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Indian Ocean Watch

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This Newsletter tracks developments in the following countries of the Indian Ocean region

Australia, Bangladesh, Comoros, India, Indonesia, Iran, Kenya, Madagascar, Malaysia, Mauritius, Mozambique, Oman, Seychelles, Singapore, South Africa, Sri Lanka, Tanzania, Thailand, United Arab Emirates, Yemen

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EDITOR'S NOTE

Several important developments regarding maritime security took place in the Indian Ocean Region during April 2015. Commenting on the recent China-Pakistan submarine agreement, India's Naval Chief said that the Navy is keeping close eyes on the naval cooperation between the two countries. Indonesia indicated that it is considering to acquire amphibious aircraft from Japan to boost its maritime security. After an announcement by the US Navy to deploy its warship near Yemen, Iran also deployed its warships in the area stating that they would defend Iranian trading ships from pirates in the region. However, the US suspects these ships of supplying weapons and other heavy materials to the Houthi rebels in Yemen. Seychelles opened a dedicated court to try maritime crime on the high seas; and also became the Chair of the Eastern Africa Defence Security Policy Organ. Piracy remained a hot topic as experts pointed that a rise in illegal fishing off Somalia can revive maritime piracy in the region. Southeast Asia has already reported a rise in maritime piracy, especially off Indonesia.

On the economic cooperation front, Australia urged India to sign a Free Trade Agreement with it. Ravi Karunanayake, the Sri Lankan Foreign Minister, hinted that China is mulling over the possibility of an India, Sri Lanka and China trilateral cooperation in the region. India also talked about its plans to revive the ancient 'Cotton Route' along with its Project Mausam. Further, Indonesia, in order to become a 'global maritime axis', is considering a National Marine Spatial Plan. It also decided to relocate the planned Cilamaya Port to some other place. The United Nations World Tourism Organisation (UNWTO) endorsed Kenya as a safe tourist destination. Towards its commitment for greater cooperation with the Indian Ocean Region countries, India handed over new hydrographic data sets to Mauritius that would help claim its continental shelf through the United Nations. Also, Sri Lanka's Central Bank got US\$400 million tranche from the Reserve Bank of India (RBI) under a currency swap agreement that will help tackle its currency volatility and promote trade.

On the environmental concern and disaster risk management front, Indonesia announced its intension to extend the ban on forest clearing that is in force since 2011. There were reports that an iron ore mine in Bangka is threatening the global diving mecca in Indonesia. Kenya became the 12th nation to ratify the ship wreck removal convention. A recent research linked Tanzania's coffee production decline to the average temperature rise (climate change). South Africa approved ambitious private sector renewable energy projects that set the country to become a leader in green energy.

Editor

MARITIME SECURITY

Australia praises Malaysia's seizure of a wanted illegal fishing vessel by the Interpol

Australia has praised Malaysian action of seizing the *Viking*, an illegal, unreported and unregulated (IUU) fishing vessel. It has also offered all its support in the ongoing investigation. The vessel with a long history of IUU fishing is the subject of an Interpol 'Purple Notice'. The captain of the vessel, in a bid to avoid detection, claimed that the vessel was flagged to Nigeria. Australia is working with Malaysia to disprove this claim and identify other irregularities in documents carried by the vessel. Australia and Malaysia have a strong record of working together. Recently, officers from the Australian Customs and Border Protection Service and Australian Fisheries Management Authority were in Malaysia to share information to help combat IUU fishing.¹

Indian Navy keeps close eye of Pak-China cooperation

The signing of landmark China and Pakistan submarine deal has made India to keep a closer eye on the growing military cooperation between the two countries. Indian Navy Chief Admiral Robin Dhowan said that the navy was keeping the Indian Ocean under tight surveillance to be ready for any eventuality. This agreement will be one of Beijing's biggest exports that would make Islamabad's submarine strength competitive with that of New Delhi, which operates 14 such vessels. India has made significant efforts in the recent years to modernise its navy but still lags behind the Chinese Navy, which

operates close to 60 submarines, including nuclear-powered attack and ballistic missile submarines.²

Pirates rob fuel from Malaysian tanker off Indonesia

Dongfang Glory, a tanker en route to Labuan from Port Dickson was robbed of its fuel cargo off Indonesian waters. According to the International Maritime Bureaus (IMB), 15-25 pirates boarded the tanker from a speedboat around 62 nautical miles north of Pulau Uwi, Indonesia. The Malaysian-based Grolite Shipping-owned tanker was carrying 4,000 tonnes of petrol and 1,000 tonnes of diesel that was transferred to the vessel brought by the pirates. The pirates damaged all communication and navigation equipment and stole the crew's personal belongings. Although they had taken hostage of all 17 crewmembers, none was hurt. This is to note that another Grolite Shipping-owned tanker, Oriental Glory, was also robbed on July 16, 2014. Pirates had stolen 2,500 tonnes of diesel from the vessel and damaged its communication equipment.³

Indonesia mulling to acquire amphibious aircraft from Japan

Ryamizard Ryacudu, Indonesia's Defence Minister, said that Jakarta is considering the possibility of buying the ShinMaywa US-2 amphibious aircraft from Japan. He said that the experts are still assessing the utility of the vessel for the Indonesian Navy and a requirement may be placed once the process is complete. Japan is one of the important countries

¹ "Australia lauds Malaysia's cooperation on illegal fishing", *The Rakyat Post*, April 2, 2015, at <http://www.therakyatpost.com/news/2015/04/02/australia-lauds-malaysias-cooperation-on-illegal-fishing/>

² "India keeping a close eye on China-Pak military cooperation: Navy chief", *Hindustan Times*, April 20, 2015, <http://www.hindustantimes.com/india-news/we-re-closely-tracking-developments-in-chinese-navy-and-ready-for-any-eventuality-admiral-dhowan/article1-1339001.aspx>

