions from more than 65 experts on marine science, economics and sociology from many leading universities, laboratories and government agencies. The Index uses more than one hundred global databases and strives to use the most current data available. The areas of concern, specific goals along with the detailed explanation and relevance of the goals are listed in Table 1, placed at Appendix A. In order to undertake a relative comparison, the OHI calculates the scores (from 0-100) of 221 countries and territories in attaining the 10 goals. A high score is given to a country when it uses the ocean in such a way that it does not compromise the ocean’s ability to deliver that benefit in the future. The OHI is calculated as the average of the 10 scores and countries are then ranked according to the OHI. A close look at the complete list, which is available at the OHI website, shows that the scores obtained by 221 countries lie within a range of 41-90, while the average index score for countries is approximately 63.

Quantifying EEZ and OHI for countries Table 2 shows various countries
Table 2: EEZ and OHI scores of selected countries

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<th>Country Rank as per size of EEZ</th>
<th>Country</th>
<th>EEZ area (km²)</th>
<th>Land Area (km²)</th>
<th>Ratio of EEZ/Land Area</th>
<th>OHI score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>United States</td>
<td>11,351,000</td>
<td>9,147,420</td>
<td>1.2409</td>
<td>67</td>
</tr>
<tr>
<td>2</td>
<td>France</td>
<td>11,035,000</td>
<td>547,660</td>
<td>20.1494</td>
<td>73</td>
</tr>
<tr>
<td>3</td>
<td>Australia</td>
<td>8,505,348</td>
<td>7,682,300</td>
<td>1.1071</td>
<td>70</td>
</tr>
<tr>
<td>4</td>
<td>Russia</td>
<td>7,566,673</td>
<td>16,376,870</td>
<td>0.4620</td>
<td>67</td>
</tr>
<tr>
<td>5</td>
<td>United Kingdom</td>
<td>6,805,586</td>
<td>241,930</td>
<td>28.1304</td>
<td>64</td>
</tr>
<tr>
<td>6</td>
<td>New Zealand</td>
<td>6,682,503</td>
<td>263,310</td>
<td>25.3788</td>
<td>74</td>
</tr>
<tr>
<td>7</td>
<td>Indonesia</td>
<td>6,159,032</td>
<td>1,811,570</td>
<td>3.3998</td>
<td>59</td>
</tr>
<tr>
<td>8</td>
<td>Canada</td>
<td>5,599,077</td>
<td>9,093,510</td>
<td>0.6157</td>
<td>68</td>
</tr>
<tr>
<td>9</td>
<td>Japan</td>
<td>4,479,388</td>
<td>364,500</td>
<td>12.2891</td>
<td>66</td>
</tr>
<tr>
<td>10</td>
<td>Chile</td>
<td>3,675,279</td>
<td>743,532</td>
<td>4.9430</td>
<td>70</td>
</tr>
<tr>
<td>18</td>
<td>India</td>
<td>2,305,143</td>
<td>2,973,190</td>
<td>0.7753</td>
<td>58</td>
</tr>
<tr>
<td>-</td>
<td>China</td>
<td>2,285,872</td>
<td>9,327,490</td>
<td>0.2451</td>
<td>58</td>
</tr>
</tbody>
</table>

with their EEZ areas, land area, ratio of EEZ and land area and the OHI score attained by these countries. The list is presented in descending order for top 10 countries according to their EEZ area, and also gives the figures for India and China for a comparative assessment.

4. The 2013 Index used the EEZ boundaries defined by ‘Marine Regions’.

5. Beau and Heather Wrigley generously provided the founding grant for the project and ‘Pacific Life Foundation’ is the founding sponsor of OHI.

6. Principal organizers of the Index include the National Center for Ecological Analysis and the Synthesis at the University of California, Santa Barbara; the University of British Columbia’s Sea Around Us project, Conservation International, the National Geographic Society and the New England Aquarium.

7. The Index draws on data from a number of existing indices, including the Consumer Price Index, Global Competitive Index, Human Development Index, Mariculture Sustainability Index, Tourism and Travel Index.
Competitive Index, World Governance Indicators as well as information from treaties and international projects such as the Convention on Biological Diversity, Convention on International Trade in Endangered Species and IUCN Red List.

