

# OPRF MARINT Monthly Report

## February 2007



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The "Armitage Report II"

This monthly report is edited/ summarized by publisher and staff writers based on published news resources.

Each resource is referenced with bracket below each title and is displayed as link USL on the last page of this report.

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## Major Events in February 2007

**Security:** On February 2, Japan Coast Guard (JCG) has conducted its first joint drill with Malaysian and Thai counterparts to combat pirate attacks off the Phuket of Thailand.

The Indonesian navy will intensify security patrols in waters bordering with Singapore to curb sand smuggling and to maintain the country's territorial integrity. The move was taken following government regulation issued on February 22 banning sand exports to Singapore.

On January 25, a Kenyan-owned cargo ship, MV Rozen, chartered by the UN World Food Program (WFP) was hijacked by pirates. It was the third time since 2005 that the ship contracted to the WFP was attacked by the pirates off Somalia.

**Military:** U. S. President George W. Bush approved a creation of a Department of Defense Unified Combatant Command for Africa (USAFRICON) on February 6 and directed the Secretary of Defense to stand up U.S. Africa Command by the end of fiscal year 2008.

USS Ronald Reagan (CVN 76) entered the U.S. 7th Fleet's Area of Responsibility (AOR) February 9 and with her escort, USS Lake Champlain (CG 57), arrived in Sasebo, Japan on February 23.

After deployment off Somalia, USS Dwight D. Eisenhower (CVN 69) returned to support mission of Operation Enduring Freedom in Afghanistan. On the other hand, USS John C. Stennis (CVN 74) entered the U.S. 5th Fleet's AOR and commenced operations against Afghanistan on February 23. With her participation, the Fifth Fleet has now two carriers in combat readiness.

South Korea's first Type214 submarine, the Sohn Won-Il, named after the Republic of Korea Navy (ROKN)'s founder, has recently completed its first five-day successful trial at sea. If all go as planned, the Sohn Won-Il should be commissioned for service by November.

U.S. Secretary of Defense Robert Gates and Republic of Korea (ROK) Minister of National Defense Kim Jang Soo met in Washington, D.C. on February 23. The two sides agreed to disestablish the current ROK-U.S. Combined Forces Command on April 17, 2012, and complete the transition to the new supporting-supported command relationship between U.S. and ROK forces.

**Diplomacy and International Relations:** Chinese President Hu Jintao returned to Beijing on February 11 after wrapping up his visits to eight African nations. The visits, which began on January 30, took Hu to Cameroon, Liberia, Sudan, Zambia, Namibia, South Africa, Mozambique and Seychelles. As for the results of recent visits, Foreign Minister Li Zhaoxing said his African tour was a great success in promoting friendly and cooperative ties between China and Africa.

On February 16, a bipartisan Japan hands study group co-chaired by Richard L. Armitage and Joseph Nye issued a report titled "The U.S.- Japan Alliance: Getting Asia Right through 2020." Details on this article are described in the Intelligence Assessment in chapter 2.

From February 20 to 23, U.S Vice President visited Japan, Guam and Australia. During this

period Vice President Cheney had talks with Japanese Prime Minister Shinzo Abe and Foreign Minister Taro Aso. Moreover, on February 21, he made a speech on board USS Kitty Hawk at the U.S. Naval Base in Yokosuka, where he emphasized importance of U S-Japan Alliance. Also, in Australia he expressed his expectation for strengthening the trilateral security structure with the United States, Japan, and Australia.

**Shipping, Resources, Environment and Miscellaneous:** China has started construction of Shanghai's first LNG terminal, whose foundations were laid at the end of January 2007. With an expansion of facilities in Ningbo terminal and Putian in Fujian Province, the Yangtze River Delta is to become a major LNG terminal center.

India is planning to spend 103 million US dollars (USD) to develop Myanmar's Sittwe port in a bid to provide India's land-locked North Eastern states access to commercial sea routes.

On February 6, PSA International Pte Ltd (PSAI), through its subsidiary PSA Gwadar Ltd (PSA Gwadar), has signed a 40-year concession agreement with the Gwadar Port Authority to operate a multi-purpose and container terminal located in the western province of Balochistan in Pakistan.

China has made substantial breakthroughs in shipbuilding as the first liquefied natural gas (LNG) ship will be delivered in September. So far, only the Republic of Korea, Japan and a few European countries have acquired the technologies to build such ocean liners.

# 1. Information Digest

## 1.1 Security

### **February 2 "Japan, Thailand, and Malaysia hold anti-piracy drill" (NHK, February 3, 2007)**

On February 2, Japan Coast Guard (JCG) has conducted its first joint drill with Malaysian and Thai counterparts to combat pirate attacks off the Phuket of Thailand. In this exercise the Japanese patrol boat Yashima, and Thai and Malaysian ships and helicopters participated. According the JCG's homepage (HP), this drill was intended to train the joint coordination and to establish intelligence communication systems between the ReCAAP and its Information Sharing Center (ISC).

