

SIGNIFICANCE OF MARITIME GOVERNANCE AND OCEAN MANAGEMENT
IN REALIZING MARITIME ECONOMIC BENEFITS

INTRODUCTION

1. Respected moderator of this session, fellow participants, Ladies and Gentlemen, Assalamualaikum and Good Afternoon. First of all let me thank the Moderator for his kind introduction. I feel humbled in presence of this august gathering of maritime professionals, learned academicians, and bright minds of the maritime fraternity. Galle Dialogue has already evolved into a recognized and prestigious forum to pursue discourses on maritime affairs. I am very thankful to Government of Sri Lanka and specially Vice Admiral Jayantha Perera, Commander of the Sri Lanka Navy for inviting me and allow me to speak on a topic which, as a maritime professional, is very close to my heart. Though I don't consider myself as a specialist on the subject but my long 36 years of service in the Navy and in different fields of maritime sectors especially as the Chairman of Chittagong port Authority which is the principal seaport of country and as Managing Director of a shipyard has given me some understanding on the issue. Therefore, it is an honor for me to share some of my thoughts on maritime governance and management with you this afternoon.

First Slide

2. Ladies and Gentlemen, **<CLICK>** Ocean is an integral part of our planet and is an absolutely essential component of human lives, livelihoods and the environment that sustains us. Use of ocean space and resources has been an essential component of global economic growth and prosperity. Oceans, regarded as the "last frontier" on earth, decisively influences and shapes world geopolitics, globalization, socio-economic balance and life on earth. **<CLICK>** Today, 82% of all nations border the world's oceans or seas. Of these, some 40 nations (30%) are islands. With two-third of the earth's surface covered by water, the oceans encompass not only two thirds of

the world surface but could well impact the lives of three quarters of the world's population by 2030.

3. Ladies and Gentlemen, **<CLICK>** we all know what our seas and oceans can deliver and our demand is ever increasing. From fishing and tourism to shipping and energy development, we expect our oceans to provide valuable strategic resources for generations to come. Unfortunately, the current state of affairs is that generally all these different maritime activities are somewhat handled on an *ad hoc* basis—it's a first-come, first-served system for industries like fishing and oil-extraction. Therefore, it's not surprising that our seas are suffering under a barrage of problems. Pollution, overfishing, ocean pollution, and loss of wildlife habitat are putting our food sources, ocean-related jobs, and important marine ecosystems in jeopardy. At the same time maritime crimes and disorders in keeping with the maritime economic growth are also increasing, adding further complication to the gamut of governance and management.

4. However, **<CLICK>** comprehensive maritime governance and ocean management can bring immense benefit to our economy. Good governance and maritime safety, security and surveillance of our ocean wealth are vital to achieving maritime economic benefits. **<CLICK>** Integrated marine policy, planning and decision-making at the various levels of governance (international, national, regional and local) are a vital component of harnessing our ocean wealth. **<CLICK>** International cooperation is an important element of integrated marine policy and planning because a global seas and oceans do not fall naturally into jurisdictional boundaries. Close cooperation and collaboration with neighbors and international partners can also bring about economic returns and benefits. To that context, the central theme of this year's dialogue i.e. 'synergize the efforts of Cooperation and Collaboration to achieve Maritime Prosperity' draws a lot of pertinence.

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5. Ladies and Gentlemen, **<CLICK>** in this context my deliberation will attempt to present the principles and practices of good governance of maritime domain and effective control regarding ocean management with the emphasis being placed on their application in achieving economic prosperity. **<CLICK> Scheme**

MARITIME DOMAIN AND ECONOMY

6. **<CLICK>** Ladies and Gentlemen, maritime domain is defined as all areas and things of, on, under, relating to, adjacent to, or bordering on a sea, ocean, or other navigable waterway, including all maritime-related activities, infrastructure, people, cargo, and vessels and other conveyances. Salt water covers more than two-thirds of the Earth's surface. These waters are a single, great ocean, an immense maritime domain that affects life everywhere. Although its four principal geographical divisions - Atlantic, Arctic, Indian, and Pacific - have different names, this continuous body of water is the Earth's greatest defining geographic feature. The oceans, much of which is global commons, under no State's jurisdiction, offer all nations, even landlocked States, a network of sea-lanes or highways that is of enormous importance to their security and prosperity. They are likewise a source of food, mineral resources, and recreation, and they support commerce among nations. They also act as both a barrier to and a conduit for threats to the maritime security.

