

A Strategic Overview and Prerequisite to Ocean Sustainability and Blue Growth

Keynote address

- Almost 70% of the surface of the Earth is Ocean.
- The Ocean is the world's single largest ecosystem and every second breath we take comes from it, absorbing most of global extra heat and buffering the impacts of climate change.
- The ocean is the world's biggest employer, directly supporting more than 3 billion people and is a source of food for more than 2.6 billion people.
- It carries 90% of international trade, provides livelihoods, relaxation and inspiration to billions of people around the world.
- However, our ocean is in the worst state it has ever been.
- Figures speak for themselves:

10 million tonnes

- That is the amount of plastic that enters our ocean every year
 - some of it washes ashore, but 95% accumulates on the seabed or finds its way back into our food as microplastics
 - an estimated 85% is single use plastic items + lost fishing gear

€ 20 billion

- That is the estimated value of illegal fishing worldwide
 - This is more than the GDP of some EU member states
 - Illegal, Unregulated and Unreported fishing (IUU) = third largest global illegal economic activity
 - IUU fishing very often goes together with other organised crimes such as slavery or human trafficking

70%

- That is the percentage of polar summer ice that has disappeared since the 1980s
 - Poles are warming about twice faster than the average rate of global warming, contributing to sea level rise
 - This will affect coastal areas around the world including low-lying lands and islands in Europe
- The share of the world's marine fish stocks that are within biologically sustainable levels declined from 90% in 1974 to 69% in 2015, undermining the fishery sector, livelihoods and food security in many countries. According to a World Bank report published in 2016, **economic losses from unsustainable fisheries amounted to €74 billion.**
- **Invasive marine species**, especially those carried in ship ballast water and on ship hulls, **cause an estimated €90**

billion each year in economic damage to infrastructure, ecosystems and livelihoods.

- **The cumulative economic impact of poor ocean management practices is at least €180 billion per year, a tremendous drain on human economic progress. In the absence of pro-active mitigation measures, climate change will increase the cost of damage to the ocean by an additional €287 billion per year by 2050.**
- This is the state of our ocean and the heavy price it is paying
- However, it is not all doom and gloom.
- The global community has recognised the importance of oceans and seas in the context of sustainable development. For the first time, it has included a standalone goal on oceans in the 2030 Agenda for sustainable development (SDG14 – Life Below Water).
- Oceans have become highly visible and feature prominently in the public discourse and policy-making within Europe and on the global agenda via the United Nations or G7.
- And this is because ocean sustainability requires a broad coalition of actors to take collective, coherent and ambitious actions based on international rules.
- The European Union currently holds a firm global leadership on oceans through its International Ocean Governance Agenda.

- Adopted at the end of 2016 with the objective to improve the international framework, strengthen research and data, reduce pressures and facilitate a sustainable blue economy, today it is making the delivery of SDG14 a reality.
- Two years into delivering the agenda, EU is looking back on first successes such as the Arctic High Seas Fisheries Agreement, the Ocean partnerships with China and Canada, the EU's plastic strategy, or the Blue Economy Development Framework devised with the World Banks to help coastal states ensure successful transition to "blue" economies.
- However, the oceans are big and this is just the beginning.
- The UN predicts global population to rise to close to 10 billion by 2050, so this planet will have to feed more and more people in the coming decades.
- The limits of what the land will be able to provide will be stretched. People will turn towards the seas and oceans to provide for their needs.
- And the potential is there:
 - Ocean energy – the energy taken from tides and waves, has the potential to become a mainstream energy source. The European industry, holding the global leadership, plans to build 100 GW of production capacity in Europe by 2050. This will provide 10% of Europe's electricity, or 76 million European households