³ "Pirates siphon off fuel from tanker off Indonesia", *IHS Maritime 360*, April 6, 2015, at <http://www.ihsmaritime360.com/article/17369/pirates-siphon-off-fuel-from-tanker-off-indonesia>

towards which Indonesia has been looking for cooperation in boosting its maritime and aerial capabilities for tasks ranging from sea patrols to rescue operations. Recently, Japan too has been looking for boosting its ties with ASEAN countries while simultaneously looking for opportunities to export its military hardware and technologies. Jakarta and Tokyo boosted their strategic partnership with a strong focus on maritime security following a visit by President Joko Widodo (“Jokowi”) in the month of March as they signed a Memorandum of Understanding (MoU) to expand cooperation in defence equipment and technology.⁴

Arrival of Iranian warships near Yemen alerts the US

Greater tensions have developed between US and Iran after a fleet of Iranian warships arrived near the southern coast of Yemen. Just days after the United States announced it would send its own warships to Yemen in order to prevent Iran from smuggling weapons to terror forces fighting there, a flotilla of Iranian destroyers docked in the same area. According to Iran, these warships will help protect Iran's cargo ships and oil tankers against pirates in the Persian Gulf region. However, the United States and other countries fear Iran is using these cargo ships to deliver weapons and other deadly hardware to the opposition forces in Yemen. Iranian Navy Commander Rear Admiral Habibollah Sayyari clearly said that Iran will not be deterred by threats from Saudi Arabia or other countries to leave the region.⁵

BAE Systems pitches River-class OPV for Malaysia's MMEA

As the Malaysian Maritime Enforcement Agency

(MMEA) is looking for expanding its fleet for sea and air operations, BAE Systems is showcasing the River-class Batch 2 offshore patrol vessel (OPV) design as a suitable option for it. The River-class Batch 2 is a 90 metre OPV that is currently on order for the UK Royal Navy (RN). Clive Marchant, International Business Development Executive, BAE Systems, described the OPV as one designed for coast guard-type operations and based on a proven platform that is in use with the Brazilian and the royal Thai navies. The ship for the Royal Thai Navy (RTN) is a good example of the company successfully working with a Southeast Asian shipbuilder under a license-build arrangement. Marchant said that his company would be very happy for a Malaysian company to consider building it. The OPV can embark heavy guns, sea boats and a helicopter as well.⁶

Malaysia wishes for a Code of Conduct in South China Sea to be concluded soon

Datuk Seri Najib Razak, the Prime Minister of Malaysia, expressed his hope for an early conclusion of the Code of Conduct (CoC) for the South China Sea. Malaysia is the chair of the Association of Southeast Asian Nations (ASEAN) in 2015. Razak said that the recent developments in the South China Sea has raised concerns about the safety of the sea lanes for international trade. Therefore, according to him, it was natural that almost any occurrence there would attract global attention. He suggested that the ASEAN must address the concerning issues in a proactive, positive and constructive way. Razak was speaking at the opening of the 26th ASEAN Summit at the Kuala Lumpur Convention Centre on April 27, 2015.⁷

⁴ “Indonesia may buy amphibious aircraft from Japan”, *The Diplomat*, April 7, 2015, at <http://thediplomat.com/2015/04/indonesia-may-buy-amphibious-aircraft-from-japan/>

⁵ “Iranian warships arrive near Yemen”, *Free Beacon*, April 22, 2015, <http://freebeacon.com/national-security/iranian-warships-arrive-near-yemen/>

⁶ “BAE Systems showcases River-class OPV as an option for Malaysia's MMEA”, *IHS Janes 360*, April 7, 2015, at <http://www.janes.com/article/50477/bae-systems-showcases-river-class-opv-as-an-option-for-malaysia-s-mmea>

⁷ “Malaysia hopes for early conclusion of South China Sea CoC, says Najib”, *The Rakyat Post*, April 27, 2015, at <http://www.therakyatpost.com/news/2015/04/27/malaysia-hopes-for-early-conclusion-of-south-china-sea-coc-says-najib/>

Seychelles opens a Supreme Court annexe to try maritime crime on high seas

A dedicated court to hear maritime crime was formally opened in Seychelles on April 12, 2015. The funding for the building of the court was provided by the UK and Dutch governments and the trust fund of the Contact Group on Piracy off the Coast of Somalia. The opening of the Supreme Court annexe for maritime crime trials marks the culmination of sustained efforts over the past five years to establish Seychelles as a leading jurisdiction for combating piracy in the region. Since Seychelles has updated its legal mechanism for the prosecution of pirates captured on the high seas by third-party countries, it has conducted 16 piracy trials, prosecuted 142 suspects, jailed 138 of them for piracy offences and repatriated 114 convicted pirates to serve sentences at United Nations-approved jails in Puntland and Somaliland. The UN recognises the important role played by Seychelles in combating maritime piracy off the coast of Somalia.⁸

Seychelles becomes the Chair of Eastern Africa Defence Security Policy Organ

Seychelles has become the Chair of the Eastern Africa Defence Security (EADS) Policy Organ during the Policy Organ meeting of the Eastern Africa Standby Force held in Khartoum, Republic of Sudan from April 20-25, 2015. It would remain in the position for a year within the four levels structure which is consisted of the heads of state, ministers, chief of defence staff and experts. The meeting was organised to discuss key policy issues ensuring peace and security by creating a conducive environment for sustainable development and to highlight the principle of rotating the bureau.⁹