7. Ladies and Gentlemen, as a habitat, sea is the largest component of our common environment which occupies 70.92% of planet Earth, but its most of the inhabitants that is almost 82% of the world`s population lives in coastal regions. The biggest cities are either on the coast or connected to it. This has a direct influence on the sea and those living on its shores. **<CLICK>** As a highway sea provides the most

efficient form of transport. For ensuring cheap transport facilities towards world's shipping activities including export and import facilities, Sea is crucial to national and international trade and so the right balance has to be found between regulation and freedom of navigation. The third aspect is that of the sea as a resource. Fishing has been a human food source since time immemorial: a blessing when there is sustainable stewardship and a threat when overexploited. The sea's hydrocarbon and mineral resources have been widely exploited at sea and new technology has enabled further exploration at greater depths and in more demanding environments. The living and non-living resources are under threat from over exploitation, different kinds of pollution and land base development. The fourth perspective is that of security, in its broad-spectrum sense from political assertion of rights through exercise of sovereignty and law enforcement through to protection and safety.

8. States have the same responsibilities for their territorial waters as they do for their land territory, however vast it may be. Meeting such responsibilities requires a span of maritime services capable of enforcing national law in home waters and contributing to the enforcement of international law beyond them. It is in the interests of the entire global community to contribute to this common responsibility whether individually or in coalition. This colossal responsibility can only be discharged through instituting a proper maritime governance regime and following best practices of ocean management.

MARITIME GOVERNANCE AND OCEAN MANAGEMENT

9. LGM, **<CLICK>** let me dwell little bit on the conceptual aspects of these two terms maritime governance and ocean management. It is difficult to differentiate or isolate these two terms for practical purposes. We all know that the term "governance" covers the activity or process of governing, those people charged with the duty of governing and the manner, method and system by which a particular society is governed. In Maritime Domain it is usually understood as the sum of the legal, social, economic and political arrangements used to manage maritime

resources. It has international, national and local dimensions. It includes legally binding rules, such as national legislation or international treaties as well as customary social arrangements. **<CLICK>** Thereby, maritime governance is a systemic function of complex administration elements. This covers institutions, instruments and processes ranging from short term operational management to long term policy development and planning and from conventional forms of administration to modern forms of participative decision-making processes.

10. On the other hand LGM, fundamental objective of the Marine Governance is to macro manage the ocean affairs; therefore I consider that maritime governance and ocean management are intertwined or even synonymous. **<CLICK>** A holistic approach to management of ocean activities and uses requires close co-ordination in several key areas:

- Integrated coastal zone management, an activity which calls for co-ordination among national agencies responsible for coastal and ocean management;
- Management of shipping (vessel traffic management) and pollution (both spills and ocean dumping), which require both national and international co-ordination and establishment of international standards; and
- Protection of the ocean environment, which requires close international co-operation in research, in the setting of standards and in the establishment of agreements on the rules to be applied.

11. **<CLICK>** Governance at sea and its management can be achieved in different ways and states distribute responsibilities differently between police, border guards, coast guards and navies. But the open, dynamic nature of the sea itself means that no single state or service can deliver effective security in isolation, so the international community has no choice but to cooperate if good governance is to be delivered at sea. Specially many developing countries and some countries in transition

lack the capacity to tackle the innumerable problems and have no hope of meeting international standards without assistance from more advanced countries.

