

Charting a Course for Blue Economy in Post Covid-19 Scenario

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Abstract

Bangladesh, as a littoral state, has been a hub of maritime activities for centuries whereas the Bay of Bengal plays a pivotal role in our trade and commerce with the outside world. In the last decade before the onset of COVID-19, Bangladesh set her sails on a voyage of progress and prosperity. It was clearly acknowledged by the government of Hon'ble Prime Minister Sheikh Hasina that the maritime development is indispensable for our country's prosperity. In the blue economy sectors like ports & shipping to marine aquaculture, ship-building to ship recycling, hydrocarbon to marine bio-technology, maritime tourism to maritime education, in fact all the potential maritime sectors were being developed, nurtured, and rejuvenated in order to ensure proper utilisation of our maritime resources. However, the recent onslaught of pandemic Coronavirus has cast a shadow of pale and frustration in the progress of global civilization and predicts an uncertain economic gloom and downturn in the global trade and commerce. As such it has become essential that we try to ascertain the possible impact of the pandemic on this very important sector of blue economy and find ways to bounce back for the overall economic recovery.

There is no denying the fact that the COVID-19 has further exacerbated challenges in the maritime sector as to how much resources the government should allocate for the blue economy in context of the looming economic disaster. In the overall prioritization of development budget, every sector is likely to contest for her share of the pie leading to a situation of perplex among the policy planners and bureaucrats.

There is likely to be heavy strain on various development projects due to budget constraints arising out of Corona related stimulus budget for economic bale out of various affected sectors. But right measure of support from the international financial institutions and FDI from the friendly countries can help Bangladesh to sustain the big number of development projects which will keep the country on target to our national development agenda as per Vision 2041. However, the global research indicates that the countries giving priority on various maritime business, industries and ocean science have better prospects of economic recovery in post COVID-19 era.

Under this backdrop, the study aims to provide some possible solutions for resilience and response to the impacts of COVID-19 on the blue economy of Bangladesh.

Keywords: Blue Economy, Covid-19, Sustainable Development

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Introduction

In the last decade before the pandemic COVID-19, Bangladesh has been treading along a firm and undaunted path of progress, prosperity and sustainable development. The global community was astounded to see the tremendous boosting of the growth engine of our national economy which is gradually being transformed from a typical agrarian base to a modern manufacturing and services-based economy. In the quarter before the onslaught of Coronavirus, the per capita income in Bangladesh was assessed US \$ 1909 while GDP growth was around 7.9% and climbing. The country successfully set her sails on an enterprising journey towards realizing Vision 2041 for making a happy, prosperous and developed Bangladesh envisioned by the Hon'ble Prime Minister Sheikh Hasina. She has been steering the country through remarkable development agenda and innumerable mega projects while maintaining a steadily rising economic growth, drawing admiration from all around the world. It has also been clearly acknowledged by the government that the maritime development of Bangladesh is indispensable for the country's overall economic progress. With the result-oriented leadership of the Hon'ble Prime Minister, Bangladesh has embarked upon building of deep seaports, SEZs, offshore energy clusters, multi-modal freight corridors, coastal infrastructures, industries and other maritime facilities. From ports & shipping to marine aquaculture, ship-building to ship recycling, hydrocarbon to marine biotechnology, marine tourism to maritime education, in fact all the potential maritime sectors are being developed, nurtured and rejuvenated in order to ensure proper utilisation of the maritime resources. It is strongly believed that, by ensuring sustainable utilisation of maritime potentials, Bangladesh is expected to emerge as a developed country by 2041. At the same time, adequate implementation of Sustainable Development Goals (SDG-2030) and Bangladesh Delta Plan 2100 related to the Delta management and climate change resilience will stand our country in good stead for the future generations. This study is a policy research to provide some possible solutions for resilience and response to the impacts of COVID-19 on the blue economy of Bangladesh.

