

SUSTAINABLE BLUE ECONOMY - OPPORTUNITIES AND CHALLENGES

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ABSTRACT

Blue economy is regarded not only as a natural capital that accelerates economic growth in the world but also as a means to reduce unemployment and poverty at the global level. This paper attempts to analyze the initiatives to harness the blue economy in select countries and also to reflect on the issues and concerns relating to the sustainable development of blue economy. A number of countries across the world are showing interest on the Blue Economy and have announced national initiatives and action plans to harness the fruits of Blue Economy. The deliberations at the Sustainable Blue Economy Conference held at Nairobi in 2018, have strongly conveyed the message that “the Blue Economy must be sustainable, the planet’s ocean and water resources must be conserved and sustainably used, and need to consider oceans, lakes and rivers, as well as water and land based ecosystems in a holistic manner”. Despite the global efforts to sustain the Blue Economy, there are several challenges and concerns that need immediate attention and action. However, in spite of the commitments at global, regional, national and local level, it is observed that the health of the coasts and oceans continues to decline over a period of time. In view of this, it is imminent on the part of the governments, the business community and the civil society - to protect the health of the coasts and oceans to derive sustainable benefits from the Blue Economy.

Keywords: Blue economy, government initiatives, sustainable development

INTRODUCTION

The concept of Blue Economy was first propounded by Gunter Pauli in 2010 and it continued to receive global attention since then. This is precisely due to the fact that oceans cover three quarters of the Earth surface, contain 97 percent of the Earth’s water and represent 99 percent of the living area of the planet.¹ About 60 percent of the global population lives within 100 kilometers of the sea coast and oceans are rich in living and non-living resources.² As such Blue Economy refers to marine-based sustainable economic development which leads to improved

human wellbeing and social equity, while significantly reducing environmental risks and ecological challenges.

Blue Economy aims for holistic and sustainable development along with enhancing human welfare. It also addresses the concerns such as resource scarcity and waste disposal. Oceans are visualized as development spaces where in activities like conservation, sustainable energy production, mineral wealth extraction, bio-prospecting, marine transport etc. are integrated.³ Thus, the key elements of Blue Economy include:

1. Optimum and efficient utilization of resources;
2. Sustainable, inclusive, harmonious and environment friendly development;
3. Exploitation of opportunities in emerging marine industries; and
4. Creating and streamlining legal and regulatory institutions which govern the access, use and protection of maritime resources.

The blue economy is regarded not only as a natural capital that accelerates economic growth in the world but also as a means to reduce unemployment and poverty at the global level. Blue economy offers great potential for the world economy. Blue economy vision 2025 of the Federation of Indian Chambers of Commerce and Industry (FICCI) states that “the oceans, with a current estimated asset value of 24 trillion US dollars and an annual value addition of 2.5 trillion US dollars, would continue to offer significant economic benefits both in the traditional areas of fisheries, transport, tourism and hydrocarbons as well as in the new fields of deep-sea mining, renewable energy, ocean biotechnology and many other areas”.⁴

In this context an attempt is made in this paper to analyze the initiatives to harness the blue economy in select countries and also to reflect on the issues and concerns relating to the sustainable development of blue economy.

INITIATIVES TO HARNESS BLUE ECONOMY

A number of countries across the world are showing interest on the Blue Economy and have announced national initiatives and action plans to harness the fruits of Blue Economy.

