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Indian Council of World Affairs
Sapru House, Barakhamba Road
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Report

on

Nineteenth Sapru House Lecture

on

“Maritime Security for the Blue Economy”

by

H.E. Mr. James Alix Michel
President of Seychelles

at

Sapru House, New Delhi
27 August, 2015

The Indian Council of World Affairs hosted the 19th Sapru House Lecture on ‘Maritime Security for the Blue Economy’ by H.E. James Alix Michel, President of the Republic of Seychelles on 27 August 2015.

Two ministers who accompanied the President, H.E. Joel Morgan, Minister for Foreign Affairs and Transport and H.E. Jean-Paul Adam, Minister of Finance, Trade & Blue Economy, added perspective on the issues highlighted by the President. Ambassador Nalin Surie, Director General, ICWA presided over the function.

At the outset Ambassador Surie, welcomed the President and the Ministers, and said that the Blue economy is not only an important subject for Seychelles but also for India and the international community. He underlined the historical significance of ICWA and its recognition as an institution of national importance by Act of parliament since the turn of the century.

Highlighting Seychelles as a vital partner in the Indian Ocean Region, Ambassador Surie said that both countries share a strong, mutually beneficial security partnership, which has acquired a greater significance and salience, following the visit of Prime Minister Modi to the island nation in March this year and the reciprocal visit of President Michel’s to India.

On the development of Blue economy, he said that Prime Minister Modi during his visit to the Seychelles had underlined that Ocean Economy is indispensable for meeting future challenges and cooperation on this area has received a substantial boost with H.E. Mr Michel’s visit. Ambassador Surie further added that developing collaboration on the marine economy and resources will not only be mutually gainful but also benefit the entire Indo-Pacific Region; a region that looms increasingly larger in India’s future plans and programmes.

In his address President Michel shared his reflections on India- Seychelles relations in the context of maritime security and the Blue economy. He said that India and Seychelles are two neighbouring countries linked by the Indian Ocean and both share a vision of peace and prosperity in the region and lot to offer to each other.

On maritime security, he mentioned that India and Seychelles have a shared interest in the security of the Indian Ocean and it is important that both continue to strive for ownership of maritime safety and security. At present the need for their cooperation is more relevant

than ever, as Indian Ocean is a shared space that connects both countries to the world and also a critical space for world trade. India and Seychelles share an exemplary partnership in the defence and security sectors. The President commended India's pro-active role in the fight against piracy and other forms of transnational crimes and pointed out that though they have been able to successfully prevail upon the threat of piracy, yet both countries have to remain vigilant. He said that Seychelles will continue to act decisively with India against all forms of transnational crimes and ensure that the seas remain a space for development for the benefit of the peoples of the region.

Underscoring the importance of Oceans as a strategic natural capital for sustainable growth, the President said that innovation, research and entrepreneurship need to be encouraged to engage with the sea in novel ways. The signing of the agreement between India and Seychelles in the field of the Blue Economy will increase understanding of marine ecology and resources and boost scientific and economic cooperation. He emphasized that the Blue Economy is key to the future of Seychelles as well as, the Indian Ocean region, Africa and the world as a whole. It is an important component of debate and action on the international agenda and it is at the heart of the economic agenda of the Indian Ocean Commission and the Indian Ocean Rim Association. It is also an integral component of the African Union's Agenda 2063, the Organisation's Integrated Maritime Strategy and also a key element of the new United Nation's sustainable development goals of the Post 2015 Development Agenda.

H.E Mr Joel Morgan the Minister of Foreign Affairs and Transport, shared his perspectives on India-Seychelles relationship in the context of the development of Blue Economy. The minister began by tracing the ancient maritime linkages between India and Seychelles. He stated that in the past (from about third millennium,3 BCE) as well as present the ocean provided the people of different countries including India with a means to trade and means to flourish. At present India still exerts great influence over the Indian Ocean.

He pointed out how the sea is of vital importance to a small island nation like Seychelles for livelihood and economy. Though Seychelles is categorized as a high income status nation, he stressed that it still remains a vulnerable small island developing state, exposed to external threats such as piracy and climate change. He acknowledged that without open and secure sea routes, without trade by merchant ships their vision of developing 'Blue

Economy' would be severely hampered. The successes that they enjoy at present have been possible through a sustained and focused response to the maritime threats such as piracy when they arose.