Maritime Vision of Bangabandhu

The visionary leadership of the Father of the Nation Bangabandhu Sheikh Mujibur Rahman has given an independent Bangladesh with a strong foundation of democratic values and a lofty aspiration for peace, progress and development. He imbibed into us the spirit of 'Phoenix' to rise from the ashes of our liberation war and stand erect on the global map as a self-sustained Golden Bangladesh. Realizing the tremendous significance of the oceans, estuaries and river systems for national prosperity and wellbeing, Bangabandhu soon after the independence, revitalized the maritime sector and gave huge importance on the development of the maritime resources and industries. As the Architect of our Maritime Vision, Bangabandhu revived the maritime glory and realized the indispensable significance of the maritime resources and industries in order to achieve national prosperity. The Hon'ble Prime Minister Sheikh Hasina has rekindled the dream of Bangabandhu among our entire nation and carried forward the

flame along the great highway of development. Inheriting the vision and foresight from her father, she has launched our country on a bold and glorious expedition of seeking for national greatness as a happy, prosperous and developed Bangladesh by 2041. As a beacon of hope, she has charted the course to our desired destination encountering the challenges and uncertainties enroute. The ‘Maritime Victory’ in the Bay of Bengal and her prudent and visionary Blue Economy initiatives have also given us hope and courage for a developed Maritime Bangladesh.

A Decade of Maritime Development

In the last decade before the onset of COVID-19, Bangladesh has witnessed amazing developments in all the important maritime sectors like ports & shipping, ship building, ship recycling, oil & gas, marine fisheries & aquaculture etc while many initiatives are in the offing related to industrial growth belt, dedicated freight corridors, energy hub, Floating Storage Regasification Unit (FSRU) and Special Economic Zones (SEZ). According to the World Bank, the contribution of blue economy (or Gross Value Added) to the economy of Bangladesh in the 2014-15 fiscal was 6.2 billion dollars, that is, 3 per cent of the total economy.

While Chittagong port has truly become the country’s wheel of economy, the earlier fledgling Mongla port has made remarkable turn-around making profits in the recent years. The construction of the country’s Payra port and Matarbari deep seaport shows us a lot of promise as the hub of regional connectivity in the Northern Bay of Bengal. While Agricultural and Fisheries sectors have always been forerunners in our economic emancipation, it was marine fisheries preservation, aquaculture, concept of Marine Protected Areas (MPA) and a renewed interest for deep sea fishing that have paved the way for better production and optimum yield of marine fisheries. One of the main sectors with signs of visible development has been the country’s coastal and maritime infrastructure. Under the pragmatic leadership of the Hon’ble Prime Minister Sheikh Hasina, Bangladesh is aspiring to become an industrial, digital and prosperous country by 2041. As a glaring beacon of hope and firm resilience, she has been steering our country through massive infrastructural developments, coastal Roads & Highways, dedicated economic corridors on Dhaka- Chittagong- Matarbari axis, dual gauge railways connecting Cox’sbazar and Patuakhali to the capital city, Steel and Fertilizers Industries, coastal power plants etc. While Padma Bridge will connect with the inaccessible southern part, the Karnaphuli Tunnel is expected to grow a new industrial corridor up to the Matarbari area linking the port city of Chittagong. Another interesting sector that has attracted the attention of the policy makers is the revitalization of the previously neglected tourism and hospitality sector, specially creating incentives for marine tourism, eco-tourism, special tourist zones and upgradation of hospitality and recreational amenities in Cox’sbazar-Teknaf axis. All these transformations and mega initiatives are improving the status and image of Bangladesh at international level.

Global Onslaught of Covid-19

The recent onslaught of pandemic Coronavirus has cast a shadow of pale and despair in the progress of global civilization and predicts an uncertain economic gloom and downturn in the global trade and commerce. Bangladesh's economy being significantly dependent on the foreign export/import, is likely to be impacted in the near future. In fact, in the first few months since the inception of Coronavirus, the trade and economy were artificially stopped in most of the countries in order to avoid the spread of the endemic. While the governments are significantly losing in terms of GDP, millions of people around the world were sliding down to poverty due to the collapse of the job sector. As a result, the countries are compelled to reallocate and divert budget from development heads for the post-Corona rehabilitation and stimulus package, resulting into closing down many development projects, losing by turn unaccounted employment opportunities and Foreign Direct Investment (FDI). The consumer market is likely to shrink due to increased poverty and lack of Purchasing Power Parity (PPP), while the concept of 'Essential Travel' may badly affect the tourism and recreation sector. The two major sources of earning of foreign currency by Bangladesh are the export of Ready-Made Garments (RMG) and remittances from the Non-Resident Bangladeshi (NRB) and expatriate work force. Currently, the economists are busy calculating the likely damages in our economy and how much will these two sectors be affected. While the economic experts continue to analyse the scenario and assess a roadmap to recovery, it is essential to ascertain the impact of COVID-19 on the overall blue economy sector. Bangladesh needs to forecast how to overcome the challenges of the maritime sector arising out of this pandemic and to what extent the blue economy can contribute in making a strong turnaround and economic recovery for Bangladesh. During the span of pandemic Coronavirus, the government has the added responsibility to assess and indicate how quickly the maritime sector can recover and make a turnaround so that the indispensable sector of 'Blue Economy' can be brought back on track for the overall economic development of Bangladesh.

