

Issues relating to Blue Economy

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The Blue economy is becoming increasingly relevant for sustainable economic and political strategy to address business and climate change issues, taking marine resources into consideration. While untapped marine resources can provide opportunities for growth, especially for developing countries, its sustainable use is a global responsibility and a need of the hour. Presently, the world seems to be divided between developed and developing countries over ocean resource management. Although the United Nations Convention on the Law of the Sea (UNCLOS) provides the legal framework for ocean resource management, some of the key issues of concerns, such as fisheries subsidies, come under the mandate of the World Trade Organisation (WTO). Therefore, it is important for developing countries to prepare blue diplomacy strategies in order to work with the developed countries for their social and economic development, while maintaining the ocean's health.

Introduction

The global economy has witnessed dramatic shifts in economic, strategic, and geopolitical order in which the blue economy has evolved as a new narrative. Based on the views of the Integrated

Coastal Zone Management (ICZM), blue economy furthers the goal of 'green economy'. According to [World Bank Blue Economy Development Framework](#), some blue economy related productive sectors are as follows.

No.	Activities	Related Industries
1	Harvesting and trade of marine living resources	<ul style="list-style-type: none"> Fisheries (primary fish production) Secondary fisheries and related activities (e.g., processing, net and gear making, ice production and supply, boat construction and maintenance, manufacturing of fish processing equipment, packaging, marketing and distribution)
		<ul style="list-style-type: none"> Aquaculture
		<ul style="list-style-type: none"> Marine biotechnology and bio-prospecting for pharmaceutical products and chemical applications
2	Extraction and use of marine non-living resources (non-renewable)	<ul style="list-style-type: none"> (Seabed) mining for extraction of minerals
		<ul style="list-style-type: none"> Oil and gas
		<ul style="list-style-type: none"> Desalination for Freshwater generation
3	Use of renewable natural forces (wind, wave, and tidal energy)	<ul style="list-style-type: none"> Generation of (off-shore) renewable energy
4	Commerce and trade in and around the oceans	<ul style="list-style-type: none"> Shipping and shipbuilding Maritime transport

No.	Activities	Related Industries
		<ul style="list-style-type: none"> • Ports and related services
		<ul style="list-style-type: none"> • Coastal development • Tourism and recreation
5	Indirect contribution to economic activities and environments	<ul style="list-style-type: none"> • Carbon sequestration through Blue carbon • Waste Disposal for land-based industry • Biodiversity • Coastal habitat protection and restoration

Currently, ocean resource governance in the areas beyond national jurisdiction falls under the UNCLOS. During the 4th Ministerial Conference (MC) at Doha (2001), the WTO members recognised the importance of the blue economy and initiated discussions on fisheries subsidies.

The Hong Kong MC6 (2005) resulted in a broad agreement to resolve disputes over fisheries subsidies. During MC10 in Nairobi (2015), no clear consensus-based decision was achieved despite covering a lot of ground. The issue is expected to be resolved during the MC11 in Buenos Aires in December, 2017.

A Quick Recap

MC11 comes at a crucial juncture when there is an increasing global interest on ocean activities and ocean resource management. In 2015, the United Nations adopted Sustainable Development Goals (SDGs) assigning one goal specifically focussed on conservation and sustainable use of oceans, seas and marine resources for sustainable development (SDG 14).

The UN also hosted the first World Ocean Conference in 2016 in support of SDG 14. A major outcome of the event was the

commitment to remove or reduce harmful fisheries subsidies.

At the WTO, discussions on curbing fisheries subsidies have recently gained pace with 'Friends of Fish', an informal group of mostly developed countries headed by the US, which is deliberating to fast-track an agreement on regulating fisheries subsidies. Some key features of their proposal are:

- elimination of all forms of subsidies contributing to Illegal, Unreported, and Unregulated (IUU) fishing
- prohibition of harmful subsidies that promote overcapacity and overfishing
- commitment by the WTO members not to introduce any new similar subsidies

The proposed agreement will require all WTO members to undertake stock assessment to assess the extent of overfishing. Failure to undertake comprehensive and effective monitoring, and control and surveillance will risk any fishing activity being treated as IUU fishing.