Rise in illegal fishing off Somalia can revive maritime piracy in the region

The United Nations (UN) and the Somali fishing officials have warned that a rise in illegal fishing off Somalia could spark a resurgence in piracy. The warning has come nearly three years after the last successful hijacking by the pirates in the Indian Ocean. Only a few years ago, the pirates paralysed shipping lanes, kidnapped hundreds of seafarers and seized vessels more than 1,000 miles from Somalia's coastline, costing billions of dollars to the world shipping industry. A coordinated international naval effort since then and a growing use of private security have effectively neutralised the pirates. The decline in piracy has resulted in the rise of illegal fishing as a side effect as the trawlers are confident that they can operate with impunity. Therefore, Alan Cole, an official at the United Nations Office for Drugs and Crime (ODC), feels that piracy could return as criminal gangs and pirates use the rise in illegal fishing as a pretext to hijack other vessels.¹⁰

Number of piracy cases has fallen down, says Tanzanian minister

Bernard Membe, Tanzania's Minister of Foreign Affairs and International Cooperation, announced in Dar-es-Salaam that cases related to piracy have dropped to zero in a year since Tanzania signed the EAC piracy protocol endorsed by East African and Indian Ocean littoral states. He identified Operation Atalanta against piracy as one of the important contributors to the drop. He also informed that the Tanzanian Government is still waiting for the fulfilment of the conditions committed by the European Union (EU) as per the protocol against piracy signed by the two sides. The EU is required to

⁸ "Maritime court opens in Seychelles", *IHS Maritime 360*, April 13, 2015, at <http://www.ihsmaritime360.com/article/17468/maritime-court-opens-in-seychelles>

⁹ "Seychelles assumes chairmanship of Eastern Africa Defence Security Policy Organ", *Seychelles Nation*, April 30, 2015, at <http://www.nation.sc/article.html?id=245260>

¹⁰ "Rise in illegal fishing threatens to revive Somali piracy", *Defence Web*, April 1, 2015, at http://www.defenceweb.co.za/index.php?option=com_content&view=article&id=38628:rise-in-illegal-fishing-threatens-to-revive-somali-piracy&catid=108:maritime-security

construct a prison meeting international standards for the accommodation of sentenced pirates, to train Tanzanian investigators and security agencies to handle pirate related cases, etc. Membe explained that the delay has been due to the fact that EU had to sign three Memoranda of Understanding with Tanzania in order to implement the protocol.¹¹

Southeast Asia reports a rise in maritime piracy

According to the International Maritime Bureau (IMB), incidents of attacks by pirates on the seas rose by 10 per cent in the first quarter of the year 2015 as compared to the same period in 2014. This is happening after a steady decline in maritime piracy

over the last few years. Pottengal Mukundan, Director, IMB, termed the development as “disturbing” as “the violence will increase and the pirates will get a little more audacious” due to the lack of action. Southeast Asian waters have become the most dangerous accounting for more than half of all such attacks since the beginning of 2015. The trends show that on an average a small coastal tanker is being hijacked by pirates in the region every two weeks. The highest number of such incidents have been reported in the waters off Indonesia, accounting for almost 40 per cent of the total number of reported attacks.¹²

¹¹ “Rate of cases related to piracy falling, says Membe”, *IPP Media*, April 22, 2015, at <http://www.ippmedia.com/?l=79581>

¹² “Maritime piracy on increase again in Southeast Asia”, *Voice of America*, April 21, 2014, at <http://www.voanews.com/content/maritime-piracy-on-increase-again-in-southeast-asia/2728381.html>

ECONOMIC COOPERATION

Australia urges India to sign Free Trade Agreement

Australian Foreign Minister Julie Bishop urged India to sign Free Trade Agreement with Australia. During her four days visit to India, she addressed the inaugural Indo-Pacific Oration organised by the Observer Research Foundation, New Delhi on April 13, 2015. In her address, she made a strong pitch for early conclusion of the Australia-India Comprehensive Economic Cooperation Agreement. She also pointed out that Australia has FTAs with South Africa, Japan and China. Australia's trade in goods and services with India was US\$12.12 billion in 2013-14 with Indian exports of goods amounting to US\$2.30 billion. Australia's exports of goods to India were US\$9.82 billion.¹³

Union of Comoros and Union Marine of Dubai dispute over port operations contract

The Union of Comoros has been warned by an international law firm for the implications after it broke the port operations agreement it had in place with Dubai based operator, Union Marine. Comoros has failed to comply with English Court Cost Orders amounting only to the modest sum of £110,000, because it has claimed bankruptcy. The issue had come up when the Comoros Government had terminated a contract with Union Marine in 2012, although it was supposed to continue for ten years since it was signed in 2007. A member of the Union Marine's legal team said, "It is totally unacceptable for a member of the United Nations to act in this manner." Union Marine was not even informed of

the decision by the Comoros Government till it independently spotted a statement on the Comoros Government's website which said it had hired a third-party company to "administrate the country's maritime affairs." The Comoros Government initially contended that its own courts were the appropriate forum to decide this dispute, but the contract provided that any dispute between the parties will be resolved by arbitration in London.¹⁴

Production of the precious ylang-ylang flower oil under threat in Comoros

Comoros is the world's top producer of the ylang-ylang flower oil with the intoxicating aroma giving distinctive scent in Chanel N°5, one of the world's best-selling fragrances. This is also a key ingredient of many other perfumes. This commodity makes up one-tenth of the archipelago's total export revenues. However, decades of under-investment in old plantations, an exodus of flower gatherers from the painstaking work and deforestation are threatening the production of the flower nowadays. It is strange that there is no local effort to address the problem despite the economic importance of the ylang-ylang essential oil. Each year, Comoros produces between 30 and 40 tonnes of the essential oil mainly on the island of Anjouan, home to 350 distilleries. Economists believe that the Comoros could extract more from ylang-ylang if the sector was given an overhaul. The forest cover in the archipelago has shrunk by 25 per cent in the last 20 years. Chanel, the perfume manufacturer, says that it is trying to get its suppliers to plant their own trees for firewood in order to meet the needs of the essential oil