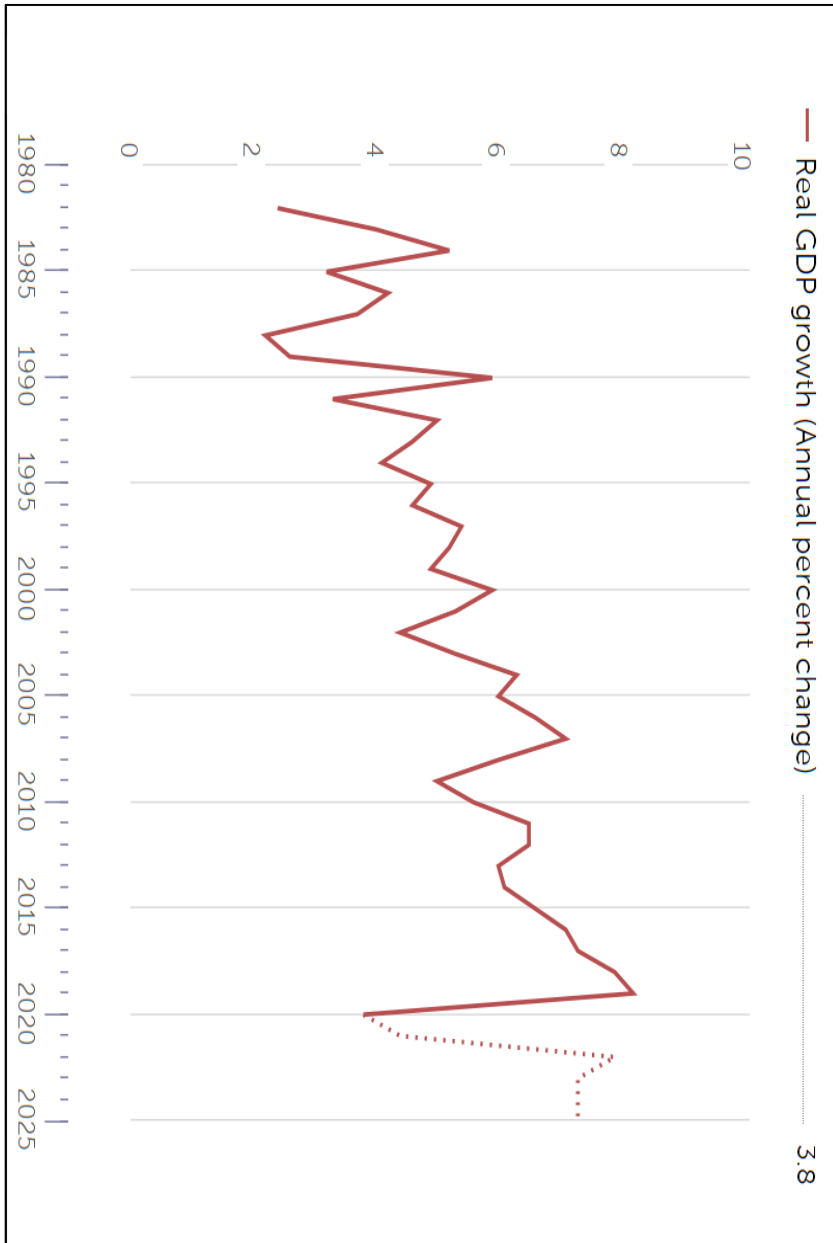
Post-Covid Budgetary Challenges

There is no denying the fact that the COVID-19 has further exacerbated challenges in the maritime sector as to how much resources the government should allocate for the blue economy in context of the looming economic disaster. In the overall prioritization of development budget, every sector is likely to contest for her share of the pie leading to a situation of perplex and confusion among the policy planners and bureaucrats.

