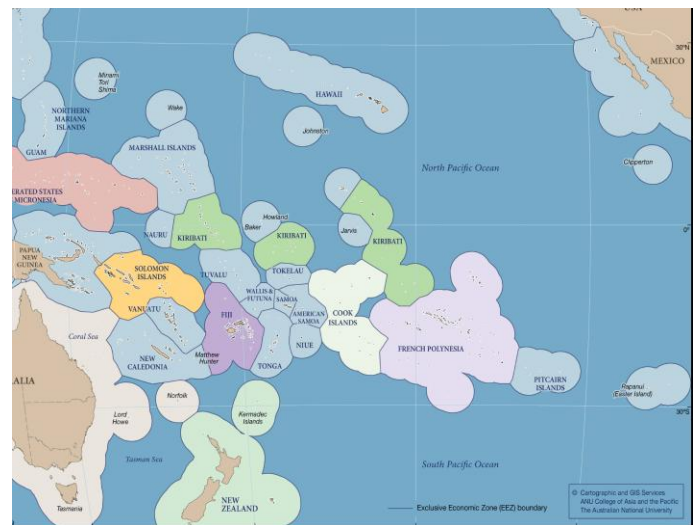


SESSION I: LEVERAGING THE BLUE ECONOMY FOR INCLUSIVE AND SUSTAINABLE GROWTH

The oceans provide an essential endowment of goods and services to small coastal and island states that can expand substantially their economic productive zones. However, globally the health of the oceans is declining, thereby jeopardizing the wealth of goods and services they can provide.

Restoring the health of the world’s oceans is a global challenge that can be solved by coordinated action to increase investment and cooperation around proven solutions to unlock the oceans’ tremendous potential to increase economic growth and reduce poverty. For this reason, investing in the health of the oceans has emerged as a “new” frontier of opportunity for green growth – i.e. the Blue Economy.

Exclusive Economic Zones in the Pacific



IMPORTANCE OF OCEANS – PARTICULARLY TO SMALL COASTAL AND ISLAND STATES

An estimated 61 percent of the world’s total gross national product comes from areas within 100 kilometers of the coastline. Healthy oceans are essential for global food security, livelihoods and economic growth. More specifically, healthy oceans provide:

- Seafood contributing 16 percent of the animal protein consumed by the world’s population, with demand expected to double in the next twenty years;
- Over 300 million livelihoods from fishing, aquaculture and tourism among others;
- Sea floors yield important minerals. Technology is beginning to tap new sources of energy from ocean.
- Revenues in the global economy of more than US\$190 billion annually from seafood, and some US\$161 billion annually from marine and coastal tourism;
- Medicines that are responsible for billions in revenues to pharmaceutical and biotechnology sectors and that have improved many millions of lives; and



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- A number of essential goods and services such as protection from natural hazards for the growing coastal population and storage of carbon.

CHALLENGES FACING THE HEALTH OF THE OCEANS

The fundamental nature of the oceans often renders the use of these resources open to all who can access them, eventually resulting in overexploitation and degradation. At the same time, oceans are subject to a number of externalities such as habitat loss and pollution, often from land-based activities. As a result of the combination of these two factors: (i) overexploitation of ocean resources due to conditions of open access and (ii) externalities such as pollution and habitat loss, the oceans are underachieving their true potential in terms of livelihoods, food security and human health, and broad economic growth for many of the world's coastal and island states. According to FAO, 30 percent of the world's assessed ocean fisheries are currently overexploited, depleted or recovering from depletion (up from 10 percent in 1970), and another 57 percent are fully exploited.

Further, More than 60 percent of coral reefs are under direct threat from locally-based land- and ocean-based activity. Land-based activities such as agricultural runoff, untreated wastewater, and industrial effluents have resulted in ocean dead zones equivalent in size to Great Britain. Over 46,000 pieces of plastic are present in every square mile of oceans globally. Additionally, elevated greenhouse gas emissions are only compounding these ecological challenges by leading to climate change and ocean acidification, which are resulting in warming surface water temperatures, lower surface water pH, and rising sea levels. These, combined with coral bleaching (30% of Caribbean Corals bleached in 2005), are impacting fish stocks and therefore food security, nutrition and community livelihoods.

POTENTIAL BLUE ECONOMY: OPPORTUNITIES FOR STATES THAT INVEST IN HEALTHIER OCEANS

For countries that can make the institutional reforms needed to reduce open access to ocean resources and provide secure incentives for users to take a long-term stake in these resources, there is significant potential for the oceans to contribute much more to broad-based economic growth – i.e. a blue economy. At the same time, there are growing examples of institutional reforms and regulatory frameworks that can provide incentives to reduce the threat that externalities like habitat loss and pollution pose to the blue economy. Essentially, because the oceans provide a wide range of goods and services that depend on the health of the underlying natural systems, returns from investments in healthier oceans is a good proposition.

Coastal and island countries that can introduce such reforms can capture some of these vast economic opportunities that healthier oceans offer i) Provision of seafood from capture fisheries, ii) Provision of seafood from aquaculture, iii) Tourism and recreation, and iv) Marine biotechnology. In addition to these economic opportunities captured directly by ocean users and stakeholders, healthy oceans provide a number of public goods that have significant values for economies, such as protection from natural hazards, cultural values associated with oceans, and carbon storage.



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THE GLOBAL PARTNERSHIP FOR OCEANS (GPO): A NEW GLOBAL MECHANISM FOR INVESTING IN HEALTHIER OCEANS

Although efforts from a wide array of Governments, organizations, enterprises and individuals have been underway for some time, much greater investment and cooperation is needed to capture the opportunity of healthier oceans and the blue economy – particularly in coastal and island developing nations. For this reason, a coalition of over 115 Governments, civil society organizations, private sector companies and associations, research institutions, UN agencies, multilateral banks and foundations came together in Rio in June 2012 to form a Global Partnership for Oceans (GPO).

The GPO aims to create a new fund that would help mobilize significant resources and cooperation around: (i) the public investments needed for countries to reform institutions and capture the economic opportunities of healthier oceans, as well as (ii) seed funding for greater private investment that can contribute to sustainable ocean use. Partnership in the GPO is open to all Governments and entities committing to help develop and implement this initiative. The partners are currently designing the GPO over the next 6 months, based on a number of wide consultations such as this forum.

TOPICS FOR DISCUSSION

1. The challenges to unlocking greater growth from healthier oceans are institutional, which will ultimately leverage investments. What are some of the reforms that countries can introduce to capture this opportunity?
2. How can countries ensure that increased and more sustainable growth from the use of the oceans is broadly shared, and takes into consideration traditional and customary users?
3. Regional and international cooperation is needed, particularly given the public goods component of oceans. How should the GPO be designed in order to support countries to develop and implement these reforms, and thereby capture this opportunity?