¹³ "Want to help India with uranium supplies for energy needs: Australia", *The Economic Times*, April 13, 2015, at http://articles.economictimes.indiatimes.com/2015-04-13/news/61102797_1_uranium-supplies-energy-needs-economic-pact

¹⁴ "Comoros port operations dispute", *portstrategy*, April 28, 2015, at <http://www.portstrategy.com/news101/world/africa/comoros-port-operations-dispute>

extraction. It has also promised to provide better conditions and fair wages to attract workers on these plantations.¹⁵

India, Sri Lanka and China trilateral cooperation

An effort to form a trilateral cooperation with India and Sri Lanka has been initiated by China. Sri Lankan Finance Minister, Ravi Karunanayake, who attended a meeting between Chinese President Xi and the Sri Lankan President Maithripala Sirisena, said that Xi wanted India to work with the two countries. Both the presidents, during the meeting, agreed that India should be a part of Sri Lanka and China equation. However, India has specific concerns to the Chinese projects like the Colombo Port City in the backdrop of Chinese submarines docking at the port; and the Sri Lankan government alleges irregularities and high interest rates for the loans and the project.¹⁶

India plans to revive the ancient 'Cotton Route' along with Project Mausam

India plans a 'Cotton Route' to help forge economic and strategic partnerships with other countries by reviving ancient Indian Ocean pathways through which the fabric was exported to both the east and west. Mindful of Chinese initiatives launched since 2013 to connect coastal states, including countries in South Asia and India's extended neighbourhood, the Indian Government has launched its own plan to partner with countries with which it has had historical trade and people-to-people links. The idea is being

seen as a step to balance China's growing maritime ambitions, especially its security interests and projects that have adverse implications for India's defence. Apart from the 'Cotton Route', India also plans to launch Project Mausam, a regional initiative to revive its ancient maritime routes and cultural linkages with countries in the extended neighbourhood. It is also said that "silk was not the only product that moved across the ancient Silk Road. The Chinese consumption of cotton cloth is rarely discussed in surveys of Asian trade. However, what was the Silk Road for Chinese silk was, in the reverse direction, a Cotton Road."¹⁷

Indonesia and Norway agree to cooperate in deep sea technology sector

Indonesia and Norway have agreed to cooperate on deep sea technology for oil and gas exploration and maritime sector. Many of Indonesia's oil reserves are located in deep sea and Norway possesses advanced technology and experience in this field; these facts bring the two countries together. Indonesia's state oil and gas firm PT Pertamina and Norway's state company State Oil would cooperate in implementing the plan agreed by President Joko Widodo of Indonesia and Prime Minister Erna Solberg of Norway. Both the countries also plan to cooperate in establishing hydro power plants in Sumba Island of Indonesia, renewable energy and combating illegal fishing. They have also agreed for an increased cooperation against illegal fishing, especially in the fields of technology and funding.¹⁸

¹⁵ "Production of secret to Chanel N°5 under threat in Comoros", *GMA News*, April 22, 2015 at <http://www.gmanetwork.com/news/story/474166/economy/agricultureandmining/production-of-secret-to-chanel-n-deg-5-under-threat-in-comoros>

¹⁶ "China to forge trilateral cooperation with India, Sri Lanka", *The Economic Times*, April 2, 2015, http://articles.economictimes.indiatimes.com/2015-04-02/news/60756487_1_indian-ocean-sri-lankan-foreign-minister-trilateral-cooperation

¹⁷ "India plans cotton, ancient maritime routes to counter China's ambitions", *The Economic Times*, April 17, 2015, at http://articles.economictimes.indiatimes.com/2015-04-17/news/61253559_1_maritime-silk-road-indian-ocean-chinese-silk

¹⁸ "Indonesia, Norway to cooperate on deep sea technology", *Maritime Professional*, April 15, 2015, at <http://www.maritimeprofessional.com/news/indonesia-norway-cooperate-deep-technology-269309>

Indonesia refuses to choose side between China and Japan

Indonesia's President Joko Widodo sat between the Chinese President and the Japanese Prime Minister almost symbolically during the Asia-Africa conference to state that his country maintains neutrality between the two countries and refuses to choose sides. Jokowi has maintained this stance during his first six months as president. Although it is suggested that his party prefers China over Japan, Jokowi has always given a studious impression of neutrality. While China has offered Indonesia to invest around US\$63 billion, Japan has offered a meager US\$8.9 billion in comparison. Despite this, Jokowi maintains that investment from both the countries will be crucial for Indonesia's development during his five-year term; and especially for the realisation of his vision for Indonesia to become a 'global maritime axis'.¹⁹

Indonesia formulating the National Marine Spatial Plan

The Indonesian Government, in order to make the country a 'global maritime axis', is chalking out a spatial plan for its marine territory. According to Maritime Affairs and Fisheries Minister Susi Pudjiastuti, the mapping of the nation's seas will support streamlining of different programmes and the integration of various marine sources for economic growth. The National Marine Spatial Plan (RTRLN) "will account for maritime connectivity systems, strategic ocean areas and zoning designations for the use of marine space on a national scale in accordance with the potential and carrying capacity of the environment," Susi said in Jakarta on April 28, 2015. This plan is very important for Indonesia

for the realisation of a maritime and fisheries development vision characterised by sovereignty, sustainability and prosperity as three pillars. Indroyono Soesilo, the Coordinating Maritime Affairs Minister, said that the spatial plan would bring different ministries, each with their own maritime interests, on the same page.²⁰