According to the International Monetary Fund, while the real GDP growth of Bangladesh remained consistently within 7-8% in last 5 years, it is projected to decelerate to 3.8% in 2020 driven by falling readymade garment exports, contraction in foreign remittances, lower private investment growth and wider disruptions due to COVID-19. However, we also need to be careful about the wide variance in the estimates of various financial institutions. In fact, while IMF predicts 3.8% GDP growth of Bangladesh in the current year, the World Bank's prediction is 1.6%, ADB at

4.5% and BBS at 5.24%. Mentionable that BBS predicts a rebound of our GDP growth at 8.2% in 2020-21 financial year. Though the latest IMF report also indicates that it is expected to rebound close to 8% in next 2-3 years but nothing will come automatically unless appropriate steps are taken by all concerned.

Real GDP growth Annual Percent Change of Bangladesh



Source: International Monetary Fund (IMF)

However, the initial sign and symptom as transpired from various steps by the government about making a fine balance between the life and livelihood is very encouraging. Amidst the gloomy days of pandemic with massive interruption of global supply chain, the government has taken bold and successful measures for containing the virus on one hand and gradually opening the country's economic lifeline on the other. We see our goblet of hope as half full, not half empty and as such we are confident that the unwavering and resolute leadership of our government will salvage the nation from this economic disaster and bring back our country on the road to development. We are also hopeful that our two major sources of foreign currency income i.e. export of RMG and remittances from the expatriate labour market will be reasonably protected by means of good entrepreneurship, foreign policy engagements and economic diplomacy. This has been proven by upward trajectory of inflow of foreign remittances, for example in the first quarter (July-September) of FY 20-21, remittance from Bangladeshi expatriates clocked \$6.71 billion, which is 48.57 % more than the money received in the same period last year, according to the Central Bank's data.

Apart from the RMG sector, there are a number of workers who are dependent on informal works for livelihood. Data from the Bangladesh Bureau of Statistics indicates that Bangladesh has more than 50 million workers in the informal sector. While there will be a significant impact on the livelihood of workers in the formal economy, there can be no doubt that the informal sector will be hit even harder. The government has identified this as a challenge and stepped up efforts to distribute food aid through Bangladesh's existing social safety programs such as the Vulnerable Group Feeding and Vulnerable Group Development for long time.

Blue Economy and National Prosperity

There is likely to be heavy strain on various development projects due to Corona related stimulus budget for economic bale out. But right measure of support from the international financial institutions and FDI from the friendly countries can help Bangladesh to sustain the big number of development projects which will keep the country on target to our national development agenda as per Vision 2041. On the other hand, this will avert any disaster in our job market essential for poverty eradication. In this context, putting priority on the entire blue economy sector like ports, shipping & logistics, shipbuilding & ship breaking, fisheries & aquaculture, offshore renewable energy, offshore engineering & marine resource exploration, oceanography & marine scientific research, maritime professional & higher education, marine eco- tourism, maritime security and so on will create better opportunities for the national economy. Because the country's maritime and oceanic sector have huge untapped and unexplored

resources, which have significant local and global demands. New coastal and seabed explorations and research will surely add to our country's strategic reserve for the future. Focus should be laid on both culture and capture fisheries that may attract high demand in the global market. Moreover, the ports, shipping and logistics are directly linked to the wheel of economy and as such can only be neglected at our own peril. Above all, the maritime sectors have stronger value addition than any other sector creating enormous livelihood and employment opportunities through forward and backward linkages. In this critical time of the pandemic, an uninterrupted emphasis on blue economy will give rich dividend in the overall economic matrix of a developing country like Bangladesh.