Table 2 reveals the following interesting facts. UK, New Zealand and France have high EEZ/Land area ratio, which is within the range of 20-30. Japan, Chile and Indonesia fall in the range of 3-12, followed by Australia and US whose EEZ is slightly more than their land area (EEZ/Land area ratio between 1.1-1.2). Russia, Canada, India and China however, have EEZ which are smaller than their land areas. Contrary to the expectation that developed countries which have large EEZ, will have higher scores, it is observed that the OHI scores obtained by the top 10 countries do not vary significantly, from the world average value of 65. This implies that even countries which have technological and financial resources do not value their EEZ and their performance in meeting the 10 goals is average. Infact the three best performing countries in the world on OHI are relatively unknown Heard and McDonald Islands, Saba and Howland Island & Baker Island with scores of 94, 90 and 88 respectively.8

Table 2 also reveals that countries such as India, China and Indonesia have OHI scores which are below the world average. India with an OHI score of 58, ranks 158th out of 221 countries in the world. The individual scores obtained by India in the 10 goals along with the world average in the specific goals are listed in the last two columns of Table 1. While India performs better than the global average in attaining goals 3 and 7, it performs poorly in goals 1, 5, 6 and 8. The performance in goals 2, 4, 9 and 10 is approximately near the average global figures. Further, while the average global OHI improved by 0.3% from 2012 to 2013, it degraded by 0.3% during the same period for India. The likely future state9, which is based on an estimate of a goal’s likely near-term future status is projected to decrease by 1% for India. We can therefore infer from the above scores that much more needs to be done in terms of acting responsibly to use our EEZ in a sustainable manner.

Conclusion

Oceans are the lifeblood of planet Earth and humankind. People around the world depend on healthy clean
<table>
<thead>
<tr>
<th>S. No.</th>
<th>Areas</th>
<th>Goals</th>
<th>Explanation</th>
<th>Relevance</th>
<th>Global Average Score</th>
<th>India’s score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Food provision</td>
<td>Harvesting seafood sustainably</td>
<td>This goal measures the amount of seafood captured or raised in a sustainable way.</td>
<td>Seafood helps more than half the World’s population meet their need for protein.</td>
<td>33</td>
<td>13</td>
</tr>
<tr>
<td>2</td>
<td>Artisans fishing</td>
<td>Ensuring access to fishing for local</td>
<td>This goal measures whether people who need to fish on a small, local scale have the opportunity to do so.</td>
<td>Half the world’s fish harvest is captured by artisanal fishing families</td>
<td>95</td>
<td>87</td>
</tr>
<tr>
<td>3</td>
<td>Natural products</td>
<td>Harvesting non-food ocean resources</td>
<td>This goal measures how sustainably people harvest non-food products from the sea.</td>
<td>From seashells and sponges to aquarium fish natural products contribute to local economies and international trade.</td>
<td>31</td>
<td>56</td>
</tr>
<tr>
<td>4</td>
<td>Carbon storage</td>
<td>Preserving habitats that absorb carbon</td>
<td>This goal measures the carbon stored in natural coastal ecosystems.</td>
<td>In order to preserve carbon in these ecosystems.</td>
<td>74</td>
<td>73</td>
</tr>
<tr>
<td>5</td>
<td>Coastal protection</td>
<td>Preserving habitats that safeguard shores</td>
<td>This goal measures the condition and extent of habitats that protect the coasts against storm waves and flooding.</td>
<td>Storm protection by coastal habitats is worth billions of dollars each year.</td>
<td>69</td>
<td>52</td>
</tr>
<tr>
<td>6</td>
<td>Coastal livelihoods &amp; economies</td>
<td>Sustaining jobs and thriving coastal economies</td>
<td>This goal measures how well the identity and livelihoods provided by marine-related sectors are sustained</td>
<td>People rely on the ocean to provide livelihoods and stable economies for coastal communities worldwide.</td>
<td>82</td>
<td>64</td>
</tr>
<tr>
<td>7</td>
<td>Tourism &amp; recreation</td>
<td>Maintaining the attraction of coastal</td>
<td>This goal measures the proportion of the total labor force engaged in the coastal tourism and travel sector, factoring in sustainability.</td>
<td>Coastal and marine tourism is a vital part of a country’s economy.</td>
<td>39</td>
<td>47</td>
</tr>
<tr>
<td>8</td>
<td>Sense of Place</td>
<td>Protecting iconic species and special</td>
<td>This goal measures the condition of iconic species and percent of coastline protected to indicate some of ocean’s intangible benefits.</td>
<td>Iconic species and protected places symbolize the cultural, spiritual and aesthetic benefits that people value for a region.</td>
<td>60</td>
<td>39</td>
</tr>
<tr>
<td>9</td>
<td>Clean waters</td>
<td>Minimizing pollution</td>
<td>This goal measures contamination by trash, nutrients, pathogens and chemicals.</td>
<td>Water pollution harms human health as well as the health of marine life and habitats.</td>
<td>78</td>
<td>61</td>
</tr>
<tr>
<td>10</td>
<td>Biodiversity</td>
<td>Supporting healthy marine ecosystems</td>
<td>This goal estimates how successfully the richness and variety of marine life is being maintained around the world.</td>
<td>People value the intrinsic value of a diverse array of species as well as their contributions to resilient ecosystem structure and function.</td>
<td>85</td>
<td>86</td>
</tr>
</tbody>
</table>
oceans in order to survive and thrive. As oceans are a global common, they are subject to over-exploitation resulting in eventual degradation of the earth’s ecosystem. Hence we no longer can take ocean benefits for granted. The Ocean Health Index provides a useful framework and instrument to help us manage our oceans more thoughtfully and sustainably. Global Ocean Health Index is therefore a commendable effort which draws the attention of maritime stakeholders to the performance of a country in maintaining the state of the world’s oceans, in their EEZs. Countries have exclusive rights for exploitation of their EEZ and it is equally their duty to sustainably manage the oceans. However, it is observed that the performance of most developed countries having large EEZ is rather average. This implies that enough attention is not been given to using the oceans sustainably. India also ranks lowly on the overall index and its performance in achieving important goals is poor. Steps must therefore be taken, together, to protect the ocean in line with the theme of World’s Ocean Day for 2014, so that oceans continue to nurture life in the forthcoming decades.

