

Chapter 1

The Blue Economy in South-East Asia: A New Engine of Growth?

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Chapter 1

The Blue Economy in South-East Asia: A New Engine of Growth?

South-East Asia is home to some of the most dynamic and diverse marine habitats in the world, and they provide essential livelihoods for millions of people. The Blue Economy has become an increasingly popular concept as a strategy for safeguarding these inland water and ocean resources.¹ In 2013, the United Nations Environment Programme highlighted that the Blue Economy has the potential to improve human well-being and social equity while simultaneously reducing environmental risks and ecological scarcities.

If the ocean were treated like a country, it would be the eight largest economy in the world with an estimated gross domestic product (GDP) of \$3 trillion by 2030 or about 5% of global GDP.² The Food and Agriculture Organization (FAO) of the United Nations estimated that more than 60 million people work in the fisheries sector globally, of whom more than 83% are from Asia.³ The oceans are also the most mysterious areas on earth, with less than 20% of their areas explored.⁴ Yet although the seas are large; they are finite – a strategy that features balanced economic growth and sustainability is crucial for safeguarding global waters.

The contribution of the ocean economy to Asia-Pacific countries' GDPs varies, from as low as 1% to as high as 30%.⁵ The Blue Economy was cited as a significant area for collaboration in the Association of Southeast Asian Nations (ASEAN) region. ASEAN leaders consider the Blue Economy a multifaceted, cross-cutting concept that involves three pillars of the ASEAN Community: the ASEAN Political-Security Community, ASEAN Economic Community (AEC), and ASEAN Socio-Cultural Community. In 2021, the *ASEAN Leaders' Declaration on the Blue Economy* was signed by all ASEAN Member States (AMS), aiming to transform and to diversify AMS economies through the Blue Economy, which is envisioned to become a new engine of growth in the region.

In ensuring that a strategy on the Blue Economy will be well developed, AMS agreed on a definition of the term during the 38th ASEAN Summit in 2021 in Brunei Darussalam:

Blue Economy for ASEAN refers to the sustainable, resilient and inclusive use, governance, management and conservation of oceans, seas as well as marine and coastal resources and ecosystems for economic growth across various sectors such as fishery, aquaculture, maritime transport, renewable energy, tourism, climate

¹ K.H. Lee, J. Noh, and J.S. Khim (2020), 'The Blue Economy and the United Nations' Sustainable Development Goals: Challenges and Opportunities', *Environment International*, 137, 105528.

² Organisation for Economic Co-operation and Development (OECD) (2016), *The Ocean Economy in 2030*, Paris.

³ Food and Agriculture Organization of the United Nations (FAO) (2020), *The State of World Fisheries and Aquaculture 2020*, Rome.

⁴ United Nations Educational, Scientific and Cultural Organization (UNESCO), *The 7 Principles of Ocean Literacy*, <https://oceanliteracy.unesco.org/principles/>

⁵ M. Juneja, et al. (2021), 'Contextualising Blue Economy in Asia-Pacific Region: Exploring Pathways for a Regional Cooperation Framework', *Konrad-Adenauer-Stiftung Policy Briefs*, March, Hong Kong: Konrad-Adenauer-Stiftung.

*change, and research and development while improving human well-being and social equity.*⁶

In September 2023, ASEAN leaders adopted the *ASEAN Blue Economy Framework (ABEF)* as a Priority Economic Deliverable at the 43rd ASEAN Summit in Jakarta. The ABEF notes that:

*ASEAN defines the Blue Economy as an integrated, holistic, cross-sectoral, and cross-stakeholder approach that creates value-added and value-chain of resources from oceans, seas, and fresh water in an inclusive and sustainable way, making the Blue Economy the new engine for ASEAN's future economic growth. The ASEAN Blue Economy covers upstream-downstream sectors, serving as an accelerator of the conventional marine sector such as fisheries, aquaculture, fish-only processing, and tourism and a catalyst for emerging sectors such as renewable energy, biotechnology, and marine and freshwater-based research and education as well as other emerging sectors from aquatic resources.*⁷