### **February 6," MMEA to intensify patrol in the Malacca straits" (New Straits Times, February 6, 2007)**

According to the Malaysian Maritime Enforcement Agency (MMEA) director-general Datuk Mohammad Nik on February 6, patrols in Malaysian waters, especially in the Straits of Malacca, will be improved by the end of 2007. He told substantial allocations had been set aside for the MMEA to buy helicopters and offshore patrol vessels. The MMEA was inaugurated after receiving a fleet of 70 boats from several government enforcement agencies like the Royal Malaysian Navy and the Fisheries and Customs Departments. Most are over 25 years old. Some have been in service for 45 years. According to Mohammad, they need at least 116 vessels in order to be able to do their jobs effectively. He added MMEA would increase its existing force of 2,000 to 4,000 personnel.

### **February 9 "More contributions by users to security in the Straits; Malaysian expert urged" (The Business Times Singapore, February 9, 2007)**

Cheah Kong Wai, director-general of the Maritime Institute of Malaysia (MIMA), said international-users are urged to help on Malacca Straits' navigational management and security due to growing traffic in the area. He stressed his views at the recent seminar sponsored by the Institute of South Asian Studies as follows: (1) To date, the majority of the cost has been borne by the three littoral states, despite the two straits being classified as international straits under the United Nations Law of the Sea (UNCLOS). Japan has been the only user state to consistently contribute, which it does via the Malacca Straits Council. Since September 11, 2001, the littoral states have spent nearly one billion US dollars (USD) on security in the straits. (2) Last year alone, 62,600 vessels larger than 300 gross tons traveled through the straits, of which 36 per cent were energy carriers, including crude carriers, liquefied natural gas (LNG) and liquefied petroleum gas (LPG) carriers. Container ships made up 32 per cent of the traffic, while general cargo ships and bulk carriers each comprised about 10 per cent. (3) With growing global trade and

a rising appetite for oil imports by developing countries, particularly China which is already the world's second-largest oil consumer, traffic in the straits is expected to grow steadily. Although less than 11 million barrels of oil per day were carried through the straits in 2006, a figure is expected to nearly double to 20 million barrels per day by 2020, with growing imports by China. In addition to improving navigational management capacity in order to handle growing traffic, a holistic approach in securing the energy transportation is necessary.

### **February 23 "Indonesia intensifies anti-smuggling patrol in waters bordering Singapore" (Antara News, February 23, 2007)**

The Indonesian navy will intensify security patrols in waters bordering with Singapore to curb sand smuggling and to maintain the country's territorial integrity. The move was taken following government regulation issued on February 22 banning sand exports. The navy chief of staff Admiral Slamet Soebijanto said, "We will increase the number of patrol boats operating in the border region between Indonesia and Singapore, along the Malacca Strait and in Indonesian waters in the South China Sea." According to Admiral Soebijanto, a firm step has to be taken because there have been indications of increasing sand smuggling to Singapore and sea reclamation activities which threatens the integrity of Indonesian territory. Pointing out that, without a settlement of border problems territorial security would be threatened, Soebijanto told Singapore had extended its territorial land territory to 12 kilometers toward Indonesia's territory. Using sand from Indonesia, Singapore has been engaged in reclamation activities on eight of its isles for development of Jurong Island lying adjacent to Indonesia.

### **February 25 "Kenyan cargo ship was hijacked off Somalia" (AP, February 25, 2007 and other sources)**

On February 25, a Kenyan-owned cargo ship, MV Rozen, chartered by the UN World Food Program (WFP) was hijacked by pirates. Having just dropped off 1,800 tons of food aid in two ports facing the Gulf of Aden, the ship was attacked by the pirates off northeast of Kenya in the Indian Ocean (IO) on her way to home port of Mombasa. MV Rozen has 12 crew members aboard – six from Sri Lanka and six from Kenya. Somali pirates are trained fighters, often dressed in military fatigues, and armed with automatic weapons, anti-tank rocket launchers and various types of grenades. They are also using speed-boats equipped with satellite phones and global positioning system (GPS) equipment. It was the third time since 2005 that the ship contracted to the WFP was attacked by the pirates off Somalia.