In this context of maritime security he welcomed Prime Minister Modi's doctrine on Indian Ocean and its five declared principles namely (i) defending one's own territory, (ii) deepening security cooperation with regional partners, (iii) building multilateral cooperative maritime security in the Indian Ocean, (iv) sustainable economic development and (v) extending cooperation with major powers offers an opportunity for a sustained and peaceful growth of the Indian ocean region.

He said safety and security goes hand in hand with economic development and maritime security is an important element for development of the blue economy. Drawing attention to maritime threats such as the acts of piracy off the coast of Somalia and its negative economic impact, he said that Seychelles encouraged Somalia to be developed as a peaceful and stable nation. He believed that without peace on land there will be no peace in the high seas. He thanked the international community and its key partners in the region including India, for whom, peace in Somalia is being achieved step by step. With acts of piracy having diminished, he stressed that there must be continued consultation on 'High Risk Areas (HRA)' among stakeholders, so that an informed approach can be taken together. The HRA's which were instrumental in staving off piracy, and permitted ships to transit under strict security protocols, are causing additional costs, he added.

To achieve long lasting maritime security in the region, he suggested that there should be a cohesive transnational crime prevention approach and response strategy that is focused on the rule of law. In case of Somalia piracy, he said a critical contributing factor that led to its emergence is the lack of regional maritime domain awareness to tackle piracy and other crimes committed in the high seas. Other contributing factors he noted are weak institutions and absence of rule of law in Somalia, which the pirates' organizations took advantage of.

At present the region being increasingly challenged by criminal structures spanning out into different countries, the minister said to improve maritime domain capability, Seychelles is partnering with India and other key international partners.

On the aspect of India's cooperation on maritime security, he highlighted that their own maritime development and security can be proudly linked to fraternal relations existing between the Indian Navy and the Seychelles and more specifically with the Seychelles Coast Guards. He noted that numerous surveillance missions of the INS within their EEZ provide much needed assistance that has positively contributed to enhancing their capabilities. He appreciated that such assistance will further develop their maritime security and will enhance their 'Blue Economy'. He further added that during Prime Minister Narendra Modi's visit to Seychelles in March 2015, India announced to provide second Dornier aircraft for maritime monitoring, signed an agreement for conducting hydrographic surveys, and launched the coastal surveillance radar project, which are significant announcements that are underway confirming the strong ties between both nations and the value that India placed on Seychelles as a key partner. Further agreements signed are common development of Blue Economy in the common ocean.

Acknowledging India as a true partner and the value of its assistance for maritime security in the common oceans, the minister said, that Seychelles is actively considering to be a part of the Indian Ocean tripartite security arrangement, which includes India, Sri Lanka and Maldives. He also mentioned that India and Seychelles are engaged in technology cooperation, which means the island nation can better manage and respond to threats to maritime security domain.

Highlighting that the Blue economy links all the regional states surrounding the ocean, he said the imperative is while maximizing the potential of the ocean it is key to ensure that the Ocean environment is not degraded. Because if it is done otherwise, it will not only degrade the viability of the ocean, but also adversely impact the people in the region, thus creating more insecurity. Therefore he emphasized upon the protection of oceans as a key element of maritime security for a successful 'Blue Economy'. At present both countries he said are united and working for a peaceful Indian Ocean, which contributes to a maritime security posture that will ensure growth, stability and progress for the respective nations.

Welcoming the gathering, H.E. Jean-Paul Adam, Minister of Finance, Trade and Blue economy, spoke about the idea of blue economy, situating it as a main development goal, within the development of wider region and ultimately within the SDGs. He recognized the

importance of the role of institutions such as ICWA, in providing the leadership required to move forward the concept such as Blue economy. He said India and Indian institutions are well placed to drive the idea. Recalling the international Yoga day celebration in Seychelles he drew parallel between Yoga and Blue Economy. He Yoga is India's gift to the world. The world has embraced it as a move to recognize how personal wellbeing can be encapsulated into a wider movement for global prosperity. Blue Economy can be looked at in the similar way. Through Blue economy one can seek to create individual opportunity while situating it within the drive for global prosperity and sustainability.

Highlighting India –Seychelles relations the minister said both countries have chosen to become friends, allies and partners and through shared blue economy goals they have chosen opportunity, prosperity and shared responsibility for sustainability. He stressed that the Blue economy requires a paradigm shift, to reset the views of development taking into account maritime space. Both India and Seychelles by signing an agreement on blue economy have joined to lead this effort. For Seychelles, he said it is natural as only one percent of the territory is land and 99 percent is water. It is the second largest EEZ in Africa .Therefore Seychelles has to situate within the oceanic development context.