OBJECTIVES OF MARITIME GOVERNANCE AND OCEAN MANAGEMENT

12. **<CLICK>** Ladies and Gentlemen, simply put, maritime governance and ocean management is intended to create the conditions and mechanisms which would facilitate the development of diverse coastal and sea-based activities with a view to promoting sustainable development of maritime region and the maritime interests of the nation. Some of the identified objectives are:

- Developing institutional framework for ensuring good governance in the maritime sectors through integrated planning and administration.
- Promoting economic growth.
- Creating new opportunities through research, education and generating maritime awareness.
- Ensuring security of all maritime stake holders and maritime resources.
- Improving the quality of the maritime environment and ensuring sustainability.
- Fostering regional and international cooperation.
- Surveillance and control of the sea and coastal areas under national jurisdiction.

13. **<CLICK>** In order to, first we have to be aware of the sea and its opportunities and consider the concomitant risks and threats. Second, we have to understand that huge and valuable global commons like the sea entail global responsibility and the means to exercise it. The further development and protection of the sea urgently needs regional and worldwide regulation and a global maritime governance regime before the intrinsic value of those commons is lost, perhaps forever. Maintaining maritime safety standards and protecting the marine environment from maritime transport activities in a specific state fall within the

responsibilities of a government. Effective governance and management is therefore a decisive factor for the quality and performance of a state's maritime administration regarding safety and environmental protection.

14. Ladies and Gentlemen, The critical prerequisite for any management or governance regime is maritime surveillance, which provides all seagoing and coastal stakeholders with a maritime picture commonly known as maritime domain awareness. Sharing information related to that picture has to be based on the common understanding that everybody has a responsibility to share their information. This is not a problem peculiar to the sea; it is a general problem, which must be solved in many areas of our societies, both ashore and at sea. It needs strong political will to build trust and confidence, first at a regional level and then between the regions.

15. Maritime governance and management process involves a large number of stakeholders. It is at the same time an advantage but it also difficult to implement a real multiparty steering. An ideal governance and management process logically concludes to the fact that the decisions taken are not the result of a single decision-maker but the result of a multi-sectoral collaboration.

CHALLENGES TO MARITIME DOMAIN

16. Ladies and Gentlemen, please allow me to discuss briefly some of the concerns and challenges of the maritime domain. **<CLICK>** I will focus on the Indian Ocean (IO) region but the challenges are similar elsewhere in the globe and also for the fact that most of the participants of this dialogue are from this region.

Significance of the IO Region

17. Ladies and Gentlemen, the IO contains vital sea lanes that help feed economies of some of Asia's largest and the USA to some extent. **<CLICK>** Around 100,000 ships transit through the vast expanse of the IO annually. About 40% of this traffic is accounted for in the St of Malacca. **<CLICK>** Everyday 15.5 million barrels of oil or 40% of the world oil comes out of the St of Hormuz. **<CLICK>** The growing economies of India, China, Japan and many other SE Asian countries depend on the SLOCs of the IO. **<CLICK>** By 2020 demand of oil for India is expected to rise to 91.6 % whereas for China the figure is 76.8% and for the rest of the South Asia 96%.

Maritime Environment in the IOR

18. **<CLICK>** After the end of the Cold War era the countries around the globe felt the need for extending their business rim and enhancing relations for trade and commerce. At the same time we have seen significant rise in the activities of the non-state actors in the form of terrorists, smugglers, pirates etc.

19. **<CLICK>** However, it is not just about sea lanes and trade only. More than half the world's armed conflicts are presently located in the IOR, while the waters are also home to continually evolving strategic developments. The spillover effect has its toll on the region as a whole.

COMMON CONCERNS

Legal Regime

20. **<CLICK>** LGM, the UNCLOS III has legitimized nations to enjoy sovereignty over their Exclusive Economic Zone (EEZ). Countries enjoy the right of exploring and exploiting, conserving and managing the natural resources of the seabed, subsoil, and the waters in their EEZ. They also reserve the sovereign rights and exclusive

jurisdiction for the economic exploitation and exploration of the zone, and preservation of the marine environment. With jurisdiction comes the legal obligation and responsibility to ensure good order at those areas. To ensure that, the foremost necessity is to keep an eye in the sea in all three dimensions, i.e. surface, underwater and on the airspace.