Brazil, India, Egypt, Peru, China and the Least Developed Countries (LDC) Group have asked for technical assistance and capacity building support for assessing IUU fishing before any restriction is put in place.

India, along with South Africa, the Africa, Caribbean and the Pacific (ACP) Group and the LDC Group, has demanded for Special and Differential Treatment (S&DT) in addressing fisheries subsidies. In this endeavour, India has formed a task force and is interacting with various coastal nations. The extent of support for India's stance on the need to distinguish between large scale commercial fishing and traditional small fleet fishing will play a key role in the final outcome of the proposed agreement.

Other Areas of Interest

Shipping and transportation is another aspect of blue economy that needs discussions at an appropriate international forum. Recent growth in intra-regional world trade and increasing offshore activities across the globe has proved extremely beneficial for the ship building and repairing industry.

However, the gap between developing and developed countries on five key aspects of maritime commerce, viz. ship owning, ship registration, seafarer supply, shipbuilding, and ship recycling, has increased.

Due to less strict regulations, ship registration is highly concentrated in developing countries, but ship ownership is still dominated by developed countries.

While two-fifth of the global fleet is owned by developing countries, China, Singapore and Hong Kong (China) together accounts for more than half of them.

There is also increasing concentration of shipping services. According to an [UNCTAD report](#), 35 coastal countries were served by only three or few liner companies. Although consolidation of services may have improved operational efficiency, it has resulted in reducing competition in the market, alongside reducing the negotiating power of many developing countries.

Deep seabed mining for minerals and hydrocarbon is another key component of the blue economy. Currently, international seabed areas is guided by UNCLOS and administered by the International Seabed Authority (ISA). However, ISA's 'Pioneer Investor Protection Regime' to protect state sponsored consortia of mining companies is restricting the ability of developing countries to participate in deep sea exploration. This is because only developed countries are in a better position to be able to comply with the strict due diligence process.

Developing countries may take up this issue at an appropriate international forum and negotiate for different legal requirements concerning due diligence along with technical assistance and capacity building support.

Scope of the Blue Economy discussions during MC11

The present proposal at the WTO to curb high-sea overfishing seems likely to be achieved as an outcome of MC11. The US in its latest proposal wants to include disciplines to curb fisheries subsidies on inland and recreational fishing as well.

Despite this proposed enhancement of its scope, an agreement is possible if developed countries agree to adopt a holistic approach towards regulating fisheries subsidies instead of treating it as a stand-alone issue.

They could agree to remove harmful subsidies in a phased manner, with the provision of assistance on market access (by addressing relevant tariff and non-tariff measures) along with support for technical assistance and capacity building. India is likely to be ready to be a part of the agreement if S&DT based on a *de minimis* provision is assured for the developing countries. This will allow them a longer stretch of time for compliance and the requirements for assistance in specific capacity building needs.

Developing countries should also explore new avenues to finance blue economy development projects under the mandate of the WTO. LDCs and Small and Vulnerable Economies (SVEs) could further link trade measures to actions

that specifically support sustainable development of the oceans' economy. New areas, such as [blue carbon](#) can also be explored during trade-related discussions to finance the blue economy activities.

Way Forward

Recent blue economy-related discussions at the WTO will test the development dimensions of trade. Fisheries and other untapped marine resources not only provide developing countries, and LDCs an opportunity for growth through export earnings, but also support the livelihood of millions of poor people living at subsistence level.

Putting restrictions on exploitive activities without providing technical and financial support will negatively affect the livelihood of resource-poor communities who are dependent on the blue economy. While the collective resolve of the international community for sustainable ocean resource management is exemplary, the present discourse can have an adverse impact on developing countries unless effective S&DT provisions are in place.

Developing countries along with LDCs' must come together to assert their demands at the appropriate international fora to realise the full potential of the blue economy as an instrument for growth and development.

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