The estimated future state is a function of current status, trends, pressure, and resilience, and is calculated as a part of OHI.

13 June 2014

NOTES


Rare Earth Elements: Their Importance and World Politics

Maneo Kayina

Introduction

The quest for resources has shaped world affairs from antiquity to the current era. The strategy of resource acquisition and distribution, is a time tested instrument for assertion of influence in international politics. In March 2014, the U.S., Japan and the E.U. together won a favourable decision over China involving the Rare Earth Elements (REEs) case at the WTO. The WTO panel ruled that the various export duties, quotas and trading rights which China imposes on enterprises in relation to rare earths as well as the metals like tungsten and molybdenum violated its WTO commitments, and did not justify any exceptions being accorded. However, China adopted the position that “the WTO rare earth ruling is unfair,” and protested that the environmental concerns necessitated the restrictions. The country concluded that its action was aimed at conserving scarce resources and protecting its flora and fauna from “the pollution caused by the mining products at issue.” China also argued that this was allowed under the “general exceptions” of the now defunct, WTO’s General Agreement on Tariffs and Trade (GATT 1994), a multilateral trade agreement designed to reduce trade barriers. Accordingly, China’s Ministry of Commerce (MOFCOM) has announced its decision to lodge an appeal against the WTO rare earth ruling.

Principal uses of REEs: Crucial Elements

Commonly dubbed as the ‘21st century gold’, REEs are essential raw materials used in nearly all sustainable energy technologies, consumer goods and niche areas of military technology. These are used in hybrid and electric vehicles, catalytic converters, wind power generators, compact fluorescent lamps, LED’s, mobile phones, hard disk drives, flat panel display screens, medical
applications, portable electronics and small motors, and military hardware components. REEs currently constitute a critical part of devices such as lasers, radars, missile-guidance systems, satellites and aircraft electronics. Many military systems also rely upon commercial computer hard drives that use rare earth magnets. According to a report from the U.S. Government Accountability Office (GAO), “Defence systems will likely continue to depend on rare earth materials, based on their life cycles and lack of effective substitutes.” Owing to their wide ranging applications, the demands for REEs become extremely crucial in achieving higher growth rates and accelerated development. It is, therefore, not surprising at all that the big powers actively pursue exploration of REEs and control of their market.

