



# **The Oceans Economy:** Opportunities and Challenges for Small Island Developing States





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## Acronyms

ABS	access and benefit-sharing
ACP	Africa, Caribbean and Pacific Group
APEC	Asia-Pacific Economic Cooperation
BRICS	Brazil, Russia, India, China and South Africa
CARIFORUM	Forum of the Caribbean Group of APC States
DDA	Doha Development Agenda
EEZ	exclusive economic zone
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
GATS	General Agreement on Trade in Services
GDP	gross domestic product
GHG	greenhouse gas
IUU	illegal, unreported and unregulated
ICTs	information and communications technologies
LDCs	least developed countries
MTS	multilateral trading system
NAMA	non-agricultural market access
OECS	Organisation of Eastern Caribbean States
R&D	research and development
RTA	regional trade agreement
SIDS	Small Island Developing States
SVEs	small, vulnerable economies
TPP	Trans-Pacific Partnership Agreement
UN	United Nations
UNCLOS	United Nations Convention on the Law of the Seas
UNCTAD	United Nations Conference on Trade and Development
UNEP	United Nations Environment Programme
UNWTO	United Nations World Tourism Organization
WTO	World Trade Organization

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## Summary of key issues and the way forward

### Issues of relevance to Small Island Developing States (SIDS)

- The concept of the oceans economy, also referred to as the blue economy, is one that simultaneously promotes economic growth, environmental sustainability, social inclusion and the strengthening of oceans ecosystems.
- The oceans economy is subject to a multilayer regulatory framework under the United Nations Convention on the Law of the Sea (UNCLOS) and other national, regional and multilateral as well as sectoral governance regimes.
- The oceans economy can contribute to addressing some of the concerns associated with economic and environmental vulnerability, including those associated with remoteness, by fostering international and regional cooperation under an ‘ocean space approach’, which is also expressed in the literature as marine spatial planning.
- An ocean space approach requires the development of a more coherent, integrated and structured framework that takes account of the economic potential of all marine natural resources, which include seaways and energy sources from the oceans.
- The oceans economy offers significant development opportunities and also raises challenges for SIDS in sectors such as sustainable fisheries and aquaculture, renewable marine energy, marine bio-prospecting, maritime transport and marine and coastal tourism.
- Fisheries represent a significant part of the economic output of many SIDS. As the demand for fish products continues to grow, SIDS need to explore options directed at securing economic benefits while ensuring sustainable management of these resources.
- SIDS could explore ways to mainstream the generation of renewable energy into their national and regional planning and energy mix. The potential exists to increase offshore wind-generated electricity and the use of algae biomass in the production of fuel.
- Bio-prospecting of marine genetic resources offers interesting opportunities for benefit-sharing and creation of scientific capacities in SIDS, especially in relation to pharmaceuticals, cosmetics and food products development.
- Current incentives for ship registration could be better leveraged by linking them to financial and ship classification services. Moreover, developing sustainable and resilient regional maritime or multimodal hubs and enabling the provision of incidental services (such as port-related storage, insurance and financial services), as well as sustainable and reliable transport services, can assist in addressing the challenges faced by SIDS regarding maritime transport and improving trade connectivity.
- Tourism can also be mainstreamed into national and regional planning. Facilitating travel routes and the operation of service providers in transport, information and communications technologies (ICTs) and financial services could strengthen SIDS’ appeal to both investors and travellers. Links with maritime and air transport, such as open seas and skies agreements, could be further explored.

### Key suggestions and the way forward

- There is a need to mainstream the oceans economy into the future United Nations Sustainable Development Goals. Consideration should be given to a comprehensive goal focusing on use of marine ecosystems and resources within ecological limits.
- SIDS need to find opportunities to engage in the process of global reporting and assessment of the state of the marine environment, including socio-economic aspects, under the United Nations General Assembly. This process should lead to key findings and conclusions that can shape the future of oceans governance.

- An ocean space approach or marine spatial planning can be particularly useful for SIDS in sectors that are dependent on the sustainable management and use of common resources, and where there are multiple national/regional competent authorities.
  - There is an urgent need for an international framework to discipline harmful fisheries subsidies. The World Trade Organization (WTO) negotiations which aim to clarify and improve disciplines for fisheries subsidies as part of its post-Bali work programme should be reinvigorated as part of that process.
  - There is a need for parallelism in the disciplining of harmful fisheries subsidies and in line with sectoral market access negotiations on fish products under the WTO. Advancements in market access negotiations without commensurate movement on subsidies may lead to incoherent and potentially damaging results.
  - Well-managed sectoral reforms, parallel regulation and institution building in key environmental services sectors, such as wastewater treatment and remediation services, can support further investment in sectors that promote sustainable oceans in SIDS.
  - SIDS can also consider approaches to advance the design and implementation of regional regulatory and institutional frameworks for access and benefit-sharing for marine bio-prospecting in order to harness any potential benefits that result from research and development activities.
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## 1. INTRODUCTION

The fact that oceans and seas (as well as rivers, waterways and estuaries) matter for sustainable development is undeniable. Two thirds of the earth's surface is covered by water. The oceans<sup>1</sup> are widely accepted as the incubator of all life forms. They are a fundamental yet delicate part of the Earth's biosphere and essential to sustaining life on the planet. Oceans serve a variety of purposes, all critical to the sustenance and preservation of human life. Among other things, they provide food and minerals, generate oxygen, absorb greenhouse gases (GHG), mitigate climate change, influence weather patterns and temperatures and serve as highways for human transport and sea-borne trade.

The link between humans and the oceans has been fundamental to the development of human civilisation. Today, more than 3 billion people live in close proximity to the coast. This number is bound to rise with population growth, urban drift and increasing demand for accommodation close to oceans and seas. The high level of dependence of humans on marine assets is putting unprecedented pressure on marine ecosystems to service the ever-increasing demands of the growing global population. There is therefore an increasing need for regulation on the basis of an appropriate balance between the demand for oceans' natural resources and their sustainability.

Healthy oceans and seas are essential to a more sustainable future for all. This is particularly true in the case of Small Island Developing States (SIDS). However, oceans are facing significant existential ecological risks that can negatively affect the social and economic prospects of all countries, particularly SIDS and coastal States that are acutely dependent on oceans. Some of these risks are a rise in sea levels

use for present and future generations'. Sustainable use of oceans is critical to poverty reduction, food security, livelihood sustainability and mitigating climate change.

In developing a sustainable balance between often competing ecological and economic imperatives, the concept of the oceans economy (also referred to as the blue economy) was established and has been further elaborated in the 'Blue Economy, Abu Dhabi Declaration'.<sup>3</sup>

The Rio+20 outcome document points to several avenues for the implementation of its programme of action, including components that relate to the oceans economy. Elements of the programme of action include trade, finance, technology and capacity building. Establishing an effective governance regime for the oceans economy is essential to creating and regulating a sustainable balance between the utilisation of marine resources and the protection of marine ecosystems. In the areas of trade governance, the rules-based multilateral trading system (MTS) – embodied in the World Trade Organization (WTO) – is mandated to create and enforce trade rules in a manner that supports the optimal use of the world's resources (including marine ones). Specifically, the mandate highlights the objective of sustainable development and seeks to both protect and preserve the environment in a manner consistent with the needs and concerns of countries at different levels of economic development. In this context, SIDS through relevant alliances such as the Small Economies proponents engaged in WTO negotiations can seek to advance the economic and environmental imperatives bound within the context of the oceans economy.

The present study seeks to contribute to a better understanding of the nascent and developing concept of the oceans economy. This will be achieved through

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