According to a spokeswoman for the UN's World Food Program, MV Rozen is anchored off town of Bargal (IO-side of the Horn of Africa). Four additional hijackers are still holding the 12-member crew and ship. (VOA News, February 27, 2007)

## 1.2 Military

### **February 2 "Indian Navy to conduct a large-scale war games" (Times of India, February 2, 2007)**

India's western and eastern naval fleets are engaged in a large-scale war game offshore in the Arabian Sea. In this exercise, entitled "theatre readiness operational exercise" or 'Tropex', are participating over 50 warships including Delhi-class destroyers, Talwar-class stealth frigates, and Kilo-class submarines. Army, Air Force, and Coast Guards units are also taking part in the war game. Given the scale of the war game and its proximity to Pakistan, Indian authorities gave advance notice to Islamabad, based on a 1991 bilateral agreement designed to prevent the misreading of intentions during large-scale military exercises.

### **February 6 "U.S. creates Defense Unified Combatant Command for Africa" (The White House HP, February 6, 2007 and other sources)**

U.S. President George W. Bush approved a creation of a Department of Defense Unified Combatant Command for Africa (USAFRICOM) on February 6. The USAFRICOM will take charge of an entire African continent, and below is a summary of the President's statement: (1) I have directed the Secretary of Defense to create U.S. Africa Command by the end of fiscal year 2008--the end of September, 2008 calendar year. (2) This new command will strengthen our security cooperation with Africa and create new opportunities to bolster the capabilities of our partners in Africa. (3) Africa Command will enhance our efforts to bring peace and security to the people of Africa and promote our common goals of development, health, education, democracy, and economic growth in Africa. (4) We will be consulting with African leaders to seek their thoughts on how Africa Command can respond to security challenges and opportunities in Africa. We will also work closely with our African partners to determine an appropriate location for the new command in Africa.

The President's statement: <http://www.whitehouse.gov/news/releases/2007/02/20070206-3.html>

According to Army Lieutenant General Walter Sharp, director of the Joint Staff, many of the missions AFRICOM will perform will be non-kinetic, such as humanitarian assistance and disaster relief. AFRICOM will enhance the capacity of African nations through training and equipping African militaries, conducting training, and supporting regional organizations like the African Union among others. AFRICOM will also be responsible for any necessary military action in Africa. Consisting of about 60 people based in Stuttgart, Germany, the AFRICOM transition team is now working on many details of the command. (American Forces Press Service, February 7, 2007)

Three commands now divide responsibility for operations in Africa: the European Command, which oversees most countries on the continent, except those in the Horn of Africa; the Central Command, which has responsibility for Egypt, Sudan, Eritrea, Ethiopia, Djibouti, Somalia and Kenya; and the Pacific Command, which has responsibility for Madagascar, the Seychelles and

the Indian Ocean. (The New York Times, February 7, 2007)

Source: U.S. Department of Defense HP

#### THE WORLD WITH COMMANDERS' AREAS OF RESPONSIBILITY

##### **February 9 "US frigate visit Cambodia " (Channel News Asia, February 9, 2007)**

On February 9, the American Navy's guided missile frigate, USS Gary, has docked in the Cambodian port of Sihanoukville, where she will remain for four days. Gary is the first US military ship to visit the country in more than 30 years. The visit is an initial step in expanding military ties with Cambodia amid concerns over China's growing influence in the region.

##### **February 9 "US carrier Ronald Reagan enters the 7th Fleet Area" (Navy Newsstand, February 11, 2007 and other sources)**

The USS Ronald Reagan (CVN 76) Carrier Strike Group (RRSG) entered the U.S. 7th Fleet's Area of Responsibility (AOR) on February 9. The Ronald Reagan Carrier Strike Group will be filling the role of USS Kitty Hawk (CV63) which is undergoing scheduled maintenance in Yokosuka, Japan. The ship will return to San Diego in July after a six-month maiden deployment.

Source: US Navy

USS Ronald Reagan (CVN 76)

USS Ronald Reagan (CVN 76) and USS Lake Champlain (CG 57) arrived in Sasebo, Japan on February 23. Commander of the RRSB, Rear Admiral Charles W. Martoglio said, “This deployment to the Western Pacific is a visible demonstration of the United States’ commitment to Japan and our other allies, friends, and coalition partners in the region. The United States Navy has and will continue to maintain a persistent forward presence in support of our treaty obligations, regional security, security of the maritime commons, and provision of humanitarian assistance and disaster relief.”(Navy Newsstand, February 24, 2007)

### **Activities of other carrier groups of the U.S. 7th and 5th Fleet’s AOR**

After her deployment off Somalia, the USS Dwight D. Eisenhower (CVN 69) (Ike) returned to providing close air support and reconnaissance missions for International Security Assistance Force (ISAF) troops on the ground in Afghanistan, starting February 4, in support of “Operation Enduring Freedom.” Entering the Commander, the 5th Fleet AOR on October 30, the Ike, home-ported in Norfolk, Virginia, continues to conduct Maritime Security Operations helping set the conditions for security and stability in the maritime environment and complementing the counter-terrorism and security efforts of regional nations. (Navy Newsstand, February 7, 2007)