In order to move towards Blue Economy, the minister shared perspective on six areas that need to be jointly considered in order to make it work. Those are:

- 1) Maritime Security: Blue Economy is not possible to be achieved without maritime security. There is a need to have maritime domain awareness, and make sure the oceans are not space of wilderness where illegal activities are left unchecked. Seychelles and India on their part are investing in maritime security for Blue Economy. Since independence they are working together. At present they are building on that and giving a strong economic content, thus ensuring seas as spaces for development. So the investment in maritime security is an investment in blue economy.
- 2) Research for development of Blue Economy: This builds on the investment on maritime security. It is important to invest to know about the oceans. It is an often quoted fact that one knows more about the surface of moon than about the Oceans. A country like Seychelles of 90000 people and 1.3 million sq km of oceans barely knows much about the oceans. It is partnering with India in carrying out hydrographic

surveys and exploring the space. The partnership can be taken forward to establish Research Stations. Prime Minister Modi and President Michelle have talked about space cooperation for using satellites to better track weather changes, erosion, and illegal activities. All these elements can help to establish strong base research, data, to be used for making firm and intelligent decisions about investments in blue Economy.

- 3) **Must Consider Blue Economy within the Context of Marine Spatial Planning:** Ocean should not be viewed as a space to be used as anybody may wish. It must be looked at the same way as land spaces are developed with proper planning. There must be some spaces set aside for marine conservation, for fishing, for petroleum exploration and etc. It cannot be left to chance and there is a need to set an agenda. India and Seychelles are well placed to invest in this. In term of marine conservation there is a need to invest in marine protected areas. Seychelles has committed 30percent of its EEZ to marine protected areas.
- 4) **Fisheries Development.** In this sector Seychelles has lot of experience. It is the second pillar of its economy, contributing largest portion to GDP. There is need to move away from extractive model of fishing, and transforming the fishery sector by enhancing capabilities among the nations, particularly African countries how to claim back their oceans and invest in their own resources. In Seychelles they are looking to empower their entrepreneurs, invest in value addition and processing.
- 5) **Investing in Emerging Sectors:** These include the biotechnology sector. There are various pharmaceutical products which are derived from corals and sea weed. The research and hi tech capacities in developing countries need to be engaged and India is well placed to take the lead. Seychelles would like to build partnership with India in such effort.
- 6) **Financing Blue Economy:** Though unlike for land based development, there is no land that can be mortgaged, still financing blue economy is possible. There are many elements that can be looked at. One of the initiatives which India and Seychelles can jointly take a lead is about establishing investment funds for investing in various

projects around Blue Economy including sustainability projects. Other innovative methods of financing could be explored. Seychelles has been pioneering the concept of blue bond. The bond will be floated in the international market allowing investment in sustainable fishery management plan. Another financing method is investment in Debt swap wherein by creating a marine conservation a fund is created, where part of debt is converted into equity, which allows funding marine conservation.

The minister ended by saying that the above elements must be considered in terms of developing blue economy building on the first basis on maritime security. Through maritime security other perspectives can be build and build true blue economy. All of these must be situated under the umbrella of sustainability.

Discussion

The questions /issues/ observations shared during the lecture are :

- On the question relating to geopolitical implications of China's OBOR initiative and its forays in the Indian Ocean, both the ministers maintained that Seychelles is a close friend with India and China and it respects their international policies. It recognizes the presence of other countries in the Indian Ocean region that can bring positive benefits to the development of the region. Foreign naval forces presence should be looked from the perspective of peace, security and stability. In terms of geopolitics and development of the ocean, Mr. Morgan stressed that Ocean needs to be safe, secure and free of politics, in order to allow development of the Blue Economy. From an economic point of view, Mr Adam said that since Indian Ocean is the hub where 2/3rd of world's trade transits, countries automatically manifest security concerns in the region that does sometimes create uncertainties. But the reality is that all have to work together to deal with those concerns and protect their economic interest.
- With regard to the question on Seychelles' role in mineral exploration under International Sea Bed Authority the Minister Mr Adam responded that Seychelles is not currently member of International Sea Bed Authority. Currently it is examining as to whether it needs to go in. Internationally there is significant debate as to how positive

is the work of International Sea Bed Authority. Seychelles recognizes that there are potential resources below the seabed both within Seychelles' continental shelf and in the wider international waters which under the International Sea Bed Authority are basically accessible to all. There is requirement for enhanced international cooperation and regulation on these issues. Seychelles puts lot on emphasis on the law of sea. Mr Morgan said that Seychelles is an Active member of UN Convention of Law of Seas and has recently done extensive work in completing mapping out subsea areas in terms continental shelf that Seychelles is entitled to under UNCLOS.

