

# Second IORA Blue Economy Dialogue

New Delhi, November 4-5, 2016

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## CONCEPT NOTE

### BACKGROUND

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Blue economy is a development approach that emphasizes upon the optimum and efficient use of ocean resources for socio-economic development of coastal nations within the broader principles of holistic and sustainable development. As per this paradigm, the vast endowment of blue resources that includes living resources such as fisheries, aquatic plants and other aquatic animals and non-living resources on the seabed such as oil, natural gas, hydrocarbons, cobalt, manganese, rare earth metals and other minerals in the oceans can be productively utilised for expanding access and opportunities for the people of the coastal nations by minimising wasteful use of marine resources, protecting the ocean habitat and diversifying the blue economy sectors and industries for higher job creation and value addition. In particular, the untapped potential in the emerging blue economy sectors could open up new avenues for occupational diversification and income generation which, in turn, would help countries counter the risks emanating from uncertain economic outlook in view of long and fractured recovery from the global recession during 2007-09. Since Indian Ocean is a treasure of marine resources, the promotion of blue economy sectors is important for creating a virtuous cycle of development in the member countries of IORA. At the same time, this blue economy orientation in development would encourage greater recognition of the pitfalls associated with the current resource-intensive high-carbon extractive model of development. By identifying the core strategic, economic and social aspects of blue economy activities, the IORA countries can benefit from the huge stock of precious natural resources in the Indian Ocean.

RIS has launched a research programme on blue economy in 2015 with an aim to contribute to the evolving discourse on the concept, measurement and implementation of blue economy in India and different regions of India's policy interests. The first study of this programme which was released in August 2015 focused on the prospects of blue economy in the Indian Ocean region and highlighted the features of the overall framework, priority and emerging sectors, and accounting practices. Subsequently, the RIS organised the First IORA Blue Economy Dialogue during August 17-18, 2016 at Goa, India in collaboration with Observer Research Foundation, New Delhi with support from the Ministry of External Affairs, Govt. of India. The Dialogue fostered intellectually stimulating informed debate among a galaxy of policymakers, academicians, diplomats and practitioners drawn from several IORA member countries on all major theoretical

perspectives of blue economy and the challenges member countries facing in promoting blue economy activities and industries in different sectors. At the end of the deliberations, major recommendations of the Dialogue were presented in the form of 'Goa Declaration' before the participants and to the Government of India for wider dissemination and policy formulation.

The Second IORA Blue Economy Dialogue is the continuation of India's commitment in the IORA Ministerial in Padang, Indonesia, 2015 to continue with its initiative on blue economy. Based on the outcome of the First Dialogue and the importance of emerging sectors of blue economy for economic growth and development in the Indian Ocean region, India underscores the importance of continuing this dialogue series on a regular basis in order to provide a platform for the regional thinkers and practitioners for sharing new perspectives and best practices relating to adoption and promotion of blue economy initiatives in the region. Towards that vision, the Second Dialogue will aim at advancing the understanding on certain key sectors and dimensions of blue economy reached at the First Dialogue and subsequent follow-up research. Given the diversity of issues and challenges in different blue economy sectors, this one and half-day long Dialogue will focus more on select sectors of blue economy spread over five technical sessions.

## **FOCUS SECTORS**

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### **(A) Renewable Energy**

The vast endowment of ocean water is increasingly being viewed as the vital sources of non-conventional energy for the world in the future. Oceans are not only important for production of cleaner energy but also for mitigating the risks of environmental pollution and ecological imbalance resulting from the fossil fuel-based energy production. Blue economy paradigm assigns significant priority to harnessing offshore renewable energy for meeting the ever-increasing demand for energy in the Indian Ocean region by deployment of suitable technologies for solar, wind, tidal wave, salinity gradient and other sources. Globally, offshore renewable energy sector lacks behind the onshore segment in terms of technology development, deployment and commercialisation. High costs and longer cycle of technology development and maturing are considered as potential obstacles for the slower progress of offshore renewable energy sector. However, the concerted efforts by some of the coastal and island nations of the world in the recent years for promoting investment in research & development and building technical capacity symbolizes the policy intent of those countries for kickstarting the offshore renewable energy sector within the principles of blue economy.