Source: US Navy

#### **USS Dwight D. Eisenhower (CVN 69)**

The USS John C. Stennis (CVN 74), entered the U.S. 7th Fleet AOR on January 31. John C. Stennis Carrier Strike Group (JCSSG) headed west to provide support for U.S. and coalition forces operating in the 5th Fleet AOR and will support Operations Enduring Freedom and Iraqi Freedom. In addition, JCSSG will be prepared to take part in Horn of Africa operations, and conduct maritime security operations. (Navy Newsstand, February 1, 2007) The JCSSG entered the 5th Fleet AOR on February 19 to conduct Maritime Security Operations in regional waters, as well as to provide support for ground forces operating in Afghanistan and Iraq. (Navy Newsstand, February 24, 2007) With her participation, the 5th Fleet has two carrier strike groups.

Source: US Navy

USS John C. Stennis (CVN 74)

### **February 10 "USN SEALs conduct Joint Exercise with Indonesia Naval Amphibious Units" (Antara News, February 10, 2007)**

US Navy Seal personnel are conducting a joint exercise with Indonesian Navy amphibious troops command (Kopaska) personnel of the Eastern Fleet Headquarters on February 8-23. The exercise will take place inside the headquarters, and around Madura Straits, involving 194 personnel from the two countries, one warship, one helicopter and one reconnaissance plane. The exercise is aimed at training self-healing, weapon usage, long-range war technique, ship investigation and interception techniques, as well as river and swamp combat tactics. The cooperation between Kopaska and US Navy Seal began in 1987, but broke for a while until the cooperation began again in 2005.

### **February 11 "South Korean Type 214 submarine completes first trial" (Maneuver in Maritime Asia, February 11, 2007)**

The Republic of Korea (ROK) has the world's most vibrant shipbuilding industry, contributing greatly to her ongoing naval buildup. One of the industry's greatest achievements may be Hyundai Heavy Industries' (HHI) licensed construction of Howaldtswerke-Deutsche Werft's (HDW) Type 214 attack submarines. Type 214 submarines are powered by fuel cell batteries and equipped with air independent propulsion (AIP) system. They can remain submerged for several weeks at a time and have been considered to be the most quiet attack submarines in the world. The first Type 214, the Sohn Won-Il, named after the Republic of Korea Navy (ROKN)'s founder, recently returned from its first five-day successful trial at sea. If all go as planned, the Sohn Won-Il should be commissioned for service in the ROKN by November. The ROKN is planning to possess nine submarines by 2018, whereby it can extend its patrol area as far as the northern Philippines.

Source: Manoeuvre In Maritime Asia, February 11, 2007

Type 214

### **February 23 "US to transfer wartime operational control to South Korea by 2012" (U.S. Department of Defense HP, February 23, 2007)**

United States Secretary of Defense Robert Gates and Republic of Korea (ROK) Minister of National Defense Kim Jang Soo met in Washington, D.C. on February 23, 2007. Secretary Gates and Minister Kim agreed that the two sides will disestablish the current ROK-U.S. Combined Forces Command on April 17, 2012 and complete the transition to the new supporting-supported command relationship between U.S. and ROK forces at the same time. In this regard, Secretary Gates and Minister Kim further agreed that implementation of the Operational Control (OPCON) transition "Road Map" will commence in July 2007 immediately following agreement on the "Road map" and culminate in a Certification Exercise in March 2012.

## **1.3 Diplomacy and International Relations**

### **February 2 "US urges PRC to reduce military threat against Taiwan" (Taipei Times, February 4, 2007)**

On February 2, Deputy Assistant Secretary for East Asian and Pacific Affairs at US State Department Thomas Christensen said in written testimony to the US-China Economic and Security Review Commission urging Beijing to reduce its military threat to Taiwan. Main points in the testimony are as follows: (1) US would continue to put pressure on Beijing to reduce its military threat to Taiwan and to make it clear to Beijing that the US has a strong interest in a secure Taiwan. (2) US was deeply concerned China continued to position missiles and weapons systems aimed at Taiwan and that the US took note that China had refused to give up the option of using military force against Taiwan. (3) The US would have to respond according to its duties laid out in the Taiwan Relations Act. The US insisted that cross-strait differences be resolved

peacefully with an agreement between the peoples of both China and Taiwan, adding that the US would continue to pressure Beijing to increase dialog with Taiwan, including with its democratically elected leaders.