Indonesia decides relocating the planned Cilamaya Port

Indonesia has decided to relocate the planned Cilamaya deep sea port project in West Java, possibly to Subang or Indramayu in the eastern part of the island. A review after the new government came to power has concluded that the original position of the planned port is too close to an oil and gas block operated by Pertamina Hulu Energi, a subsidiary of the state-owned Pertamina, offshore North West Java. If the port is constructed at the originally planned location, there is a high likelihood that ships may hit oil and gas rigs. The US\$2.6 billion project has been initiated to ease the Tanjung Priok Port of Jakarta; and its construction has suffered a series of delays since 2010. The port at Jakarta currently handles about two-thirds of Indonesia's international trade. Foreign players are expected to fund nearly half of the total cost. The planned Cilamaya Port is one of the five important projects planned in cooperation with Japan.²¹

United Nations World Tourism Organisation endorses Kenya as a safe tourist destination

Kenya has been declared as a safe tourist destination by the United Nations World Tourism Organisation (UNWTO). The Organisation has also promised to further support the Kenyan tourism sector. The

¹⁹ "China and Japan find middle ground in Indonesia", *the interpreter*, April 24, 2015, at <http://www.lowyinterpreter.org/post/2015/04/24/China-and-Japan-find-middle-ground-in-Indonesia3.aspx>

²⁰ "Indonesia to zone its seas in bid to become 'global maritime axis'", *MONGABAY*, April 30, 2015, at <http://news.mongabay.com/2015/04/indonesia-to-zone-its-seas-in-bid-to-become-global-maritime-axis/>

²¹ "Indonesia cancels Cilamaya Port plan", *The Maritime Executive*, April 6, 2015, at <http://www.maritime-executive.com/article/indonesia-cancels-cilamaya-port-plan>

UNWTO and Kenya's Ministry of East African Affairs, Commerce and Tourism had signed a memorandum of understanding (MoU) to promote the sector. Under the agreement, the ministry would be provided with a crisis management tool-kit for responding to tourism related difficulties. Taleb Rifai, Secretary General, UNWTO, said, "Travel advisories must be measured scientifically to address specific areas of concern" and be issued only in the event of extreme concern. He called on the international community to give Kenya absolute and unconditional support. Uhuru Kenyatta, the President of Kenya, thanked UNWTO for its support and informed that some East African Community member states have already undertaken joint ventures to promote the tourism sector.²²

Economic growth in Malaysia may come down to 4.7 per cent

According to the East Asia Pacific Economic Update released on April 13, 2015, economic growth in Malaysia is expected to slow down to 4.7 per cent in 2015 before normalising to 5 per cent in 2016. However, the current account of the country would remain in a small surplus. The World Bank said that delays in capital expenditures, a key growth driver in the country, due to lower oil prices would dampen the growth rate. The Bank also stated, "Private consumption will moderate on tighter credit and a small impact from the introduction of the goods & services tax, before rebounding in 2016." Further declines in oil prices are the key risk to near term growth, fiscal and external accounts. Weakness in the global economy dampening export demand, renewed volatility in capital flows and the realisation of contingent liabilities are the other risks for the

Malaysian economy. Malaysia's economy had expanded by 6 per cent in the year 2014.²³

Malaysia looks to increase its coral reef exports

Datuk Seri Ismail Sabri Yaakob, Minister of Agriculture and Agro-based Industries, Malaysia said that the coral reef export from his country is still very small while its neighbour Indonesia controls the 90 per cent of the world coral reef exports. The fact is that Malaysia possesses 1.27 per cent of the world's coral reef locations with more than 540 species of hard corals giving it the potential to become a major exporter of coral reef. Market research by the Department of Fisheries, Malaysia, has found that there is high interest abroad for the country's coral reef. After signing of the memorandum of understanding (MoU) for the propagation of coral in Pulau Bidong project by Terengganu, Department of Fisheries Malaysia, Malaysia Terengganu University, and Yayasan Coral Malaysia, Ismail said that 70 companies from Europe, US, Russia, Japan and China were interested to get decorative products made from Malaysian coral, while exports quota had also been approved to conduct business transactions at international level.²⁴

Mauritius allows Indian mangoes to access its market

Due to a direct interest taken by Prime Minister Narendra Modi, India has gained access to Mauritius for its mangoes. Modi held extensive talks with his Mauritian counterpart Anerood Jugnauth during his visit in March 2015, which resulted in the decision by the Mauritius authorities to grant access to Indian mangoes. Indian exporters can now ship mangoes to Mauritius from April 1 to August 31. This has

²² "World tourism body declares Kenya safe", *STANDARD Digital*, April 26, 2015, at <http://www.standardmedia.co.ke/article/2000159762/world-tourism-body-declares-kenya-safe>

²³ "Malaysia's economy to slow to 4.7% this year", *The Malaysian Insider*, April 13, 2015, at <http://www.themalaysianinsider.com/business/article/malysias-economy-to-slow-down-to-4.7-this-year>

²⁴ "Malaysia to boost coral reef exports", *The Rakyat Post*, April 24, 2015, at <http://www.therakyatpost.com/business/2015/04/24/malaysia-to-boost-coral-reef-exports/>

happened in the background of Mauritius' refusal to give green light to Indian mangoes for the fears of fruit-flies. After the decision, India's Agricultural and Processed Food Products Export Development Authority (Apeda) has also directed the exporters to follow the proper vapour heat and hot water treatment guidelines to make Indian mangoes acceptable to Mauritian consumers.²⁵

New hydrographic data sets given by India would help Mauritius claim its continental shelf

Anup Kumar Mudgal, the High Commissioner of India in Mauritius, presented the new hydrographic data sets to Mauritius' Vice Prime Minister Showkutally Soodhun. This is another example of the two countries' longstanding relationship and cooperation. The handing over ceremony was held on the Indian surveying vessel, INS Sarvekshak, at the Port Louis Harbour on April 13, 2015. Soodhun said that the acquired hydrographic data sets will help Mauritius claim its continental shelf at the United Nations. This is to be noted that hydrographic surveys are generally undertaken during the month of September and October when there are no cyclones. But, at the request of the Mauritian Government, India readied and deployed the INS Sarvekshak within 48 hours to undertake the required hydrographic surveys to be presented on time at the United Nations.²⁶