REEs consist of a group of 17 elements in the periodic table. These carry high end names such as neodymium, promethium and yttrium but in spite of their ‘rare-earth’ tag, are actually found in abundance in the earth’s crust. The challenge, however, is that land deposits are thin and scattered around.

**REEs and the World Politics**

The unique position of China makes it the current leader of REE production. The country holds a third of the world’s rare earth resources while another third is held together by the former Soviet republics, the United States and Australia. China produces 90 per cent of REEs, and there is an element of concern that their prices will fluctuate if China’s State Bureau Reserve (SBR) moves ahead with its plans of REE stockpiling. In geopolitical terms, possession and control of REEs leverages a country’s economic advances in terms of increasing its manufacturing capacity. It also denotes influence over the flow of critical and strategic resources much needed by nations, industries and the militaries. With China heavily engaged in trade and commerce in Africa, the task for the U.S. to push its interests and strategy in the resurging continent; remains a challenge. One of these interests is securing “critical natural resources” or REEs in arguably the last frontier of economy. By applying considerable pressure on the WTO and the World Bank, the U.S., European Union, Japan and the international community are lobbying for a blockade of financing for China’s extensive mining projects in Africa. In this context, the former U.S. Secretary of State Hilary Clinton’s accusation against China and warnings of a creeping ‘new colonialism’ of Africa; are noteworthy. There is, however, some double speak here since the U.S. itself is heavily engaged in trying to secure its interests by militarising the African
continent and maintaining an upper hand in world affairs.

China, by the sheer volume of its REE business, is well positioned to bear upon the REE supply chains. A country can leverage geopolitical outcomes through REE trade in response to small or large scale political crises. For instance, in 2010, China manipulated the REEs trade and halted shipments of REEs to Japan for two months in a dispute over the latter’s detention of a Chinese fishing trawler captain, who was fishing in contested territory. The resultant action paralysed, to some extent, the high-tech manufacturing in Japan. The Chinese action also effectively demonstrated one of the elements of their response to a powerful U.S. venturing far from its territories in an attempt to rebalance or create a new order in the Asia Pacific. China continues to maintain its export controls over REEs, citing that the intent is not targeted at specific nations, but rather to protect its environment from the pollution caused by the concerned activities. However, according to Bloomberg Business Week, strengthening of export controls of REE despite the WTO ruling against this would mean that China would mull increasing mining taxes and export license fees, and implement tighter environmental guidelines for producers.

China also justified its decision to maintain regulation of REE exports by citing what the U.S had done in the past. Between the 1960s and 1980s, when the demand for colour television was soaring, the U.S. dominated the rare earth industry but eventually withdrew from the market because of the damage it inflicted on the environment and resources. Back then, U.S. mines supplied 60 per cent of the global demand while 100 per cent of U.S. needs were met internally. But when Chinese production progressively increased and offered low rare earth prices, the American operations reduced and started relying on imports from China. Now that rare earth mining is on the rise again in the U.S., the other side of its strategy is unfolding. The geopolitical strategy is to follow the time tested ploy viz. hoard own reserves, procure from external sources till a crisis point is reached and then emerge as the key player or supplier to control international markets. Also, according to the US Geological Survey (USGS), Afghanistan has the world’s sixth largest reserve of rare earth metals. So by effectively exercising influence over this resource in Afghanistan, the geopolitical posture of U.S. would be strengthened while concurrently weakening that of Beijing. The US has initiated certain strategic moves in this regard including policies aimed against
Chinese monopoly in the production and distribution of REEs.