- Both Ministers shared their perspectives on question regarding Seychelles position at COP 21 in Paris on climate change concerns. Mr Morgan said Seychelles aligns with AOSIS- Alliance of Small Island States- position, which calls for setting emission level to not exceed 1.5 degrees Celsius. Under current negotiations framework preparation for COP21, he said that it is becoming very difficult, as industrialized nations that have polluted over the years are calling for higher degree to agree upon. He further added that Seychelles is pushing very hard not only for mitigation but also for compensation fund, which will allow small vulnerable countries to at least have source of funding for protecting and preserving livelihoods. Mr Adam underlined that India has been very supportive of small island states, in saying that the poor or less advantage should not be made to pay for the costs of climate change mitigation and adaptation. He also said that lot can be done outside COP 21 process by mobilizing market resources using private sector and getting to understand that investment in Blue Economy is an investment with good returns.
- Regarding Bio technology resources Mr Adam said Seychelles has not done enough studies to show what is there. However, research and data have shown that there is a very strong potential. There are natural partners in Seychelles with which Indian research institutes can work in this field.
- On the question about development of the Blue Economy as an academic concept, the minister Mr Adam said that for Seychelles it is not academic but a lived experience. Ocean is majority of their territory and they want to mobilize it in a sustainable way. He however pointed out that internationally Green Economy concept was very much at

the forefront of the international conference on sustainability from 2012. But small islands realized that they are being excluded from the debate as there is not much discussion on oceanic resources. There is not much understanding of the Blue economy though 70 percent of the earth is ocean. That is why, he noted that there is a paradigm shift on academic assessment of what a Blue Economy can offer. Blue Economy is the translation of the Green Economy concept.

- Both Ministers articulated their views on the policy of leasing islands by Maldives and the Chinese showing great interest. Mr Morgan said that Seychelles want to see Indian Ocean as peaceful and secure. Seychelles and India for instance have entered into collaboration in maritime security for maritime domain awareness and have agreed on a joint project that provides collaboration for facility on the Assumption Island in order to have survey and maritime presence. It is part of the security framework of Indian Ocean. If Maldives is entering into similar model, the Minister stressed that it will lead to better security. However he was not sure what lease models Maldives has undertaken with China. The Minister Mr Adam highlighted how the Seychelles islands are different. He said that the inner islands of Seychelles are privately owned and the outer islands are government owned, mostly under a company called the Island Development Company. Some of the islands are dedicated to conservation and some are for tourism. In Island like Assumption Island Seychelles is working with India to develop maritime domain awareness. He noted that Seychelles cannot lease island to foreign countries.
- With regard to IORA the minister Mr Adam said that at present it is becoming very active. It is taking substance and shape and starting to find its way in establishing many frameworks in different areas. Maritime Security framework and development of Blue Economy framework within IORA is very important with discussions going on in that context. He noted that a maritime security framework be developed that encompasses all the countries from South Africa to all the way to Australia, the whole rim that ensures stability and peace.

- Underscoring Tourism as the biggest contributor to the GDP, Mr Adam pointed out that it is within the blue economy, as their tourism is almost coastal .It is already well developed in Seychelles and has the sustainability element in it. Seychelles is ideal destination for India with good air connectivity and strong Indian influences for the Indian presence.
- On Seychelles and Mauritius having a common understanding on a part of the EEZ, Mr Morgan said that both countries have formed a joint management body that will jointly manage common areas. The joint management body is first of its kind in the world to the extent that allows for sharing of resources and management of resources jointly within the common continental shelf area. Mr Adam said that they have put a proposal to set up a special Authority to manage it with its own taxation code and its own rules. Neither of them have absolute sovereignty on it. The joint agreement is the first in the world.
- Regarding the question related to offshore banking, it was mentioned that Seychelles has amended its laws whereby it is impossible to purely do offshore banking. The bank has to be onshore; however, it is allowed to undertake certain off shore activities built in a certain framework that is very strict. All banks, offshore or onshore, equity funds, individual businesses can also invest.
- Towards the end the President thanked all. He said without India, Seychelles cannot move forward with Blue Economy. It will remain a concept. Both sides, he asserted, need to work together to see how to develop this concept into workable frameworks. Blue Economy is important for both countries to the region and the world.

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