The ABEF will serve as the main reference document for future Blue Economy activities throughout the region and advance the region's ambitions to accelerate economic growth after the COVID-19-pandemic.⁸ Moreover, as the majority of AMS remain in low- and middle-income status, to move forwards, creating a new engine of growth is necessary. The ABEF also aims to promote regional integration and cooperation, uphold the principle of 'leave no one behind', and enhance ASEAN competitiveness. It also reaffirms the 1982 United Nations Convention on the Law of the Sea (UNCLOS)⁹ and all existing related ASEAN agreements or commitments. The Blue Economy has the potential to help fulfil the Sustainable Development Goals (SDGs), especially SDG 14 – to conserve and sustainably use the oceans, seas, and marine resources for sustainable development – which is currently the least-funded SDG in the world. The existing gap in conservation funding is huge – around \$7 trillion – as sustainability funding largely focusses on 'green' or land-based conservation.¹⁰

Oceans are facing significant risks that could affect the global economy and key ecosystem services. For instance, 89% of global fish stocks are either fully exploited, overexploited, or have collapsed. Ocean acidity has increased 30% over the last 50 years, disrupting marine food chains; ocean acidification erodes key minerals used by ocean ecosystems, threatening food supplies to humans in a long-term effect.¹¹ In addition, about 10 million to 20 million metric tonnes of plastics are entering the oceans each year.

⁶ ASEAN (2021), *ASEAN Leaders' Declaration on the Blue Economy*, Jakarta.

⁷ ASEAN (2023), 'ASEAN Blue Economy Framework', statements, 5 September, <https://asean.org/asean-blue-economy-framework/>

⁸ ASEAN Indonesia (2023), 'ASEAN Blue Economy Forum Eyes Sustainable Economic Growth', Op-Ed, 26 July 2023, <https://asean2023.id/en/news/asean-blue-economy-forum-eyes-sustainable-economic-growth>

⁹ The UNCLOS 1982 is an international agreement that establishes a legal framework for the use and conservation of ocean resources. It continues to serve as the primary international legal framework governing maritime affairs today. See United Nations, Oceans and the Law of the Sea, https://www.un.org/depts/los/convention_agreements/texts/unclos/UNCLOS-TOC.htm

¹⁰ R.D. Tirumala and P. Tiwari (2020), Innovative Financing Mechanism for Blue Economy Projects, *Marine Policy*, 139, 104194

¹¹ World Bank, Life below Water, <https://datatopics.worldbank.org/sdgatlas/archive/2017/SDG-14-life-below-water.html>

The Blue Economy currently contributes around \$100 billion in fisheries and aquaculture, and another \$27 billion and \$900 billion in offshore oil and gas, respectively, around the world.¹² Yet despite its recognition as a new economic frontier since the Rio+20 United Nations Conference on Sustainable Development in 2012, concrete cooperation and initiatives for the Blue Economy are limited. The concept of the Blue Economy has the capacity to achieve enhanced governance of marine and inland water ecosystems, reduced emissions, equitable improvement in health standards, and help fight climate change.

Moreover, the South-East Asian region has huge marine potential that has not been capitalised. Although traditional Blue Economy sectors – such as fisheries, aquaculture, fish-only processing, and tourism – have shown some development, further innovations are needed to expand and to diversify the Blue Economy in the region. Emerging Blue Economy industries – such as renewable energy, biotechnology, and ocean-based research and education – need adequate financing strategies to ensure their optimisation. Issues, such as intensive farming and aquaculture as well as rapid urbanisation and industrialisation, have damaged marine ecosystems and the economies dependent on them, which have been aggravated by pollution and the clearing of mangroves. These challenges need attention and commitment as well.

Partnerships in Environmental Management for the Seas of East Asia (PEMSEA), an inter-governmental organisation operating in East Asia and a regional partnership programme implemented by the United Nations Development Programme, has documented AMS Blue Economy developments and progress (Table 1.1).

Table 1.1. Examples of ASEAN Progress towards a Blue Economy

Existing ASEAN Initiative	Sector
<i>Strategic Plan of Action for ASEAN Cooperation on Fisheries (2016–2020)</i>	Fisheries and aquaculture
ASEAN Trade Facilitation Network	Business and trade
ASEAN Solutions for Investments, Services, and Trade (ASSIST)	Business and trade
Southeast Asia Regional Program on Combating Marine Plastics (SEA-MaP)	Environmental management
<i>ASEAN-SEAFDEC Joint Declaration on Regional Cooperation for Combating IUU Fishing</i>	Fisheries and aquaculture
Enhancing the Competitiveness of ASEAN Fish and Fishery Products	Fisheries and aquaculture
<i>Regional Plan of Action for Managing Fishing Capacity</i>	Fisheries and aquaculture
ASEAN Catch Documentation Scheme for Marine Fisheries	Fisheries and aquaculture
<i>The Sustainable Development Strategy for the Seas of East Asia (SDS-SEA) and other PEMSEA projects</i>	Environmental and natural resources strategy
Various PEMSEA GloFouling (biofouling) partnerships	Biodiversity

¹² P.J. Morgan et al. (eds.) (2022), *Blue Economy and Blue Finance: Toward Sustainable Development and Ocean Governance*, Tokyo: Asian Development Bank (ADB) Institute.