ONGC and other Indian companies to invest US\$6 billion more in Mozambique gas

India's Oil Minister Dharmendra Pradhan said that an investment of US\$18.4 billion is required to liquefy

and ship the natural gas discovered in the Rovuma Area-1 of Mozambique to the consuming countries like India. He said that the Indian State-run ONGC, OIL and BPCL would invest US\$6 billion during the next four years in developing a giant gas field off the Mozambique coast and converting the natural gas into liquid for export to countries like India. Indian companies ONGC Videsh Ltd, Oil India Ltd and a unit of Bharat Petroleum Corporation Ltd (BPCL) collectively hold 30 per cent interest in Rovuma Area-1. They have already invested more than US\$6 billion so far in the Mozambique field. Pradhan also said that the shipping of the first LNG from the block would happen in the end of 2018 or in early 2019. The project would be the world's largest LNG export site after ExxonMobil-run Ras Laffan in Qatar.²⁷

Oman to invest in showcasing its rich marine life

Oman will built a US\$25 million 'oceanarium' that will feature a 2.1-million litre aquarium with variety of marine life from the Sea of Oman. The project will be constructed at Palm Mall, Mabela and will be spread over two floors across 8,500 square metres of the mall showcasing Oman's reef life, coastline inhabitants; and will even include some desert dwelling animals. The project is promoted by the Al Jarwani Group (AJG) and Tamani Global Development and Investment. The design and construction will be done by Advanced Aquarium Technologies (AAT) and Crossley Architects (CA) from Australia with local support from project consultant EIDC-OMAN.²⁸

²⁵ "Mauritius approves Indian mangoes", *ASIAFRUIT*, April 8, 2015, at <http://www.fruitnet.com/asiafruit/article/164825/mauritius-approves-indian-mangoes>

²⁶ "India hands over new hydrographic data sets to Mauritius", *All Africa*, April 13, 2015, at <http://allafrica.com/stories/201504132450.html>

²⁷ "ONGC, others line up \$6 billion investment in Mozambique", *dna*, April 13, 2015, at <http://www.dnaindia.com/money/report-ongc-others-line-up-6-billion-investment-in-mozambique-2077044>

²⁸ "Palm Mall: \$25m project to showcase Oman's marine, desert life", *Times of Oman*, April 25, 2015, at [http://www.timesofoman.com/News/50826/Article-\\$25m-project-to-showcase-Oman%E2%80%99s-marine-desert-life](http://www.timesofoman.com/News/50826/Article-$25m-project-to-showcase-Oman%E2%80%99s-marine-desert-life)

Sri Lanka to get US\$400 million from RBI

Sri Lankan currency has been under pressure and losing its value since the beginning of 2015. As a result of this, Sri Lanka's Central Bank got US\$400 million tranche from India under a currency swap agreement with the Reserve Bank of India (RBI) that will help the country tackle currency volatility and promote trade. Another US\$1.1 billion has been approved by the Indian government for augmenting the currency swap arrangement between the two Central Banks. India has a Framework on Currency Swap Arrangement for SAARC Member countries since 2012. The facility is available to all SAARC member countries with a floor of US\$100 million and ceiling of US\$400 million within overall limit of US\$2 billion; and is valid till November 14, 2015.²⁹

Thailand risks export ban of fish products to EU

The Thai Government expressed deep disappointment to learn that it had been issued a

warning, i.e. a yellow card by the European Union (EU) which risks an embargo on its fish exports to EU from October 2015 unless it settles illegal fishing issues. The European Commission put Thailand on formal notice for not taking adequate measures in the fight against illegal fishing and gave the country six months to implement an action plan. The Thai Government on its part said that it will continue to fight against illegal fishing; and given the progress so far made, it also urged the EU to remove the yellow card at the earliest opportunity. Thai officials stressed that efforts to tackle illegal fishing and improve the sustainable management of marine and aquaculture environment are a top political priority. In addition, they pointed out that Thailand risks losing nearly US\$1 billion a year if the EU bans fish imports from the country. The EU imported 145,907 tonnes of fish products worth EUR642 million from Thailand in 2014.³⁰

²⁹ "Sri Lanka to get \$400 million from RBI under currency swap deal", *The Economic Times*, April 29, 2015, http://articles.economictimes.indiatimes.com/2015-04-29/news/61652806_1_currency-swap-agreement-currency-stable-framework

³⁰ "Thai Govt accuses EU of disregarding its struggle against IUU fishing", *FIS India*, April 23, 2014, at <http://www.fis.com/fis/worldnews/worldnews.asp?monthyear=&day=23&id=76014&l=e&special=&ndb=1%20target=>

ENVIRONMENTAL CONCERNS/ DISASTER RISK MANAGEMENT

Australian Bureau of Meteorology raises the chances of El Nino to 70 per cent in 2015

The chances of El Nino weather phenomenon occurring in 2015 have increased to 70 per cent, from 50 per cent that was predicted in the earlier forecasts, according to the Australian Bureau of Meteorology. El Nino refers to warmer than average ocean temperatures in the tropical Pacific. All international climate models monitored by the bureau show that El Nino thresholds will be reached or surpassed by June 2015. However, the accuracy of model outlooks during the El Nino-Southern Oscillation (ENSO) transition period is lower than for outlooks made at other times of the year. El Nino is often associated with below-average winter and spring rainfall over eastern Australia and above-average daytime temperatures over the southern half of Australia. However, April to June 2015 is likely to be wetter than average across much of Australia due to very warm conditions in the Indian Ocean.³¹