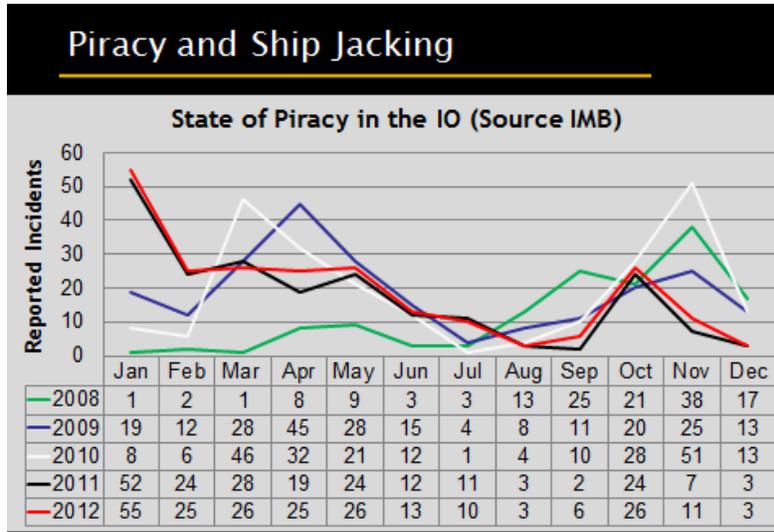
Unconventional Threats Common to most IOR Littorals

21. **<CLICK>** Ladies and Gentlemen, monitoring the activities in the sea area is an acute problem, particularly for small states with limited resources. The need for the level and category of surveillance can be different for each country. However, the IO littorals share many things in common, so are their worries and woe. **<CLICK>** Among them most important concerns are the cross boundary criminal activities. Most of these now have sea extensions and are seriously interlinked, which is impossible to follow by a layman observer. Let us now discuss some of the pertinent issues:

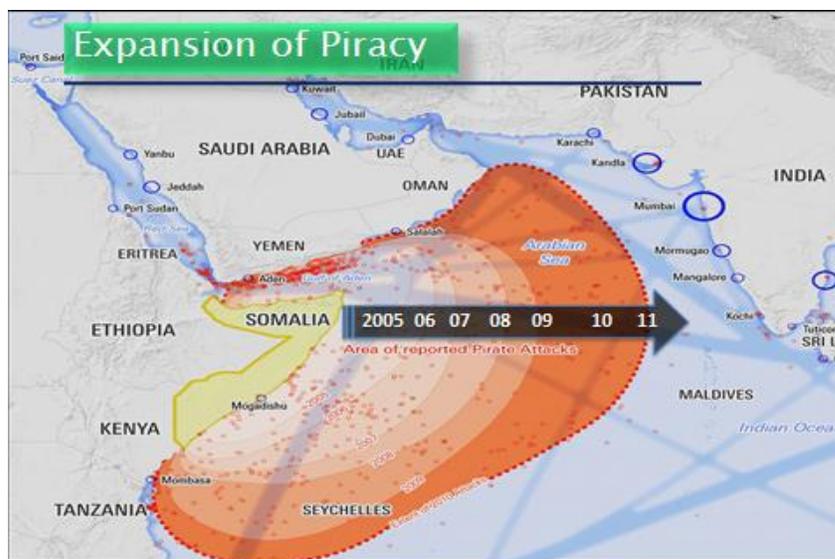
Firstly,

- a. **<CLICK>** Gun running and Drug Trafficking. LGM, as you know the notorious drug producing and illicit arms trading areas of the 'Golden Crescent' and the 'Golden Triangle' lie within the geographical propinquity of the IOR. This geographical association is further reinforced by the link between narcotics and arms, with the sea routes of the Arabian Sea and the Bay of Bengal providing ideal waterways for the supply of both.
- b. **<CLICK>** Human Trafficking and Illegal Immigration. A number of evil nexus do human trafficking from Somalia, Ethiopia to Yemen and then to other Middle Eastern countries. According to UNHCR in 2011 the number was 103,000 using small boats alone, and rising each year. The same incidents are seen from Sri Lanka, India, Pakistan and Bangladesh.

c. **<CLICK>** Piracy and Ship Jacking. Currently maritime security concerns in the IO are dominated by piracy and armed robbery at sea, specifically the hijacking of merchant vessels by well-armed Somalia-based pirates. By the end of 2011, 214 vessels had been attacked, 31 hijacked, 497 seafarers had been held captive, and 10 seafarers had died. **<CLICK>** The chart on the slide shows the trend of piracy in the IO during the last five years:



LGM, **<CLICK>** from this slide you can derive the fact that though the initial occurrences of piracy remained confined in the Somalian coast but over the last 5 years it has expanded upto the Coast of India and beyond.