Most of the IORA member countries have some policies in place for exploring non-conventional sources of energy. The addition to installed capacity and testing & deployment trends in ocean energy technologies in those countries has improved considerably over time even though a critical mass is yet to be achieved in commercialisation of those technologies. National efforts would not be adequate in view of financing constraints and lack of technical human resources. For better and faster results in the offshore renewable energy sector, cooperation among countries for training, capacity building and sharing of technical expertise particularly within a

regional framework would be necessary. By establishing a regional mechanism, the interested IORA countries can optimally use the ocean resources for enhancing and sustaining the production and consumption of low-cost carbon-free and clean energy for household and industrial uses.

### **(B) Fisheries**

Fishery is an important economic sector for the Indian Ocean countries that provides food, nutrition and employment to a larger section of the population. For some IORA countries, fish export is a major source of foreign exchange earnings as well. Moreover, fishery is one of the dominant sectors of blue economy worldwide and also in the Indian Ocean region. By including fishery as a priority area in its charter, IORA officially recognises the role and contribution of fisheries to economic activities in the IORA region, more specifically for the promotion of blue economy. With advent of better processing technologies, fish exports of the developing countries especially processed fish products of high-valued species have grown remarkably since the 1980s. Although the volume of world fish production is growing, fishery sector faces the challenge of declining trend in the biological stock of species in all major fishing areas of the world. For many overfished species, the replenishment of stock is not proportionate to the fish landings. As a result, the dependence on aquaculture for meeting fish demand is increasing in most parts of the world. Besides the fertility issue, the coastal nations encounter the growing menace of IUU fishing which threatens organised commercial fishing and affects the livelihood of the native fishing communities in the region and in the world. Despite a number of existing Regional Fishery Management Organisations (RFMOs) in the Indian Ocean region e.g. Indian Ocean Tuna Commission (IOTC), the regulatory loopholes are often highlighted as the major bottlenecks for checking the proliferation of illegal and overfishing.

In the blue economy paradigm, fishery sector plays a key role as the sustainability of living fish, plant and other aquatic species are crucial for natural restoration of ecological balance in the Oceans. The economic success of the 21 countries located along the Indian Ocean Rim depends heavily on the efficient utilisation of the oceanic resources as the adoption of eco-friendly and sustainable production and consumption practices assume importance in national development policies. Along with biologically compatible fishing practices, there is a need for forward-looking reforms in trade policies with respect to fish products in the areas of fair and remunerative pricing, harmonisation of non-tariff barriers, at-the-border customs procedures, and standardisation of testing, certification and mutual recognition facilities. Moreover, fish processing industry possess immense potential for growth in the future. IORA countries may initiative cooperation in building capacity in processing technologies which would ensure higher production and trade of processed fish products in the region and compensate for the loss of revenue and income accruing from the unregulated and overfishing in capture fishery.

### **(C) Deep-Sea and Offshore Mining**

In the recent years, the opportunities for exploration of sea-bed resources such as hydrocarbons, oil & natural gas, manganese nodules, cobalt, rare earth metals and minerals are often emphasized. The fear of exhaustion of land-based mineral resources seems to have prompted the search for resources on the ocean bed. Further, the

advancement in exploration technology has enhanced the economic feasibility of deep-sea mining in the Indian Ocean. At present, the scale of deep-sea mining is relatively low in the region as well as in the world. Exploration technologies are still at various stages of experimentation in different countries of the world. Since deep-sea mining involves huge investments there may be need for innovative financing and collaboration between countries and with the private players. Some IORA countries including India, Australia and Indonesia have made substantial investments in developing technology and conducting feasibility studies. Besides technology, deep-sea mining is governed by a set of international regulations relating to access to the sea bed beyond the continental shelf. As per the practice, countries get licenses from the International Seabed Authority (ISA) for sea-bed exploration for some years in the areas earmarked for that country. Although deep-sea mining opens up opportunities for additional sources of resources, it inflicts costs to the society in terms of its adverse effects on the marine environment. The necessary geological, meteorological and biological assessments should be carried out before designing any mining system in deep seas. In a regional context, it is imperative to explore the ways in which the IORA countries can establish cooperation among them on various facets of deep-sea mining. Technology transfer and sharing of best practices are two vital pillars of regional cooperation in this sector.