Ban on forest clearing in Indonesia to be extended further

Nur Masirpatin, policy advisor for the ministry of environment and forestry, Indonesia, told that the country would extend the current ban on forest clearing. Indonesia is home to the world's third-largest tropical forests and a powerful palm oil industry; and their sustainability has become a problem for the country. Southeast Asia's largest economy is under international pressure to curb deforestation and destruction of carbon-rich peatlands and forests that palm oil and mining companies say they need for expansion. Masirpatin said, "Indonesia will extend

the moratorium policy", but did not stipulate the period of the extension. This is to remember that Indonesia, the world's largest producer of palm oil imposed a two-year ban on forest clearing in May 2011 under a US\$1 billion climate deal with Norway that was later extended for two more years in May 2013.³²

Controversial Bangka mine in Indonesia threatens global diving mecca

Mining operations are changing the face of the Bangka island of Indonesia threatening the fertile coral reef waters surrounding it. Bangka is a tiny 48 sq km island situated in the heart of the Indonesian Coral Triangle just off the northern tip of Sulawesi Island. Bangka borders a marine park that protects two world famous dive sites, Bunaken and Lembeh; and divers consider Bangka's reefs to be just as impressive as the two diving hotspots. The seabed here is also a hotspot of marine biodiversity with rare species like pygmy sea horses, leaf fish and dugongs as well as turtles, white tip reef sharks and even whales. PT Mikgro Metal Perdana (MMP), an Indonesian subsidiary of Hong Kong based Aempire Resource Group, has been given a series of permits to explore for iron ore in a 2000 hectare area that is almost half of Bangka's total area. An Environmental Impact Assessment (EIA) for the MMP iron ore mining project was approved by 26 out of 27 government officials and specialists. The only dissenting individual Veronica Kumurur, Head of Urban and Regional Planning at Sam Ratunlangi University in Manado, said, "They didn't submit a detailed engineering plan, so how could we assess the environmental impact?" It is also said that the

³¹ "Australia's met bureau ups chance of El Nino in 2015 from 50% to 70%", *The Economic Times*, April 14, 2015, at http://articles.economictimes.indiatimes.com/2015-04-14/news/61142420_1_tropical-pacific-ocean-bureau-indian-ocean

³² "Indonesia to extend ban on forest clearing: government official", *Reuters*, April 1, 2015, at <http://www.reuters.com/article/2015/04/01/us-indonesia-forest-moratorium-idUSKBN0MS39220150401>

company has already caused extensive environmental damage, including coastal excavation and land reclamation near sensitive coral reefs.³³

Kenya becomes the 12th nation to ratify the ship wreck removal convention

Kenya has ratified the Nairobi International Convention on the Removal of Wrecks and handed over the instrument of ratification to the International Maritime Organization (IMO) Secretary-General on the occasion of the Legal Committee's 102nd session at the IMO Headquarters in London. With the ratification, the owners of vessels operating within Kenya's coastal and inland waters will have to bear the cost of removing the wreckage of their vessels whenever they face accident. The event had made Kenya the 12th nation who have ratified the Convention. The convention entered into force internationally on April 21, 2015. It will enter into force for Kenya in another three months' time.³⁴

Malaysia considering environmental labelling for aquaculture produce

Datuk Seri Ismail Sabri Yaakob, Agriculture and Agro-based Industry Minister, Malaysia said that the government is considering a proposal for environmental labelling of aquaculture produce in the country. The labels would give consumers information about the environmental impacts during the production process. Such indication in the label of produces, according to him, would further improve awareness among consumers and help regulate operations by the farmers who are already under regulations by the Department of

Environment.³⁵

Shifting and increasing severity of floods in Mozambique blamed on climate change

The Government of Mozambique says that floods in the country are increasingly becoming severe over the years. Mozambique's National Institute for Disaster Management blames climate change for the worsening floods and frequent disaster. The flood in 2015 has wiped out crops and left tens of thousands in the country homeless. Mauricio Xerinda, a director in the institute, said that the agency had to redraft maps devised seven years ago to identify new zones which were earlier free from floods. Enrique Blanco Armas, World Bank's chief economist, feels that the floods may contribute to half a percentage point drop in Mozambique's economic growth rate.³⁶

South Africa set to become a leader in renewable energy with the help of private sector

South Africa's Department of Energy announced on April 16, 2015 that it would allow Independent Power Producers (IPPs) to contribute to the production of power in the country. The step is intended to expand opportunities for the private sector. The Department of Energy approved 13 new renewable IPP bids, which means there will now be 79 IPP projects with 5,243 MW being added to the national grid desperately in need of power. The renewable IPPs programme in South Africa is inspirational, visionary and large on global scale. The country is planning to approve projects for a total of over 4,000 MW in 2015. The move is going to make South Africa

³³ "Controversial mine threatens Indonesian dive mecca", *theguardian*, April 3, 2015, at <http://www.theguardian.com/environment/the-coral-triangle/2015/apr/03/controversial-mine-threatens-indonesian-dive-mecca>

³⁴ "Kenya ratifies ship wreck removal treaty", *The Star*, April 24, 2015, at <http://www.the-star.co.ke/news/kenya-ratifies-ship-wreck-removal-treaty>

³⁵ "Environmental labelling of fish considered in Malaysia", *The Fish Site*, April 2, 2014, at <http://www.thefishsite.com/fishnews/25415/environmental-labelling-of-fish-considered-in-malaysia/>