<CLICK> The Piracy Attack Groups (PAGs) are increasingly well armed, highly motivated by the prospect of very large ransom payments (average payment is currently \$5.4 million). About 35-45 naval warships and auxiliaries remain deployed near the horn of Africa and the Malacca Strait under 4 different coalition forces.

d. **<CLICK>** Maritime Terrorism. In the last couple of decades maritime terrorism has been in prominence in this region. **<CLICK>** We have seen the suicidal attack on **USS COLE** in 2000, killing 17 and injuring 39 crew members. **<CLICK>** Another terror attack on **MV Limburg** in 2002 which left one dead and 12 injured. **<CLICK>** In 2004, the bombing of the passenger ferry, **Superferry 14** led to 40 passengers and crew being killed. In 2008, **<CLICK>** terrorists exploited the porous and transnational nature of the maritime domain to launch multi-prong terrorist attacks at soft targets in **Mumbai**. 179 people were killed and over 300 were injured as a result. **<CLICK>** We have also seen ‘Swarm’ attacks of **LTTE** seaborne terrorists until their downfall in 2009. In 2010 Japanese large Cargo Carrier ‘**M Star**’ was attacked by a group of terrorists in the Strait of Hormuz with explosive laden boat. These attacks in

future cannot be overruled since with more money and technology being poured in the system it is becoming a rather coveted choice of the terrorists.

e. **<CLICK> Maritime Pollution.** Maritime pollution is a global concern and IO is the worst affected among all. Due to lack of monitoring system and enforcement coupled with weaker law many of the incidents go unnoticed and unpunished.

f. **<CLICK> Illegal, Unregulated and Unreported Fishing (IUU Fishing).** Overfishing and illegal fishing is causing damage to the sustainable development of the fishery resources in the IO. Overfishing of Tuna from tuna fishing grounds of Mauritius, Comoros and Madagascar is a large concern for the conservationists. In India, Thailand and Bangladesh governments also suffer from the issue of overfishing and illegal fishing at large.

g. **<CLICK> Protection of SLOCs.** For almost all the littorals of the IOR their SLOCs are considered to be their economic lifelines. For example, in a situation like disruption of SLOC it may be rerouted which is an immensely costly affair. UNCTAD 2009 report estimates that re-routing 33% of cargo via the Cape of Good Hope would cost ship-owners an additional \$7.5 billion per annum.

h. **<CLICK> Search and Rescue.** Growing incidents of maritime disaster and accidents require effective and quick SAR efforts. The Maritime Rescue Coordination Centers in isolation can hardly respond to the SAR calls in their regions effectively.

REAPING ECONOMIC BENEFIT THROUGH GOOD GOVERNANCE AND MANGEMENT

MARITIME DOMAIN

22. **<CLICK>** Ladies and Gentlemen, simply put, any form of governance or management is designed to exude benefit or advantage out of a function. The maritime domain is no exception to that. Again in this case, the advantages are multi-faceted and manifold as the activities of maritime domain itself. Governance and good order in maritime domain also produces fringe benefits for the stakeholders. Thereby, all parties to the business, be it the state, shipping communities, fishery industry, scientist, environmentalists, mining giants, everybody gets the share of improved state of affairs out at sea by putting good order to it. A simple alike approach as “cost Benefit Analysis” shows that the spending of all the stake holders to put up good order out at sea brings good return of the money spent. I will not be wrong to assume that, a surge in Blue Economy motivates the stakeholders to initiate, agree, develop, cooperate and act as per the global and regional orders in place to ensure governance in maritime domain.

