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India's Maritime Turn:

A Blue Economy Strategy in the Making?

The India Maritime Summit took place from 14 to 16 April 2016 and was launched with much fanfare by Prime Minister Narendra Modi. In the Rajya Sabha, the Minister of State in the Ministry of Shipping announced that 141 Memoranda of Understanding/Business Agreements were signed, with estimated investments of about Rs. 83,000 crores. A National Perspective Plan for what has been termed “port-led development”, prepared under Sagarmala (a long-term programme approved by the Union Cabinet on 25 March, 2015), was also released on this occasion by the Minister for Road Transport and Highways and Shipping, Nitin Gadkari. Does this concerted effort to showcase India's maritime sector and capacity signal a Blue Economy strategy?

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The Blue Economy is a term that is gaining traction ever since a growing number of countries started adopting it as part of their national growth plans and perspectives. Originally appearing in a 2012 declaration by the Small Island Developing States in the run up to the “Rio +20” United Nations Conference on Sustainable Development, held in Rio de Janeiro, the Blue Economy referred to the need to develop objectives and measures to reap sustainable

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benefits from the ocean. The Oceans are considered to be one of the last frontiers for economic development, with vast untapped resources and the potential to generate jobs and wealth. How to go about this in an environmentally conscious way, and to ensure that governance is enforced through a legally binding, regulatory framework, have resulted in a number of ocean-focused national plans as well as ambitious global initiatives. To name a few, in 2013 the US released its National Ocean Policy Implementation Plan; the OECD has a Future of the Ocean Economy project which recently published a report looking into 2030; in 2015 the Indian Ocean Rim Association held its first Blue Economy Dialogue and in 2015 the Partnerships in Environmental Management for the Seas of East Asia published a major report on the “Blue Economy for Business in East Asia.”.

The blue or sustainable ocean economy can be described as composed broadly of four components: harvesting of living resources (such as fisheries), extraction and generation of non-living resources (deep seabed mining, oil and gas exploration), commerce and trade in and around the ocean (shipping, ports, tourism) as well as, management of the ocean’s health. In each of these, India has been taking action. An overview and assessment follows, along with an analysis of whether a Blue Economy strategy is in the making. A strategy here refers to policies that address the sustainability of ocean activities and plans to harvest long-term gains. This not only requires domestic public policy but also a broader strategic outlook to encourage cooperation and collaboration beyond the confines of national jurisdiction.

How blue is India’s Economy?

Calculations of how much the Blue Economy contributes to a country’s GDP vary greatly and in India’s case there has not been an attempt to do so by the government. Instead one can break it down along various indicators related to different sectors of the ocean economy. In fishing and aquaculture, Asia has been a leading player, with India at 7th position in a 2012 global ranking of major producing countries conducted by the Food and Agriculture Organization of the United Nations. Fishing provides the largest part of India’s overall agricultural exports and employs about fourteen million people, according to the National Fisheries Development Board.

With a coastline of 7,551km, India ranks amongst the world’s top 20 countries with the largest exclusive economic zone (at 2.3 million square kilometres). This vast shoreline has an

important continental dimension given the country's 14,500km of navigable inland waterways, of which 4,503km are national waterways, while the responsibility for the rest lies with State governments. Linking and developing the waterways to a national grid has become a national priority as well as developing coastal shipping. Currently it is estimated that India transports only 7% of its domestic cargo by coastal shipping, or so-called short-sea shipping, while the European Union transports 42%, China 43% and the US 15%.

With regards non-living resources, the Indian Ocean is purported to be rich in polymetallic nodules (containing nickel, cobalt, iron, and manganese that have formed over millions of years on the sediment of the seafloor) and polymetallic massive sulphides with high mineral content including copper, iron, zinc, silver, and gold, formed deep in the earth's crust. India holds exclusive rights to explore polymetallic nodules in the Central Indian Ocean basin in 1987 and has established two mining sites. In 2014 India was granted a 15-year mining license by the International Seabed Authority (ISA), under the United Nations Convention on Law of the Sea for an area of 10,000 square kilometres of seabed, stretching across the southern Indian Ocean and reaching close to the Mauritian coast.

On maritime transportation, India performs well for example, on the Liner Shipping Connectivity Index developed by the World Bank, capturing the degree to which countries are connected to global shipping networks. In terms of ship ownership India was 17th in the world according to the UNCTAD – Review of Maritime Transport 2015. Furthermore, India ranks 9th amongst 80 developing countries/ territories and economies in transition, in container port throughput, a trend that is growing amongst the developing and transition economies as a result of greater participation in global value chains. However, none of the world's top twenty container ports are located in India and India's competitive advantage and leading position in shipbuilding has been declining in recent years.

In maritime energy, India has experienced a drop in Offshore Oil & Gas Production which the government is seeking to address along with announcing major investments in alternative energy sources including offshore wind farming. Finally, management of the ocean's health is an area that has been deeply neglected but is fast gaining attention and, as argued below, it is acquiring a strategic dimension.

The Ocean as Ecosystem, a Strategic Orientation

An ecosystem is defined as a community of living organisms in conjunction with the non-living components of their environment (things like air, water and mineral soil), each interacting as a system. Developing an ecosystem outlook of the ocean requires holistic thinking and integrated policy planning. Interestingly, this perspective is being stimulated by broader external political dynamics in addition to domestic economic drivers.