European Union adopted its Blue Growth Strategy in 2012, for sustainable development of marine and maritime sectors which aimed at the Europe 2020 Strategy for smart, sustainable and inclusive growth. In 2014, European Commission has sponsored 21 events on Blue Economy. However, the four major events of the year are: the Rome Eurocean 2014 conference; Conference on Marine Spatial Planning held in Venice; a Port Alliance Conference held in Bruges and a meeting of enterprises with potential investors held in Liverpool.⁵

The Rome Conference has set the ‘seas and oceans research agenda for Europe’ and contributed to ‘Rome Declaration’ on Research. It laid emphasis on European leadership in marine science and technology as well as fundamental and applied research on ocean related aspects. The Marine Spatial Planning Conference of Venice reflected on coastal and maritime tourism. The Bruges Seminar explored ‘the added value of cross-border working, best practices and key topics for future’. The fruits of EU’s port alliances are reflected in EU’s ‘smart, sustainable and inclusive’ blue growth strategy for 2014-2020. The Liverpool initiative of small and medium sized enterprises and financiers explored possible projects in off shore energy, ports, shipping and other maritime sectors in Irish Sea. The Blue Economy of EU covers all economic activities such as fisheries, shipbuilding, tourism and emerging industries including ocean energy and biotechnology. According to the annual report of EU, the Blue Economy is steadily growing with an annual turnover of 566 billion Euros. It also generates 174 billion Euros of value added and employment to the tune of 3.5 million jobs. Further, the UK, Spain, Italy, France and Greece are identified as the Big Five Blue Economies of EU. According to Karmenu Vella, European Commissioner for Environment, Maritime Affairs and Fisheries “the EU’s blue economy is consistently growing over the last decade and the potential for the future is promising. With investments in innovation and through responsible ocean management, integrating environmental, economic and social aspects, we can double the sector in a sustainable way by 2030”.⁶

China has adopted a clearly demarcated Blue Growth Strategy and has established Five-Year Development Plan for National Marine Economy which monitors the progress of various marine sectors. China’s National Development and Reform Commission (NDRC) and State Oceanic Administration (SOA) brought out a document for the 21st Century Maritime Silk Road (MSR) entitled the Vision for Maritime Cooperation under the Belt and Road Initiative” on 20 June 2017.⁷ It has provided an outline of the principles as well as framework of cooperation besides the priority areas of China’s blue growth strategy. First, the MSR vision has introduced a new element i.e., “shelving differences and building consensus” and accordingly efforts were made “to uphold the existing ocean order”. It also stated that the “concerns of all parties involved will be accommodated, differences bridged, common ground sought and consensus achieved”. Second, MSR Vision refers to the sharing of blue space and developing a blue economy. It also laid emphasis on green development, ocean-based prosperity, maritime security, innovative growth and collaborative governance. Third, in order to build ‘a mutually beneficial blue partnership’ the MSR vision laid emphasis on the “demonstrative and inspiring cooperative projects”. It offers support and technical assistance to small island states so as to enable them to adapt to climate change. Finally, in order to promote economic development and eradicate poverty along the Maritime Silk Road, it conceived a strategy of ocean-based prosperity through enhanced interconnectivity and the blue economy. Thus, in order to achieve sustainable

utilization of marine resources, it has outlined six priority areas viz; enhancing cooperation in maritime resource utilization; upgrading marine industry cooperation; promoting maritime connectivity; facilitating maritime transport; strengthening the connectivity of information infrastructure and participating in the aquatic affairs.

Through its ambitious 21st century Maritime Silk Road (MSR), China wants to connect with Eurasia. Towards this China has already invested \$20 billion US dollars in building ports and terminals in 2017.⁸ By mid-2017 China owned commercial fleet, excluding Hong Kong owned vessels, reached 147.2 million gross tons. It is the third largest fleet owner with 11.5 percent of the global fleet only behind Japan and Greece. Its maritime industry accounts for nearly 10 percent of its GDP and is targeting to reach 15 percent share in its GDP by 2035. In order to reach its target, it is setting up world-class high-end marine industrial clusters in Guangdong-Hong Kong-Macao Greater Bay Area and developing Shanghai and Shenzhen into global marine centres.