After reading the letter on behalf of Thomas Christensen, John Norris, Director of the US State Department's Office of Chinese and Mongolian Affairs, revealed during a question-and-answer session that after China shot down an old weather satellite, the US immediately contacted the Chinese government in Beijing and their representative in Washington. The US was still unsatisfied with China's explanation and negotiations were ongoing, he added.

### **February 11 "China's President Hu back home after African tour" (Xinhua, February 11, 2007)**

Chinese President Hu Jintao returned to Beijing on February 11 after wrapping up his visits to eight African nations. The visits, which began on January 30, took Hu to Cameroon, Liberia, Sudan, Zambia, Namibia, South Africa, Mozambique and Seychelles. On February 10, Foreign Minister Li Zhaoxing stressed on the results of Hu's recent tour which are summarized as follows: (1) Following the Beijing Summit of the Forum on China-Africa Cooperation (FOCAC) in last November, African tour was a great success in promoting friendly and cooperative ties between China and Africa. (FOCAC was reported in OPRF MARINT Monthly Report, November 2006.) (2) During the trip, more than 50 cooperation agreements were signed, most of them involving ways of implementing the outcome of the FOCAC. (3) While Chinese and African leaders agreed to pursue a new type of China-Africa strategic partnership at the FOCAC, they established a plan for development of future relations between China and African nations. (4) African leaders agreed to President Hu Jintao's proposals for developing China-Africa relations. They said that strengthening relations with China is a strategic choice for Africa and serves the fundamental interests of the African people.

### **February 14 "China, India, Russia hold Foreign Ministers' Meeting" (Channel News Asia, February 14, 2007)**

On February 14, the foreign ministers of India, Russia and China met in New Delhi, India. According to a joint statement, the three ministers agreed that cooperation rather than confrontation should govern approaches to regional and global affairs, and called for strengthening the United Nations to promote the democratization of international relations to build a multi-polar world. All three agreed that international terrorism should be combated under central and coordinating role of the UN. This is the sixth session of trilateral meeting in New Delhi. The joint statement said the grouping was not aimed against the interests of any other country and intended to promote international harmony and find common ground amid divergent interests. The idea of trilateral relationship was first proposed by former Russian Prime Minister Yevgeny Primakov during a visit to New Delhi in 1998.

**February 16 "Armitage Report 2 made public" (CSIC HP, February 16, 2007)**

A bipartisan panel of Asia specialists co-chaired by Richard L. Armitage and Joseph Nye issued a report titled "The U. S. Japan Alliance: Getting Asia Right through 2020." This is the second issue following "The United States and Japan: Advancing toward a Mature Partnership" (so-called "Armitage Report" studies by a similar group). Details are in the Intelligence Assessment in chapter 2.

Armitage Report 2: [http://www.csis.org/media/csis/pubs/070216\\_asia2020.pdf](http://www.csis.org/media/csis/pubs/070216_asia2020.pdf)

**February 20 "India, Pakistan signed Nuclear Pact on reducing Risk from Nuclear accidents" (Al-Jazeera, February 21, 2007)**

After meeting on February 20, Indian and Pakistani foreign ministers have signed a nuclear accord aimed at reducing the potential for a nuclear accident between the two countries. No details were available on how the agreement will work in practice. The two sides already exchange lists of nuclear facilities at the start of every year.

**February 20 - 23 "U. S. Vice President Cheney visits Japan, Guam, Australia" (Office of the Vice President, the White House HP, February 21 and 23, 2007)**

From February 20 to 23, U.S. Vice President Dick Cheney visited Japan, Guam and Australia. During this period he had talks with Japanese Prime Minister Shinzo Abe and Foreign Minister Taro Aso. Moreover, on February 21, he made a speech on board the USS Kitty Hawk(CV63) at the U.S. Naval Base in Yokosuka, where he emphasized importance of U. S. -Japan Alliance as follows: (1) The President Bush wanted me to make this journey, first to Japan, and then to Guam and Australia, in order to pay our respects to two great allies of the United States, and to reaffirm America's deep commitment to a forward presence in the Asia-Pacific region. Our presence helps to ensure the peace and the stability in a strategic part of the world. (2) Our two countries share common values and strategic objectives. Relations between our two countries have never been better than they are today. The United States of America is proud to call Japan one of our closest allies.

Address on CV63: <http://www.whitehouse.gov/news/releases/2007/02/20070221-5.html>

Making an address in Australia February 23, Vice President Cheney said on trilateral security structure with U.S., Japan, and Australia as follows: "Prime Minister Abe and I reaffirmed the commitment of both our nations to the trilateral security structure with Australia. I hope Prime Minister Howard feels the same way, and will underscore that commitment on his visit to Japan next month. The growing closeness among our three countries sends a clear message -- that we are united in the cause of peace and freedom across the region.