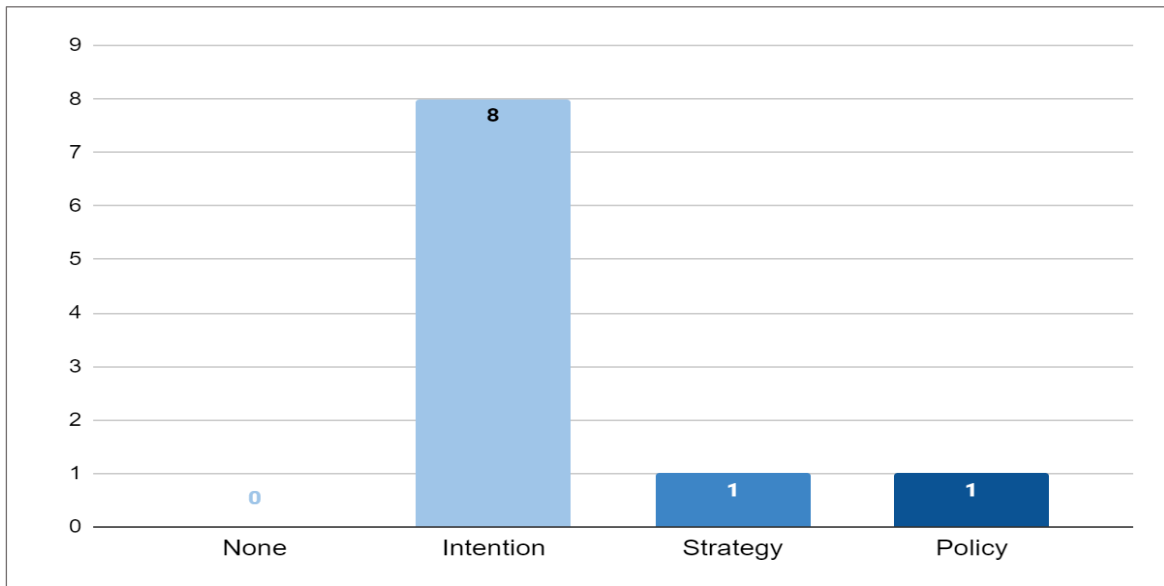
Existing ASEAN Initiative	Sector
<i>Framework for Resilient Development in the Pacific</i> (Pacific Island Forum 2016)	Climate change
IORA Indian Ocean Blue Carbon Hub	Environmental management and climate change
<i>IORA Strategic Framework of Action on Marine Debris in the Indian Ocean</i>	Environmental management and climate change

ASEAN = Association of Southeast Asian Nations; IORA = Indian Ocean Rim Association; IUU = illegal, unreported, and unregulated; PEMSEA = Partnerships in Environmental Management for the Seas of East Asia; SEAFDEC = Southeast Asian Fisheries Development Centre.

Note: This table does not represent all progress in South-East Asia. See Appendix 1 for more details.
Source: Authors.

Few AMS have compiled Blue Economy strategies nationally; those that have are classified as having ‘intention’ to develop their national Blue Economy (Figure 1.1).

Figure 1.1. Levels of Progress of ASEAN Member States in Developing Formal National Blue Economy Strategies and Policies, as of January 2023



none = no record of country commitment to a Blue Economy; intention = published documents reference the country intending to develop its Blue Economy or regional commitments, but no official strategic documents exist; strategy = country published official strategy/planning document outlining plans for Blue Economy development; policy = country published a policy and associated action plan for a Blue Economy strategy.
Source: Authors.

This report presents an overview of the current development of the ASEAN Blue Economy. It examines the regulatory frameworks, policy implementation, barriers, cross-border cooperation, and possible enablers in each AMS for effective implementation of the Blue Economy throughout ASEAN.