**India’s potential and concerns**

India at present lacks the processing capabilities of REEs. But its potential is significant. The Geological Survey of India has estimated that India has 3.1 million tons of rare earth reserves spread across the country in Odisha, Assam, Bihar, Jharkhand, Karnataka, Meghalaya, Gujarat, Andhra Pradesh, Rajasthan, and Tamil Nadu. Taking cognisance of this potential, India Rare Earths Limited has set its priority on the eastern state of Odisha for REE extraction which could supply 4 per cent of the global demand. In an endeavour to increase indigenous production to meet its domestic needs, India has entered into joint ventures with Japan. India is also backing the exploration of rare earths in the deep sea as the Central Indian Ocean Basin, the Pacific Ocean and other seas have been reported to contain vast reserves. This would open up the way for India to explore into the next generation of aqua-mining. India’s increasing involvement in the REE sphere is already attracting foreign investors whose focus is on potential for production capacity in developing nations.

The development of ancillary industries also needs to be undertaken in tandem with the augmentation of REE extraction capabilities. To rely only on imports for those technologies which incorporate REEs, would be detrimental for India in the long term. And, increasing self reliance in REE sphere will directly feed into the indigenisation effort towards critical and strategic applications like military components and advanced systems.

A steady progress with expeditious bureaucratic clearances and strategic government backing, preferably a combined public-private partnership, can propel India into a significant REE player. Without neglecting other important national priorities, a step by step and continuous approach of investment into the research, exploration, and technological knowhow would ensure the upward movement of India’s development curve in the REE mining industry. India does not have a strong REE market, which is one of the most critical sectors of commerce. A wisely drawn up integrated development plan for the totality of the REE sector, would go a long way not only in generating wealth for the country but would also bolster its strategic leverages.

15 May 2014
Improving Self-reliance and Indigenous Content in Defence Sector

Raghavendra Mishra

Is ‘Co-development and Joint Production’ and a ‘stronger Indo-US engagement’ the answer to India’s long-term needs?

Two visits in quick succession within ten days by Washington’s key politico-military organ heads; the United States Secretary of State in end July 2014 and then the US Secretary of Defence (SECDEF) Chuck Hagel to New Delhi for discussions on strategic security aspects, can be viewed as a renewed effort by the United States (US) to ‘re-engage’ New Delhi on issues of larger geostrategic import.

During the SECDEF’s visit, besides discussions on military-security cooperation and arms transfers, two major actions points for future agenda appear to have emerged; the revival of the bilateral Defence Trade and Technology Initiative (DTTI) which was in somewhat moribund state and, the extension of the 10-year India-US defence framework agreement signed in 2005. Some of the key phrases, ‘technology transfer’, ‘ground breaking technology’, ‘defence trade and technology’ and, ‘joint development and coproduction’ used by both the sides make for an interesting reading.¹

These phrases gain salience when seen in the context of India’s sub-optimal defence industrial capabilities. In March 2014, SIPRI report on global arms transfer trends ranked India as the world’s largest arms importer accounting for about 14 per cent of global arms trade. India’s Self Reliance Index (SRI) hovers around 30 per cent, which is not a good reflection about indigenous defence capabilities.²

There are several ways, measures and approaches to correct this adverse trend. This paper, however, attempts a broad comparison of the three most widely discussed models that use technology infusion from imported
sources to improve indigenous defence quotients: (a) Licensed Production (LP); (b) Transfer of Technology (ToT) and; (c) Joint Development and Co-production (JDC). These have their respective advantages and disadvantages in terms of suitability for addressing India’s ‘long-term, advanced technology’ defence needs. Further, the article seeks to provide a brief overview of the current state of India-US defence cooperation and its future trajectory.

Broad Overview and Analysis of various Defence Technology Transfer Models

Before getting to the core issues, an understanding of the terms ‘self-reliance’ and ‘indigenous’ is important. While these are interrelated issues and cannot be examined in isolation, there are subtle differences. Indigenous content alludes to the geography and capacity of production, i.e., the equipment, component or the system has been manufactured in India. Self-reliance, on the other hand, is more suggestive of the ‘capability’ paradigm - a particular country has achieved a reasonable degree of the what (content) and why (functionality) of a component, equipment or a system.

Licensed Production (LP) involves assembly and production, either in the form of Completely Knock Down (CKD) or Semi Knock Down (SKD) kits. In certain cases, a larger capacity and capability up to sub-system or system levels is also given by the manufacturer. Essentially, this concept is an ‘assembly line’ model.