23. **<CLICK>** Ladies and Gentlemen, according to the European Commission’s Maritime Affairs Policy, Blue Growth is the long term strategy to support sustainable growth in the marine and maritime sectors as a whole. Seas and oceans are drivers for the most regional economy and have great potential for innovation and growth. It is the maritime contribution to achieving the goals of the Europe 2020 strategy for smart, sustainable and inclusive growth. The 'Blue' economy represents roughly 5.4 million jobs and generates a gross added value of almost €500 billion a year. If we consider the IOR, the economic activities are highly dependent on sea borne activities; the potential is understandably immense with the prosperity of maritime domain.

24. **<CLICK>** Ladies and Gentlemen, the shipping communities traditionally take benefits of divided regional attention of states around the world. Hence the ship owners' expenditure incurred to pay the bills of class society, surveyors, ship registration and domain keeping and above all insurance premium varies around different parts of the world. It may be felt apparently, the costs of owning a ship business will go higher if the states pursue a higher rate of interest. But to put thing into wider perspective, if a regional order, as a global order will be too ambitious, can function properly unexpected monopoly and domination can be restrained. The nation states will ensure the economic function will be performed by the same rule, making sure that nobody loses. Sudden loss, bankruptcy or any sort of foreseeable economic disastrous consequence to shipping business can be prevented by doing so. The enhanced economic management will subsequently benefit the country's economy as well.

25. **<CLICK>** Ladies and Gentlemen, for the countries around the part of oceans Fishing is a major economic activity. Not only supporting the alternative domestic protein source but also a sector enriching the hard earned foreign currencies for national economy. As beneficial, this sector also demands constant attention and monitoring of state agencies in many capacities. The cons range from IUU fishing to Maritime SAR capability of the nation in question. Putting up a regional effort often found very effective to tackle the hurdles of said factor if rationally approached. Though the littoral nations traditionally gets into trouble over fishing rights, present development in the sector of Maritime Boundary delimitation helps to put the issues aside and make regional nations work for common economic benefit. A good regional economic management will develop market driven harvesting, product certification, traceability, and finer scale of management initiatives in this sector.

26. **<CLICK>** Ladies and Gentlemen, Coastal and maritime tourism is viewed as a significant fraction of Blue growth. Allow me to fall back to European Commission's

Maritime Affairs Policy statistic again. The maritime tourism sector employs over 3.2 million people, generates a total of € 183 billion in gross value added and represents over one third of the maritime economy. As much as 51% of bed capacity in hotels across Europe is concentrated in regions with a sea border. This certainly indicates the intensified presence of holiday makers around the coastal part of the region. The priority of governance and management in this sector needs no elaboration. A smart, sustainable and inclusive management of tourism resources will ensure bigger flow of holiday mongers paying off the surplus management cost. Also the funding and investing opportunities available for the sector can be improved by supporting the development of trans-national and interregional partnerships, networks, clusters and introducing smart specialization strategies in coastal and maritime tourism. Littoral Member States, regional and local authorities and the industry will have to implement these actions for maximum economic benefit out of this sector.

27. **<CLICK>** Ladies and Gentlemen, besides being the source of traditional economic activities; such as shipping or fishing, oceans have emerged to be the sources of some potential and rising economic possibilities. Such an aspect of economic emancipation lying under deep Blue Ocean is answer to one of the biggest quest of mankind. The quest is for sustainable energy. Our seas and oceans offer a vast renewable energy resource. Ocean energy technologies are currently being developed to exploit the potential of tides and waves as well as differences in temperature and salinity. The development of this emerging sector would not only help us to achieve our renewable energy and greenhouse gas reduction targets, but it could fuel economic growth through innovation and create new, high-quality jobs.

28. **<CLICK>** Ladies and Gentlemen, the quantity of minerals occupying the ocean floor is potentially large. Seabed mining is concerned with the retrieval of these minerals to, ensure security of supply and fill a gap in the market where either recycling is not possible or adequate, or the burden on terrestrial mines is too great.