Blue economy is very critical to the economic development of India. India's vision for Blue Economy was aptly presented by the Prime Minister Sri Narendra Modi at the International Fleet Review in Visakhapatnam on 7 February 2016 as follows: "The Blue Chakra - or the wheel - in our National Flag represents the potential of the Blue Economy. An essential part of this pursuit is the development of India's coastal and island territories: but, not just for tourism. We want to build new pillars of economic activity in the coastal areas and in linked hinterlands through sustainable tapping of oceanic resources. Strengthening our marine research, development of eco-friendly, marine industrial and technology base, and fisheries are other elements of our goal".⁹

Indian Ocean region is abundant with ocean resources relating to sectors such as fisheries, aquaculture, ocean energy, sea bed mining, minerals etc. In view of its potential, it is necessary to tap the economic and trade opportunities that propel the growth process in India. It is argued that the development of Blue Economy would serve as growth catalyst in realizing India's Vision of achieving 10 trillion dollar economy status by 2032.¹⁰ More over, Indian Ocean Region is of strategic importance to India as more than 95 per cent of our trade is carried through the sea. In view of this, the Government of India has launched an ambitious Sagarmala Project (Port-led prosperity) on 31 July 2015. It is a flagship programme of the Ministry of Shipping, Government of India which aims at promoting Port-led development in the country by harnessing its 7500 Km long coast line, 14,500 Km of navigable waterways and strategic location as key international maritime trade route. The project entails a huge investment of Rs 8.5 trillion (120 billion US dollars) by 2020 for setting up of new mega ports, modernization of existing ports,

development of Coastal Economic Zones (CEZs), enhancement of Port connectivity via road, rail, multi-nodal logistic parks etc and promote coastal community development.

The project is expected to boost up India's merchandise exports by 110 billion dollars and generate direct and indirect employment to the tune of 1,00,00,000 jobs.¹¹ It is also expected to save 6 billion US dollars per annum in terms of logistics costs and boost up port capacity by 800 Million Metric Tonne per Annum (MMTPA). These measures are expected not only to contribute to the growth of industries and townships that depend on the sea but also to global trade through sea connectivity. Further, India endorses the growth of Blue Economy in a sustainable, inclusive and people centred manner through the framework of the Indian Ocean Rim Association (IORA).

BLUE ECONOMY AND THE AGENDA FOR SUSTAINABLE DEVELOPMENT

The UN Sustainable Development Summit held in September 2015 adopted the 2030 Agenda for sustainable development with 17 Sustainable Development Goals. The summit recognized that “social and economic development depends on the sustainable management of our planets natural resources” and determined to “conserve and sustainably use oceans and seas, fresh water resources, as well as forests, mountains and dry lands and to protect biodiversity, ecosystems and wildlife”.¹²

Prior to the land mark Global Conference viz, the Sustainable Blue Economy Conference held from 26-28th November 2018 in Nairobi, Kenya, several initiatives were undertaken towards Blue Economy movement. With an agenda to explore action-oriented partnerships, governance arrangements, investment frameworks and new financing vehicles to address the health of oceans, The Global Oceans Action Summit for Food Security and Blue Growth was held from 22-25th April 2014 in The Hague, Netherlands. The summit, with active participation of global leaders, ocean practitioners, scientists and people representing international organizations, governments, business and civil society, identified mutually agreed targets for fisheries, aquaculture, habitat protection and pollution reduction.

The UN conference to support the implementation of SDG 14 was held during 5-9th June 2017 at the UN Headquarters in New York, USA. The conference not only raised global consciousness on ocean issues but also produced strong outcomes. The General Assembly adopted a resolution on 6th July 2017 which recognized oceans “as an engine for sustainable economic development and growth”. It further called up on all the stake holders to “conserve and sustainably use the oceans, seas and marine resources for sustainable development by taking, inter alia, actions to support the promotion and strengthening of sustainable ocean-based economies”.¹³ To address and resolve the issues concerning the pollution of air, land and soil, fresh water and oceans, the

Third UN Environment Assembly (UNEA-3) was held from 4-6th December 2017, in Nairobi, Kenya. The assembly further laid emphasis on the efforts to combat the spread of marine plastic litter and microplastics and to address water pollution.