In a vision document from 2011, issued by the Ministry of Shipping, titled *Maritime Agenda 2010 – 2020* no mention was made of the Blue Economy. The focus of the report remained specifically on the port sector and no other related areas. In 2016, the Sagarmala National Perspective Plan was released. This too focuses predominantly on the port sector and does not make a reference to the catchphrase, Blue Economy. However, a study of the document reveals that the view of “port-led development” has been broadened to include coastline development, and through it, to leverage India’s coastline and river network, use location to enhance supply chain networks, reduce logistics costs and generate sustainable growth. The document also implies the need for a multi-sectoral approach, for inter-ministerial coordination and long-term investments not just in physical infrastructures but also human capital, for instance through skills and community development programmes.

However, the beginnings of a strategic orientation revolving around the blue economy are most clearly observable at the level of maritime diplomacy. During his visit of three Indian Ocean countries in March 2015, Prime Minister Narendra Modi speaking in Mauritius about SAGAR (Security and Growth for All in the Region) stated, “We must promote greater collaboration in trade, tourism and investment; infrastructure development; marine science and technology; sustainable fisheries; protection of marine environment; and, overall development of Ocean or Blue Economy.”² More recently on the 7th of February 2016, at the International Fleet Review which took place in Vishakhapatnam, the Prime Minister explained that “an important part of India’s transformation is my vision of “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..... In this endeavour, I see youth in the coastal areas as our true assets....They could lead the way

² <http://www.narendramodi.in/text-of-the-pms-remarks-on-the-commissioning-of-coast-ship-barracuda-2954>

in the development of blue economy in India. In partnership with all the coastal states of India, I want to shape a special program of skilling India's youth in the coastal areas".³The Ministry of Shipping has requested the Ministry of Skill Development & Entrepreneurship to undertake a coastal district skill gap analysis, with special emphasis on skill requirements in the Ports & Maritime Sector. More concerted attention is also being given to coastal tourism with the Ministry of Tourism launching a *Swadesh Darshan* Scheme for Integrated Development of Tourist Circuits around Specific Themes including a Coastal Circuit with specific projects named in Andhra Pradesh, West Bengal and Puducherry.

India has also been actively pursuing oceanic outreach in the near neighbourhood as well as the wider Indian Ocean Region, couched in terms of the Blue Economy. Following PM Modi's visit to Mauritius, an India-Mauritius Dialogue on the Blue Economy has been set up and as a follow-up, on April 12th, 2016 the Mauritius Minister of Ocean Economy, Marine Resources, Fisheries, Shipping and Outer Islands met with India's Minister of Science and Technology and Earth Sciences to explore areas of cooperation. Furthermore, MoUs have been signed with Seychelles, Sri Lanka and Bangladesh on the Blue and Ocean Economy. An agreement was signed between India and Bangladesh on 6th June, 2015 to commence coastal shipping between Bangladesh and the eastern ports of India through River Sea Vessels.

With the United States, an Ocean Dialogue was initiated at the 2015 India US Strategic and Commercial Dialogue by Secretary of State, John Kerry and External Affairs Minister, Sushma Swaraj with the aim of promoting "the sustainable development of the blue economy".⁴ This has been followed up with interactions in preparation for the 2016 "Our Ocean Conference" to be hosted by the State Department in September⁵. These developments have to be seen in light of statements made by the State Department that the US envisions an Indo-Pacific Economic Corridor as helping to bridge South and Southeast Asia. This vision has a clear strategic dimension, coming in the wake of China's One Belt One Road proposals and emerging out of both India's *Act East* policy and the United States' *Pivot to Asia*.

³ http://pmindia.gov.in/en/news_updates/text-of-pms-address-at-international-fleet-review-2016/

⁴ <http://www.state.gov/secretary/remarks/2015/09/247167.htm>

⁵ <http://www.state.gov/r/pa/prs/ps/2016/02/253130.htm>

Conclusion

A blue economy strategy remains very much in the initial phase. However, the evidence suggests there is greater institutionalisation of the blue economy as a goal and, as an instrument of India's foreign policy. Topics such as oceanography, climate change research, collaboration in capacity-building as well as port-development and investment in connectivity-related projects are becoming regular themes for collaboration and dialogue with multiple partners. Furthermore, at the 2016 Maritime India Summit, a high degree of inter-ministerial collaboration was on display (nine ministries were involved in the programme) implying concerted coordination at the governmental level.

At the same time, the ocean economy is providing a platform through which to develop and deepen strategically important relations with South Asian neighbours; island and littoral states in the Indian Ocean as well as extra-regional players like the United States. In the case of the US, the blue economy is becoming a way to meld strategic concerns with economic opportunity and a claim to uphold values of sustainable development and responsible leadership. This was aptly captured in the 2015 declaration that India and the US share a commitment to “peaceful commercial use of the oceans, freedom of navigation and protection of the ocean ecosystem”.⁶

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⁶ <http://www.state.gov/r/pa/prs/ps/2015/09/247192.htm>