Presently, numerous organizations are engaged in seabed mining activities, both as technology providers and as mine operators. The sector, though rising, has been identified as having the potential to generate sustainable growth and jobs for future generations.

29. **<CLICK>** Ladies and Gentlemen, Blue biotechnology is currently getting a lot of focus as we now have the underwater technology to explore the sea and undertake DNA sequencing to analyze its life. Marine life has adapted to thrive in the extreme ambient conditions found in the sea. Blue biotechnology is concerned with the exploration and exploitation of the resulting diverse marine organisms in order to develop new products. Exploration of the sea biodiversity could enable us to develop new pharmaceuticals or industrial enzymes that can withstand extreme conditions, and which consequently have high economic value. In the long term, it is expected that the sector will offer high-skilled employment and significant downstream opportunities.

WAY AHEAD - TO A PROSPEROUS FUTURE

30. **<CLICK>** Ladies and Gentlemen, to put the present resources in right motion and ensure a sustainable and flourishing future there are several measures we can think of.

Firstly, **<CLICK>** and most importantly; 'A Regional Collaborative and Co-operative Approach' towards better maritime governance and integrated Ocean management. It will ensure the participation of littoral state to design and enforce effective governing measures regardless the economic and political potential of the state.

Secondly, **<CLICK>** Adopting a Comprehensive Policy, which recognizes the interrelation between the ocean, land and atmosphere and provides for inter-

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governmental collaboration at the regional and bilateral levels for the management of geographic areas based on ecosystem rather than political boundaries.

Thirdly, **<CLICK>** Implementing Integrated Coastal zone Management, which attempts to give all users/stakeholders of ocean resources a stake in their management.

Fourthly, **<CLICK>** Building bridge between scientists researchers, policy makers, different stake holders, publics and the press so that everybody should know what he should do for achieving greater maritime economic benefits by implementing good maritime governance including a well-developed ocean management system.

Fifthly, **<CLICK>** Local people need to be trained in modern maritime governance so that land based activities, tourism and exploitation of living & nonliving resources never contaminate with the ocean management.

And Finally, **<CLICK>** there must be integration among different stakeholders and integrated policy solutions. Regional and international cooperation must be strengthened. The involvement of maritime stakeholders should be encouraged.

CONCLUSION

31. **<CLICK>** Ladies and Gentlemen, though not being an expert on subject matter; which I admitted at the outset, I tried to put together my thoughts on conceptualization of maritime governance and ocean management and the economic possibility of such functions. I intended to underline the coherent and interdependent relation of maritime domain and economy by and large, by defining and objectifying the governance and characterizing management functions of maritime activities. I strongly feel that, the challenges of putting up good order and common concerns of

this system must be mitigated with co-operative regional approaches. **<CLICK>** I also ventured suggesting a few ways ahead, which I think, will bring economic prosperity to the nation states. Our first-changing and deeply impacted seas require profound reforms in Economic policy and resource management to maintain a well-developed ocean administration for greater maritime economic benefits.

32. **<CLICK>** Ladies and gentlemen, the ocean is facing growing pressure on its space. It is plagued with conflicts of use and a lowering of its resources, while facing a degraded environment and the adverse effects of climate change. These problems also go hand in hand with improving and strengthening governance of maritime affairs. The security concerns impacting uninterrupted economic activity ranges from threat of piracy to unregulated mineral exploitation, from IUU fishing to extinctions of bio-marine species. So the problem is diverse as the solution should be. Single handedly combating these nemeses will not bring much fruit to the problem. There comes the question of synergizing the efforts of Cooperation and Collaboration regionally and globally to achieve Maritime Prosperity. This ultimate solution must be able to ensure sustainable growth, in conjunction with the actual reflections on the notion of “blue growth” also. For ensuring co-operation on integrated maritime-policy making and for getting better governance, governments should set up a workable Integrated Maritime Policy, with a view to initiate dialogue and exchange best practices with other Coastal States. Only then, we all will be able to look forward to a future of economic emancipation and prosperity by harnessing maritime economic benefits to the fullest of its potential. **<CLICK> thank you**