#### **(D) Coastal Tourism & Urbanisation**

In addition to the traditional sectors such as fishing, ports & shipping, transportation & logistics, some services sectors of blue economy have bright prospects for job creation and value addition. Coastal tourism is one of those sectors which could yield promising results for the IORA countries by stimulating economic activities in the coastal towns and in their fringe areas. Some tourism-related activities such as cruise trips, bird watching, diving, pleasure fishing, hotel and hospitality services, travel and logistics would get momentum in the blue economy paradigm as the whole range ocean-centric activities will be treated in an integrated fashion with due importance to its different components. The growth of coastal tourism sector would fuel growth of cities and urban centres around the tourist locations. Alternatively, well-planned cities among the coasts would attract greater flows of tourists and facilitate higher growth of coastal tourism in general. In that perspective, coastal urbanisation is a desirable policy measure for the countries aiming at promoting blue economy. However, despite of all its virtues unplanned and uncontrolled rise of urbanisation could have detrimental effects on the economy. The negative implications of unplanned urbanisation would cause serious damage to the living habitat, improper land use, spatial congestion due to migration from rural areas, growth of slums, health risks emanating from poor solid waste management, and governance deficits. Taking into account the multi-faceted nature of urbanisation, the IORA countries should build coastal cities by maintaining strict adherence to the core principles of sustainable, low-carbon and environment-friendly processes and technologies. In the blue economy framework, coastal cities can be viewed as a source of economic dynamism, agglomeration of blue activities, social empowerment of resource-dependent local communities and pollution-free built-in environment. IORA countries must seize the opportunities by investing in new blue cities or revamping the old coastal cities.

### **(E) Maritime Security and Ocean Governance**

The issues concerning maritime security and piracy are the most challenging and contentious areas in international relations. The coastal nations often face conflicts over jurisdiction in international waters, alleged breach of rules and regulations in connection with deep-sea fishing, hijacking of international commercial ships by pirates, claims over disputed land in the sea e.g. South China sea, and so on. Being a largest sea route for global maritime trade and commerce, the Countries along the Indian Ocean Rim have faced a number of piracy and other maritime conflicts in the recent past. In the recent years, Indian Ocean is getting substantial strategic and diplomatic attention because of the interplay of several underlying forces connected to the emergence of new global players, perceived weakness in dominance of the United States over major global affairs, competition for resources and energy, among others. Since blue economy is all about oceans and ocean resources, it is in the interests of the costal nations to ensure mutual trust and goodwill among them with respect to the institutional mechanisms for regional maritime security and governance. Currently, the maritime and strategic affairs are governed by a number of international and regional conventions (or mechanisms) including the United Nations Convention on Law of the Seas (UNCLOS), International Seabed Authority (ISA) regulations and licenses, Regional Fishery Management Organisations (RFMOs) and others. A robust regional maritime governance framework is a prerequisite for the fuller utilisation of the potential of blue economy which would enable greater and equitable access to marine resources in the IORA region.

### **EXPECTED OUTCOME**

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The Dialogue expects to promote high quality and rigorous deliberations on important issues in the above mentioned four sectors in the context of promoting blue economy in the IORA region. Besides the member states, the dialogue partners would be encouraged to take part in the Dialogue. The participation of dialogue partners will enlarge the scope of the debate and help the member states learn from their experiences. Like the previous edition, the Second Dialogue will help sensitize the participants about the potential and opportunities arising from the blue economy sectors and industries in the region for greater interactions in their respective spheres of life. The summary of the recommendations would be presented in the form of a declaration and subsequent popularisation of the same in appropriate forums.