The second model, Transfer of Technology (ToT) entails some amount of knowledge sharing between the Original Equipment Manufacturer (OEM) and the importer. There are three levels of ToT under which, the scope and the content of transfer increases gradually from capacity (know how) to capability (know why). These are:

- Material: Simple diffusion of machines and material.
- Design: Transmission of blueprints, formulas, books, etc
- Capability: Transfer of basic scientific knowledge and technical expertise.

The other model of technology partnership is Joint Development and Coproduction (JDC) model involving two or more entities in a proportional responsibility-cum-burden sharing arrangement. Each of these entities takes up a portion of R&D, engineering and production activities. Depending on the ratio of work that each entity undertakes,
a commensurate capital investment is also made. Such an arrangement adopts a ‘Cradle to Grave’ approach during R&D and manufacturing activities thus sharing the capital, R&D and engineering risks. The sharing principle is invariably based on leveraging the ‘core competencies’ of each partner thereby generating greater synergy besides compressing the timelines for fruition of the project. In this model, the timeline issue is important as the cost escalation in defence sector has been pegged at ten per cent on an annual basis, which when measured across the temporal dimension translates into the cost of a military capability doubling every 7¼ years.

The above discussion may suggest that LP and ToT model are inferior to JDC, which is not entirely true, as LP/ToT projects accrue intangible benefits such as - access to higher-grade technology, consequent knowledge and learning curve improvements, wider industrial and economic benefits and, the possibility of spin-off benefits to other related indigenous defence projects. One of the major constraints of ToT model lies in the inability to make an accurate assessment of the quantitative (capacity) and qualitative (capability) contents. Further, a full spectrum of ToT remains a pipedream, especially in case of modern and advanced equipment, since no record of a total capacity-cum-capability transfer is available through open sources.

The major downside of LP/ToT projects is the higher unit and life cycle costs. There are some reasons for this:

- Expenses towards either setting up a new production line or retooling the existing facilities.
- Shorter production runs as compared to the OEM thus reducing the economy of scale benefits.
- Costs involved in transfer of technology.
- Reliability issues since the start would be at the top of the learning curve.
- Additional cost and time penalties for repair of restricted technology items (Black Boxes) at OEM facilities, since complete ToT is never offered nor given.

In case of JDC projects, the disadvantages and constraints of LP/ToT do not occur, in an empirical sense, due to the explicit division of labour and capital. In addition, the chances of denial regimes being imposed due to geopolitical factors is reduced, at least by the other partners involved in the project, since they too would suffer in
One of the important but lesser discussed benefit of JDC is that nations with complex security anxieties can obtain ‘affordable security’ and avoid the ‘Crowding Out effect’. ‘Crowding Out’ is said to occur when a state allocates disproportionally large part of national resources for the development and production of military capabilities. Such preponderance tends to increase the fiscal deficit and stymies innovation in other areas of technology, as the ‘best and the brightest’ get absorbed in the defence technology field. The wider socio-economic effects include lesser spending on health, education and social safety net. All these negatives combine to produce a vicious spiral resulting in strategic overstretch; internal strife, social unrest, economic collapse, and; in extreme cases, even national disintegration. A frequently cited example is the military-centric command economy model followed by the Soviet Union during the Cold War era, and its collapse because of an extended-exhausting strategic competition with the West. However, JDC projects at national level also come with attendant geopolitical costs. Each project would have basic, intermediate and niche technology contents, and the nation contributing higher technology content would still have leverages against the lower tech partners.

**Defence Technology Transfer Scenario in India**

Brahmos cruise missile and the under discussion Fifth Generation Fighter Aircraft (FGFA) are good examples of Indo-Russian collaborative endeavours in the field of advanced defence technologies. In addition, the co-development of Barak Long Range Surface to Air Missile (LRSAM), proposed for fitment on Kolkata class destroyers as a joint India - Israeli effort is another case in point.

It is useful to examine whether such a synergistic model can be evolved with the US. Indo-US Defence Cooperation when viewed through the prism of joint military exercises is robust in content. However, despite India procuring more than US$10 billion worth of military hardware since 2007-08 from the US, the trend remains ‘trade and transfer centric’ in nature with no LP/ToT arrangement.