Address in Australia: <http://www.whitehouse.gov/news/releases/2007/02/20070223.html>

## **1.4 Shipping, Resources, Environment, and Miscellaneous**

### **February 1 "China To Launch Second Series Of Oceanic Survey Satellites" (India Daily, February 1, 2007)**

According to Sun Zihui, director of State Oceanic Administration, on February 1, China's State Council has endorsed plans to launch the second-generation of the country's oceanic survey satellites. The "Haiyang-2" (Ocean 2) series of satellites would be used to collect data on offshore wind fields, ocean circulation, tides, and sea surface temperatures. China launched its first oceanic satellite "Haiyang-1A" (Ocean 1A) in 2002, to monitor ocean color and temperature through remote sensing technology. The monitoring range of the "Haiyang-1A" covered the Bohai Sea, the Yellow Sea, the East China Sea and the South China Sea. Sun told at a national conference on oceanic administration that the country's second oceanic satellite—the "Haiyang-1B" (Ocean 1B), the successor of the "Haiyang-1A"—would be launched "very soon", but he did not reveal the specific timetable.

### **February 1 "China expands LNG terminal" (Fairplay International Shipping Weekly, February 1, 2007)**

China has started construction of Shanghai's first terminal, whose foundations were laid at the end of January. The Yangtze River Delta is to become a major LNG terminal center. From 2009, LNG will be shipped in from Malaysia's Sarawak region to Shanghai terminal, reaching 3 million (M) tons per annum(tpa) by 2012 (as reported in OPRF MARINT Monthly Report, January 2007). Shanghai's LNG terminal will later be expanded to handle 6 M tpa. Located just 125km south of Shanghai, the Ningbo terminal of the China National Offshore Oil Corporation (CNOOC) will handle 3 M tpa of LNG. Facilities in Putian, Fujian province, will be expanded to take 5 M tpa. Shenzhen in Guangdong province is good for 3 M tpa of Australian gas, growing to 12 M tpa within a few years. On the other hand, in Qingdao, Shandong province, SINOPEC is building facilities for up to 6 M tpa of Iranian gas. China's major energy companies are planning terminals in at least five other ports.

### **February 3 "India plans to build Myanmar Port" (domain-b.com, February 3, 2007)**

India is planning to spend 103 million US dollars (USD) to develop Myanmar's Sittwe port in a bid to provide India's land-locked North Eastern states access to commercial sea routes. According to Union Minister of State for Commerce Jairam Ramesh, the plan, which is soon to be approved by the cabinet, would require developing the Kaladan river as a waterway connecting Mizoram in the North East with the Bay of Bengal. Ramesh said this would enable to connect Sittwe with any Indian port by using sea routes. Once the project is completed, Mizoram would become a hub of international trade. The government's move assumes significance in view of Bangladesh's reported reluctance to give India access to Chittagong port and its refusal to let a gas pipeline connecting Myanmar with India to pass through its territory.

**February 6 "PSAI signs agreement to operate Gwadar port"(PSAI Press Release, February 6, 2007)**

On February 6, PSA International Pte Ltd (PSAI), through its subsidiary PSA Gwadar Ltd (PSA Gwadar), has signed a 40-year concession agreement with the Gwadar Port Authority to operate a multi-purpose and container terminal located in the western province of Balochistan in Pakistan. Currently, Gwadar Port has a quay length of 602 meters with 14.5 meters of depth alongside. The current terminal is capable of handling both conventional and containerised cargo. The terminal is expected to be operational in 2007. The Port has significant room for expansion to cope with growth in demand.

Source: Wikipedia, the free encyclopedia. <http://en.wikipedia.org/wiki/Gwadar>

**Gwadar Port****February 13 "China's dependency on foreign oil up" (Xinhua, February 13, 2007)**

According to statistics of the China's Ministry of Commerce, China imported 47 percent of its oil needs in 2006, which is an increase of 4.1 percentage points from the previous year. China's dependence on imported oil is likely to rise again in 2007, as China's crude oil output forecast will grow by less than 2 percent, while demand for both crude and oil products will rise about 6 percent. China produced 183.68 million tons of crude oil in 2006, up 1.7 percent from the previous year. Net oil imports reached 162.87 million tons, up 19.6 percent.