Another High-level scientific conference ‘From COP21 towards the United Nations Decade of ocean Science for Sustainable Development (2021-2030)’ was held during 10-11 September 2018 at the UNESCO in Paris, France. It has aptly “synthesized the recent scientific progress on ocean and climate interplays, evaluated the latest ocean-climate trends with in the context of increased ocean action, and reflected on ways to move “from science to action” during the Decade of Ocean Science for Sustainable Development (2021-2030)”.¹⁴

The Sustainable Blue Economy Conference held during 26-28 November 2018 in Nairobi, Kenya was attended by 18,000 participants from 184 countries including heads of the state, ministers, leaders from different sectors, academia, scientific and research community, business community, NGOs and ordinary citizens. The conference set the 2030 agenda for sustainable development and the discussions were focused on how to achieve the sustainable use and conservation of aquatic resources, including oceans, seas, lakes and rivers for improved human wellbeing, social equity and healthy aquatic ecosystems.

The nine key themes of conference are:

1. Smart shipping, ports, transportation and global connectivity;
2. Employment, job creation and poverty eradication;
3. Cities, tourism, resilient coasts and infrastructure;
4. Sustainable energy, mineral resources and innovative industries;
5. Managing and sustaining marine life, conservation and sustainable economic activities;
6. Ending hunger, securing food supplies and promoting good health and sustainable fisheries;
7. Climate action, agriculture waste management and pollution free oceans;
8. Maritime security, safety and regulatory enforcement and
9. People, culture, communities and societies - the inclusive blue economy.

After intensive deliberations at different sessions, the conference came forward with 62 concrete commitments with respect to fisheries development, marine protection, waste management, financing, infrastructure, bio-diversity and climate change, maritime safety and security etc. In addition to these, several participants have warned about the threats and challenges faced by the oceans, seas, rivers and lakes.

The deliberations at the conference have strongly conveyed the message that “the Blue Economy must be sustainable, the planet’s ocean and water resources must be conserved and sustainably

used, and the need to consider oceans, lakes and rivers, as well as water and land based ecosystems in a holistic manner".¹⁵

MAJOR CHALLENGES OF SUSTAINABLE BLUE ECONOMY

Despite the global efforts to sustain the Blue Economy, there are several challenges and concerns that need immediate attention and action. Major challenges include:

1. Decline in global marine fisheries. Due to overfishing and over exploitation of fish stocks, the global marine fisheries are rapidly declining. The approximate loss in economic benefits on account of this is estimated at 83 billion US dollars a year.¹⁶
2. Unbridled expansion of off-shore oil and gas industries and the deep sea mining are adversely affecting the ocean ecosystems.
3. Pollution from land based sources is also considered as a major threat to fisheries and fish farming for human consumption.
4. Plastic-marine litter is also posing serious threat to ocean ecosystems. As a result, five large marine ecosystems close to the emerging economies viz. The Bay of Bengal, The East China Sea, The Gulf of Mexico, The North Brazil Shelf and The South China Sea are found to be at great risk.
5. Lack of effective ocean economic strategies and best practices both at global and regional levels to sustain the Blue Economy.

CONCLUSION

However, in spite of the commitments at global, regional, national and local level, it is observed that the health of the coasts and oceans continues to decline over a period of time. It is argued that short-term profit seeking approach, perverse subsidies, market failures and weak policy implementation with respect to fisheries, habitat-loss, pollution and mining industries are responsible for the declining health of the oceans. The poor ocean management practices in the world are expected to cause a loss of 200 billion US dollars per year and unless appropriate remedial measures are adopted these losses would increase by an additional 322 billion US dollars per year by 2050.¹⁷ This would adversely affect particularly the developing countries of the world wherein fisheries and other untapped marine resources not only provide opportunity for growth but also provide livelihood for millions of poor people.

In view of this, it is imminent on the part of all the stake holders - the governments, the business community and the civil society - to protect the health of the coasts and oceans to derive sustainable benefits from the Blue Economy.

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