³⁶ "Climate change blamed as shifting flood plains plague Mozambique", *The Sunday Morning Herald*, April 17, 2015, at <http://www.smh.com.au/environment/climate-change/climate-change-blamed-as-shifting-flood-plains-plague-mozambique-20150416-1mmyin.html>

globally one of the largest markets for renewable energy.³⁷

Lake Victoria on Tanzanian border is under threat of extinction

Africa's largest lake with an area of 68,000 sq km and surrounded by three countries (Tanzania, Kenya and Uganda) which sustains the life of about 35 million people is under the threat of extinction. Pollution, over fishing and ecological destruction in the lake have worried the environmentalists about a catastrophe. The lake became a site of fishing boom in the 1980s and 90s when the world paid huge money for its Nile perch and tilapia fish. People flocked to the area and changed the landscape. The breeding grounds of the famous fish of the lake has been destroyed by pollution and illegal fishing methods that capture pretty much anything, resulting in depleted catches. Fisherman are forced to trawl for smaller fish due to the depleted number of big fish. Frequent overfishing gives no time to the fish to reproduce, threatening the very survival of different species. The average weight of Nile perch caught fell from 50 kg in the 1980 to less than 10 kg nowadays. Nile perch for breeding have been hit hard by agricultural and industrial run-off. Thousands of tonnes of sewage and industrial waste also flow into the lake every year to worsen the conditions.³⁸

Tanzania introduces nine fresh cultural tourism sites

Tanzania has introduced nine new cultural tourism sites across the country with more than 120 major tribes. The Cultural Tourism Program (CTP) of the Tanzanian Tourism Board (TTB) is coordinating the

new cultural tourism enterprises (CTEs). Elirehema Maturo, the CTP Coordinator, said that the new sites made a total of 60 CTEs in the country in which visitors may experience local cultures, meet people, enjoy the environment and the traditions that are delicate and unique. Maturo also said that sustainable pro-poor tourism goes well beyond ecotourism and community based tourism. He further said that this is an approach that attempts to maximise the potential of tourism for eradicating poverty by developing appropriate strategies in cooperation with all major groups, stakeholders, central government, local governments, tourism operators and local communities to have a fair distribution of benefits.³⁹

Tanzanian official calls for an early disaster warning system in Ocean

Regina Kikuli, Deputy Permanent Secretary in the Tanzanian Prime Minister's Office, advised the Indian Ocean Risk Management Association member states to put up early warning systems to avoid adverse impacts to communities during the incident of disasters. Kikuli, while addressing a workshop on Pre-emptive Disaster Risk Management to ensure community resilience in Dar-es-Salaam, said that the association's member states should also employ appropriate strategies while communicating to the people. Kikuli pointed out that the workshop was good opportunity to share experiences, ideas and major developments in the field of emergency preparedness and planning how to reduce vulnerability to natural, environmental and technological hazards. According to her, this also emphasises on the importance of cooperation in emergency planning and response.⁴⁰

³⁷ "South Africa set to become global leader of green energy", *SouthAfrica.info*, April 17, 2015, at <http://www.southafrica.info/business/economy/infrastructure/renewables-170415.htm#.VbC017Upp5Q>

³⁸ "Africa's biggest lake is on the verge of dying", *news.com*, April 2, 2015, at <http://www.news.com.au/travel/world-travel/africas-biggest-lake-is-on-the-verge-of-dying/story-e6frfqai-1227288467660>

³⁹ "Tanzania unveils nine new cultural tourism sites", *Xinhua News Agency*, April 18, 2015, at <http://www.globalpost.com/article/6520308/2015/04/18/tanzania-unveils-nine-new-cultural-tourism-sites>

⁴⁰ "Tanzania: Call for Early Disaster Warning System in Ocean", *Daily News Online*, April 21, 2015, at <http://www.m.dailynews.co.tz/index.php/local-news/43947-call-for-early-disaster-warning-system-in-ocean>

Tanzania's coffee production decline linked to the average temperature rise

A University of Witwatersrand study has found that warmer weather in Tanzania is causing less coffee production as higher temperatures affect yields. This is hurting both – the producers as well as the coffee drinkers who may pay more per cup. The researchers at the university have established that higher night-time temperatures is the main factor behind a significant decline in Tanzania's Arabica coffee yields. Tanzania produces around 50,000 metric tonnes of coffee annually of which Arabica variety has a share of approximately 70 per cent. Coffee is Tanzania's largest export crop. Although Tanzania produces less than 1 per cent of the world's Arabica coffee, the industry employs about 2.4 million people in the country and several millions in neighbouring countries. Coffee production in Tanzania has dropped by 46 per cent and the trend, according to researchers, is likely to continue. This is a serious threat to the people employed in the coffee industry in Tanzania and the neighbouring countries as well.⁴¹

ISSF wants better management of fisheries in Indian Ocean

The International Seafood Sustainability Foundation (ISSF), a coalition of scientists, the tuna industry and the World Wildlife Fund, called for the Indian Ocean Tuna Commission (IOTC) on April 23, 2014 to improve management of fish aggregating devices (FADs). A fish aggregating (or aggregation) device (FAD) is a man-made object used to attract ocean going pelagic fish such as Marlin, Tuna and Mahi-Mahi (dolphin fish). In an announcement ahead of the IOTC meeting in Busan, South Korea, held on April 24, 2015, the ISSF also called on the commission to adopt reference points and harvest control rules, create closed vessel registries and address fleet capacity issues. It also said the IOTC should reduce catch by at least 20 per cent for Albacore, Swordfish, Marlins and Longtail Tuna.⁴²

⁴¹ "Coffee production slipping in Tanzania as temperatures rise", *Reuters UK*, April 27, 2015 at <http://www.uk.reuters.com/article/2015/04/27/us-tanzania-coffee-idUKKBN0NI0D520150427>

⁴² "ISSF calls for better management of Indian Ocean tuna fishery", *Undercurrent News*, April 23, 2015, at <http://www.undercurrentnews.com/2015/04/23/issf-calls-for-better-management-of-indian-ocean-tuna-fishery/>

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This newsletter, compiled by the IDSA covers the recent developments in the fields of maritime security, economic cooperation and environmental concerns/ disaster risk management in the various countries of the Indian Ocean region.



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