**February 20 "China's first LNG tanker to be operational in September" (People's daily, February 20, 2007)**

China has made substantial breakthroughs in shipbuilding as the first liquefied natural gas (LNG) ship will be delivered in September. So far, only the Republic of Korea, Japan and a few European countries have acquired the technologies to build such ocean liners. Natural gas can only be turned into the liquefied after the temperature dropped below minus 163 degrees Celsius. The LNG tanker under construction by the Hudong-Zhonghua Shipbuilding, a subsidiary of the China State Shipbuilding Corporation (CSSC), has a capacity of 47,200 cubic meters. According to

CSSC, four such LNG vessels are also under construction, and would be delivered in the end of this year. Also, the research and development for LNG ships with a capacity of 200,000 cubic meters is underway. FPSO(Floating Production, Storage and Offloading system) under construction at another subsidiary company will be operational in March. (See OPRF MARINT Monthly Report, December 2006) The CSSC will also deliver in September a 8,530 TEU container vessel and a dredger with a capacity of 13,500 cubic meters in May, both the largest of its kind in China.

## 2. Intelligence Assessment

### The “Armitage Report II”

On February 16<sup>th</sup>, a bipartisan Japan hands study group, co-chaired by former Deputy Secretary of State Richard Armitage and Harvard Professor Joseph Nye, published the report “The U.S.-Japan Alliance: Getting Asia Right through 2020.”\* A similar group published a report titled “The United States and Japan: Advancing toward a Mature Partnership,” (the so-called “Armitage report”) in October 2000. The original report called for a stronger U.S.-Japan alliance in the context of “Japan passing” during the Clinton administration and its proposals were reflected in the actual U.S. policy by its writers who entered the G.W. Bush administration. Given the changes in the security environment thereafter, the “second Armitage report” was long-awaited among defense circles in Japan. The timing might reflect, given the early race for the 2008 U.S. presidential election, the necessity for proposing Japan/Asia policy on a bipartisan basis as a “road map” for the next administration. After the original report was published, many new challenges have been emerging such as terrorism, weapons of mass destruction proliferation, and growing energy demand on a global sphere and the rise of China and India, the resurgence of Japan, the “legacy issues” of Taiwan and Korea, and competing nationalism in the region. The new report considers the prospects for Asia through 2020 and how the United States and Japan can, through their alliance as a driving force, put positive influence on the future of Asia where China and India are rising simultaneously.

The following attempts to read the second “Armitage report” from the perspective of maritime security.

#### 1. Summary

Like the original, the second report also regards Asia as important to U.S. interests and the U.S.-Japan alliance as key to U.S. policy in Asia. Considering Asia through 2020, it analyzes the simultaneous rise of China and India, issues in the Korean Peninsula, Southeast Asia, Australia, Taiwan, Russia, and regional integration. This report pays much attention to China and analyzes its economic development, nationalism, values, energy issues and military expansion as factors which influence China’s future direction as either a responsible stakeholder or a merely mercantile entity. Then, the report argues that regional stability depends on the “quality” of U.S.-Japan-China trilateral relations and that the United States and Japan should strengthen their partnership with other countries which share values such as democracy, free markets and the rule of law, thereby “getting Asia right.” In other words, this report calls for an open and inclusive alliance based upon common values rather than an exclusive alliance against a common threat. Finally, after pointing out economic and security challenges for the U.S.-Japan alliance,

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\* The report is available on Internet at:  
[http://www.csis.org/media/isis/pubs/070216\\_asia2020.pdf](http://www.csis.org/media/isis/pubs/070216_asia2020.pdf)

the report makes recommendations for the United States, Japan, the U.S.-Japan alliance, regional politics and global politics. Ten specific measures for U.S.-Japan security cooperation are listed in the annex. In addition to cooperation in security and foreign affairs, the recommendations also call for negotiations on a free-trade agreement (as an “economic alliance agreement”) and joint efforts for energy issue, poverty, climate change, and infectious diseases.

## **2. The Recommendations: from the Perspective of Maritime Security**

Regarding the report’s recommendations, the followings can be pointed out from the perspective of maritime security.

First of all, recommendations for regional politics include cooperation in maritime security literally. This report regards the sea lanes as the “lifeline of Asia” and refers to the efforts for maritime security and antipiracy by the United States and Japan as maritime nations. Then, the report calls for their leadership in realizing regional cooperation in maritime security. The report states that Southeast Asia holds strategic importance since it lies along the sea routes connecting the Indian and Pacific Oceans through which 30% of world’s trade and 50% of world’s energy resources flow. Japan has made huge contributions to the safety in the Straits of Malacca and Singapore. But given anti-American sentiment in the littoral states of the Straits, especially Indonesia, U.S.-Japan cooperation in the regional maritime cooperation is a challenge.

One of the characteristics of this report is that it correlates maritime security with energy issue. The column on energy issue in the report says that while states are increasing access to the seas in search for energy resources, China might place greater emphasis on a blue-water navy to secure energy resources and sea lanes. The report also expresses concern for Japan-China disputes over energy resources in the East China Sea. On the other hand, the report points out the possibility of cooperation among Japan, the United States, China and India, for they have a growing shared interest in maritime security in terms of nonproliferation and export control as well as energy security issues.