In comparison, there are numerous examples of other countries entering into ToT like the Italian Milan Anti-Tank Guided Missile (ATGM) and the licensed production of advanced defence systems like the Jaguar (Anglo-French) Deep Penetration Strike Aircraft (DPSA) and the Russian origin T-72 tanks and MiG series aircraft.
It would also be fair to state that the US is a relatively new source of military hardware for India. Further, the defence system from the US have been at the niche and high end technology and capability spectrum, like the C130-J (Super Hercules) and the C-17 (Globemaster) aircraft, P-8 Maritime Reconnaissance (MR) aircraft, Harpoon missiles and, Landing Platform Dock (LPD) Jalashwa (formerly USS Trenton) to name a few. P-8I MR aircraft deal is of particular significance as the US and Indian versions have entered the respective inventories at about the same time. Future prospects also include possible sales of AH-64 Apache and Chinook heavy-lift helicopters. Both sides have also been engaged in talks for ToT as part of ATGM project where the US has offered the third generation Javelin missile.

**Constraints in Expanding Indo-US Defence Technology Cooperation and the Way Ahead**

There are, however, certain constraints in forging a deeper Indo-US defence technology relationship and transforming it into a more equitable two-way partnership. These include the remnants of Cold War mindset in both sides, India’s concerns about a repeat of denial regimes imposed in the wake of post 1998 nuclear tests, and India’s reluctance to comply with some of the restrictive and intrusive end-user requirements sought by the US. There is no immediate solution to the ideational discords, but these could be resolved by better management of respective perceptions. The denial regime concerns can be considered a non-issue given the mutual stakes involved in a collaborative approach. Further, both countries have moved on since then, as is evident from the 2005 Indo-US Nuclear Deal. The issue of restrictive provisos need to be appreciated through two different perspectives. The US insistence stems from the fact that these are federally legislated legal provisions and needs to be respected in the same spirit as India’s insistence on complying with Nuclear Liability Bill. India’s ambivalence is largely predicated on keeping the defence trade and transfer issues away from the larger geopolitics and within the strict bounds of existing procurement policy guidelines. It is pertinent to mention that the US is in the process of amending its Export Control Act (ECA), but it is not a top parliamentary agenda and the progress remains slow.

In certain cases, a modus vivendi like the Westinghouse Model has evolved to address mutual concerns for furthering civil nuclear cooperation. However, a
carte blanche dispensation in this regard would be unrealistic. Further, India’s expectations from the US to engage in ‘top of the line’ defence technology projects would need to be tempered since some of these are not shared even with close allies. The US also needs to appreciate the underpinnings of India’s strategic culture, as well as the complex and difficult relationship it shares with two of its largest neighbours, i.e. Pakistan and China.

**Conclusion**

The need for improving India’s self-reliance quotient in defence technology is an imperative that requires urgent attention. The debates on ‘self-reliance’ and ‘indigenisation’ should be framed through the proposition that, given the globalized nature of military technology, a full spectrum autarchy in defence sector is an unrealistic expectation. A case in point being the US, which as the leading arms exporter and the world’s largest defence budget, is also the sixth largest importer of military hardware. Considering India’s vexed security environment a ‘phase zero’ (starting from scratch) approach is not a good option, if India is to leapfrog the technology deficit. Joint development and coproduction concept has some inherent benefits that LP/ToT models do not provide especially for long term advanced technology needs.

India has made some progress and the offer of US-2 amphibian aircraft by Japan suggests that countries are ready to engage India in such endeavours. Crosscutting defence collaboration with the US can be achieved but would depend on the ‘politico-strategic will’ from both sides to engage in a mutual ‘give and take’ for a ‘win-win’ solution. India will also have to assuage Russian concerns (majority of Indian military hardware being of Russian origin) and the China overhang, where it may be interpreted as sign of India joining the US camp. Smart policy footwork and minor geopolitical readjustments can help tide over these ‘somewhat turbulent seas’.