- Marine biotechnology – is an important supplier of ingredients for the pharmaceutical industry, with promising application in cancer research. So far we have discovered some 200 000 marine species from which we extract resources, but there are ten to fifty times more. Imagine the potential!
- Fish – is a source of high-quality animal protein. Compared with meat, especially red meat, the impact on the environment (water use, CO2 emissions, land use) is much lower. The Food and Agriculture Organisation has identified aquaculture as a huge opportunity as well as a necessity to feed the world sustainably with fish.
- These are only few of the emerging sectors of what we call the “blue economy”. Defined as all economic activities related to ocean, seas and coastal areas, the blue economy is a radical approach to rethinking the way we interact with the ocean.
- In Europe, the Blue Economy is truly thriving: with a turnover of € 566 billion, the sector generates € 174 billion of value added and creates jobs for nearly 4 million people.
- Currently it is 2.5 times its aeronautical and defense economies combined.
- Among the different sectors, that of the ‘living resources’ (i.e. fisheries, aquaculture and processing) has grown by 22%

between 2009 and 2016. The reform of the EU's common fisheries policy is playing an important role in this positive development.

- Emerging sectors such as the biotechnology sector marks double-digit growth in states such as Ireland
- While employment in the offshore wind industry has jumped from 23.7 thousand in 2009 to 210 thousand in 2018, outnumbering employment of the EU fishing sector.
- And we are just at the beginning to scratch the surface of what blue economy can bring. Currently the output of the world's blue economy is worth 1.3 trillion euros. The OECD predicts that by 2030 it could more be than double. By then, many ocean-based industries could outperform the global economy as a whole both in terms of value added and employment.
- But blue economy does not mean making greater use of the sea and its resources. It means making better use of them. And it should be developed in a sustainable manner, if future generations are to use the oceans' resources in the years to come.
- A blue economy in which we recycle and reuse our resources. Where we plan the best use of sea space. And where we protect our ecosystem from harm. We need to

work towards a new, sustainable way of creating value from the sea.

- This requires both innovation and investment. As regards innovation, the European Commission has spent 250 million euros on ocean-related research in 2018 alone and is planning to spend much more in the years to come.
- But public money cannot fund everything. This is especially true for early-stage projects in emerging sectors like biotechnology, ocean energy or digitisation. Sectors with the biggest potential, but also the biggest risk.
- Despite some encouraging trends, private capital for sustainable finance still faces several barriers. These include the limited use of appropriate investment vehicles; the perception that green investments are risky; or the lack of clarity for identifying sustainable investments accurately and efficiently.
- To address these obstacles and because we believe it is the responsibility of public authorities to create enabling conditions for sustainable investments, the European Commission together with WWF, WRI, EIB and UNEP FI launched in October 2018 the first global framework to finance a sustainable ocean economy – the Blue Economy Finance Principles.

- If widely adopted, the Sustainable Blue Economy Finance Principles could help transform the way in which we explore the ocean's fast dwindling resources; showing how profitability can go hand-in-hand with environmental and social stewardship.
- The 14 Principles, elaborated in consultation with private and public financial institutions, include seven principles relevant to sustainable investment, insurance and banking, and other seven principles specific to the blue economy.
- With this initiative, we want to create a globally accepted set of guidelines for sustainable finance – specifically for our oceans, because here, in the largest and most precious ecosystem we have, we have specific needs and we need specific solutions.
- By applying these Principles and putting the focus on sustainability at the outset, investments will be steered towards those maritime sectors that are more sustainable.
- We have secured strong partners and collaborating institutions like the World Bank, Rockefeller or the Nature Conservancy. Moreover, we have ongoing discussions with big institutions like Axa XL, Credit Suisse, Standard Chartered Bank or The New Development Bank.
- We invite all investors to join this initiative and hence demonstrate their support for healthy oceans in their

investment decisions and for the development of a sustainable blue economy.

To conclude:

- There is no doubt that the Earth's survival will depend on the protection and sustainable management of our seas and oceans and the resources they provide.
- We need to continue investing in healthy oceans. And this can be done only in cooperation with everyone involved: governments, scientist, civil society, business leaders and last but not the least – the finance community!
- There is nothing more powerful than people working together for a common cause.

Anna COSTIUC

Policy Officer

Blue Economy Finance Principles
International dimension of Blue Economy

**Directorate-General for Maritime Affairs and Fisheries
European Commission**

anna.costiuc@ec.europa.eu