One of the recommendations for the United States calls for appropriate naval procurement because the Asia-Pacific region is a “naval service theater” with great oceans and strategic chokepoints. In fact, Armitage himself calls for more procurements than set forth in the 2006 Quadrennial Defense Review (which called for putting two-thirds of naval forces in the Pacific). This recommendation also implies that the United States as the Asia-Pacific power puts significance on its naval power to maintain U.S. influence in Asia. In addition, since Japan and the United States have cooperated to develop sea-based missile defense system, missile defense has something to do with maritime security issue. The annex calls for joint development of technologies for the new Aegis Guided Missile Cruiser as well as more cooperation in humanitarian and disaster relief missions. Naval cooperation between the United States and Japan will be a key challenge for the future of the alliance.

## **3. Getting China right**

It is obvious that the report focuses on China. Regarding China, the recommendations call for

a coordinated approach to China to lead it into becoming a responsible stakeholder. At the same time, the recommendations call for coordinated approach to India, Australia, and ASEAN and multilateral framework based upon shared values such as democracy, free economy and the rule of law. According to Michael Green, one of the authors of the report, "Getting Asia right" through this value basis approach in the region aims to shape Chinese behavior, while keeping Japan's weight up. Another author, Frank Jannuzi, says that a relationship based upon shared values is more reliable than a relationship based upon shared interests.

This approach is in line with Prime Minister Abe's idea of maritime democracy partnership and Foreign Minister Aso's idea of the "arc of freedom and prosperity." Indian Prime Minister Singh also addressed a similar idea. So there are prospects of strategic partnerships with India and Australia as stated in the report. According to Green, the original report was widely read by Asian countries, notably India. It is likely that the second Armitage report was written to send a message to Asia as a whole.

However, this approach should be applied to the Taiwan Strait issues with some reservations. The report reaffirms the U.S. policy of "dual restraint," deterring the use or threat of force by China while discouraging unilateral Taiwanese movement toward independence. The report calls on Japan to take the same approach. In the two-plus-two joint statement of February 2005, the United States and Japan called for the "peaceful resolution" of the Taiwan Strait issues "through dialogue." The reference to the "dual restraint" might try to keep in check the tendency to regard this two-plus-two statement as support for Taiwanese independence. As far as the Taiwan issues are concerned, Japan and the United States would have to put more significance on stability through maintaining status quo rather than the shared values.

#### **4. What is not in the report?**

Let's consider what is not written in the report. First, there is no reference to Okinawa, one of the main issues in the original report. Japan and the United States announced the final base realignment report in May 2006 which settled the long-deadlocked Okinawa base problem at least for the time being. However, coordination with host communities is a highly difficult task and the implementation of the realignment plan is not guaranteed. Some Japanese leaders call for some modification to the plan, but the second Armitage report is sending a message that the U.S. side will not accept any modification by not referring to Okinawa.

Also, the second report does not refer to U.S. commitment to the defense of the Senkaku islands, while the original report did. However, the recommendations for the U.S.-Japan alliance call for reaffirming the U.S. security commitments to Japan, especially the commitment to defend Japan from nuclear attack. It can be said that the commitment to the Senkaku islands is implicitly reaffirmed by this statement. In fact, Armitage referred to the U.S. defense commitments to Japanese territories and to the area under Japanese administration. It can be also said that, given the discussions on Japanese nuclear armament within Japan after the North Korean nuclear test, this statement is aimed to reiterate the credibility of U.S. extended deterrence.

Then comes Iran. The United States is paying huge attention to Iranian nuclear development, but Iran is an important source of energy for Japan. Iran is among the one of large issues in which Japan and the United States have different interest. It is considered that no reference to Iran in the report reflects the inadequate discussion among the study group. It is necessary for the United States and Japan to enrich their discussion about Iran. It is important for Japan to deal with the issue strategically, with energy security in mind.

The last item that is not in the report is the “U.S.-U.K. alliance model” set forth in the original report. Some observers irrelevantly stated that the U.S.-Japan alliance could not be a U.S.-U.K. alliance by simply comparing Japan and Great Britain. But the “U.S.-U.K. model” called for “power sharing” rather than for a U.S.-Japan alliance to fight to shoulder across the globe. It can be said that the U.S. side regarded the U.S.-Japan alliance as key to “getting Asia right” because the United States treat Japan the same way as it treats Great Britain, as an ally. If so, Japan has to actively make proposals to the United States as an ally rather than passively waiting for a report made by a bipartisan Japan hands study group in the United States.

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