29 August 2014
NOTES


4. In the present context, ‘Cradle to Grave’ approach encompasses the whole ambit of concept, design, engineering, production and life cycle support stages of a system including the midlife upgrade(s).


9. Some of the examples are the End Use Monitoring (EUMA) and its more restrictive avatar, the Extended EUMA; Communication Interoperability and Security Memorandum Agreement (CISMOA) and Basic Exchange and Cooperation Agreement for Geo-Spatial Cooperation (BECA).
Today is World Maritime Day

Vijay Sakhuja

Every year, on 25 September, the international community celebrates World Maritime Day and as is the practice, Ban Ki-moon, the Secretary General, United Nations, gave his annual message to the international maritime community which spelt out two important issues relating to international conventions and the shipping industry. The Secretary General has urged all member states to work towards the ‘full and effective implementation’ of all the conventions promulgated by the International Maritime Organization (IMO), a specialist arm of the United Nations. In the last fifty years, the IMO has notified more than 50 international conventions on a number of issues relating to the boundaries (1982 LOS Convention), marine operations, shipping standards, environment, insurance and liability and the seafarers. Likewise, Koji Sekimizu, Secretary-General, IMO has noted that the IMO Conventions have made ‘shipping safer, more efficient and more environment friendly’. In fact the theme of the World Maritime Day 2014 is “IMO Conventions: Effective Implementation.”

The second important issue in Secretary General’s message is about international shipping, which has tirelessly moved international commerce to ensure the timely delivery of goods—oil and gas, raw materials, finished goods, grain and food on-which, the states rely for economic growth, and the humanity relies for its well-being. The international shipping has grown at an impressive rate driven by globalization, which has resulted in economic prosperity across the globe. According to the UNCTAD Review of Maritime Transport, in 2013, the
global seaborne trade increased by 4.3 per cent after reaching over 9 billion tons in 2012 for the first time ever. It is important to mention that during the last four decades, seaborne commerce has grown at an average of 3 per cent, from 2.6 billion tons in 1970 to 8.7 billion tons in 2011 led by containerized trade, dry cargo, and bulk commodities such as iron ore, coal, grain, etc. The report also makes note of the challenges faced by the land locked countries to gain access to the seas for overseas markets and engage in international commerce. It will be useful to mention that there are 42 landlocked countries, which do not have direct access to the sea-15 in Africa, 13 in Europe, 12 in Asia and 2 in Latin America and these rely on their respective neighbours for port access.

At another level, the shipbuilding industry remains committed to environmental concerns and working hard to control the carbon dioxide emissions and other effluents. The industry believes that by 2020, it will be possible to reduce CO2 emissions per tonne/km of cargo transported by 20 per cent. This could be achieved through a combination of technological and operational initiatives including constructing bigger and more fuel efficient ships as per the IMO Energy Efficiency Design specifications. Some of the important initiatives include modern hull design, fuel efficient engines and redesigned propellers to produce more thrust, increase mileage and reduce fuel consumption. It is also planned to use the waste heat for a number of engineering tasks.

While these are good initiatives to improve material efficiency of the international shipping, what is most worrisome is the safety and security of the seafarers who are at the centre of the global commerce. Since 2008, the rise of piracy off the Somali coast – Gulf of Aden resulted in a number of crew being held hostage by the pirates. Currently there are 38 seafarers held hostage by the Somali pirates.

Perhaps, what is more disturbing is that several of them perished at the hands of the pirates. There are a number of reports and accounts, which suggest that the ship's crew were traumatized with long term psychological ‘negative impacts’ both for them and their families. Some have suffered from post traumatic stress disorder (PTSD) and there is no agency to take care of these issues. The crew and their families have been devastated. There were instances where ship owners were reluctant to negotiate with pirates to release crew due to lack of financial resources to pay ransoms. Some crew members were even denied
food and water, and were subjected to physical abuse. There have also been cases of psychological manipulations by pirates, who forced the captured crew to call their families to increase the pressure for a ransom.

Today, as we recall and celebrate the World Maritime Day, it is for introspection that human security should find a prominent place in international shipping discourse. They are the drivers of global economy. It is for the consideration of the IMO that the 2015 World Maritime Day is dedicated to the seafarers.

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