Reviving Ports, Shipping and Hinterland Connectivity

In the post-COVID 19, global scenario, there is likely to be some rethinking and realignments in the shipping business based on the shifting of the production, manufacturing and consumer markets. After a temporary economic downturn, there will surely be huge upsurge in global trade, import and export within a year or two. The countries like Bangladesh is likely to increase focus on the industrialization, infrastructure development and targeting new emerging RMG markets leading to increase in export/import. As such, the overall ports and shipping being linked to the country's wheel of economy will always remain as a top priority sector. Since the global trade will remain mostly seaborne, the shipbuilding and ship recycling sectors will always be highly productive that generates remarkable opportunities of employment and backward linkages. A port led economic development may be a better choice for Bangladesh which will involve a number of ports, port based supporting industries, manufacturing hubs in the proximity, Economic Zones, freight corridors and extensive multimodal connectivity. Likewise, hinterland connectivity, especially inland transportation system is vital in order to ensure that the goods and commodities reach the manufacturers, exporters and importers with minimum cost of time and money. In order to salvage and reclaim the depleted inland river system, the government has undertaken a large number of dredging and river training projects in the recent years for making them vibrant and usable for transportation, agriculture, flood control and other livelihood purposes. On the other hand, the shipping sector specially the fledgling Bangladesh Shipping Corporation (BSC) has also got a much-required boost with the induction of 6 ocean going vessels with another few in the pipeline. However, the shipping sector is so vital that mere a government organisation like BSC will find it difficult to cope up with the increasing global demands unless our private sector come forward more robustly.

Regional Ocean Governance and Partnership

Given the unfaltering nature of our country's huge geopolitical, geostrategic and geo-economic importance, other regional and developed countries are expected to remain keen to invest in our industrial and maritime sector. Bangladesh should aim to develop an inclusive and people-centric Blue Economy enhancing capacity-building with innovative financing, ensuring the transfer of critical technology and strengthening cross-sectoral partnerships and collaboration with other maritime nations. Maritime capacity building should be planned in regard to governance and institutional framework, academic and research institutions, managerial-technical-technological capabilities and qualified skills. In post COVID-19 situation, Bangladesh needs to be prudent in decisions about which maritime industries and services to prioritise, based on health safety practices, its domestic needs and demands of global market. Essentially, the way ahead for maritime Bangladesh is to develop a system of Ocean account to maintain the statistics of our ocean economy and monitor the performance of country's maritime industries. However, realizing the true potential of harnessing ocean resources towards achieving economic prosperity, the government has undertaken several pragmatic steps in the recent years for regional ocean governance and partnership and a common security surveillance in the BIMSTEC region. In order to reduce the cost and time of doing shipping business with our neighbouring countries, Coastal Shipping Agreement has been signed in 2015 between Bangladesh and India that has enabled direct regular movement of ships instead of earlier practice of lengthier transshipment through Singapore or Colombo. There has been a timely realization by the BIMSTEC nations about the need for promoting regional connectivity and cross border trade activities in order to ensure a regional Blue Economy structure for the Bay of Bengal region. There is no denying the fact that COVID-19 has been a great eye opener that showed the crippling impact faced by the national and regional economy once the export/import and cross border trade is interrupted. Hence the future international relation is likely to be more influenced by multilateralism and cooperative engagements rather than isolationism. Maritime connectivity and cooperation will be an automatic choice for the littoral countries in future.

Implementing Delta Plan, Marine Spatial Plan and Ocean Policy

The government has emphasised in implementing government's vision for the betterment of our future generations in the form of Bangladesh Delta Plan (BDP 2100) focusing on the adaptation to climate change, sea level rise and delta management. In the overall context of global climate change, it is imperative to continue with our efforts and lofty projects of the Bangladesh Delta Plan 2100 in the decades ahead. However,

we need to understand the cumulative effect of the increased human activity in the marine environment that leads to competition for overlapping and collocated marine space, increased stress on marine ecosystems and conflicting ocean use. Thus, all government and concerned private sector should design the ocean governance policies through the Marine Spatial Planning (MSP) process. In fact, MSP as a holistic approach is the process of analyzing and allocating ocean uses over space and time to achieve economic, ecological and social objectives. It will also allow the development of a common vision towards effective utilization of maritime realm and “ocean governance” for sustainable use of coastal and marine resources reducing the risk of irreversible damage to the marine eco-systems. The process of ocean governance should be integrated horizontally so as to allow the participation of governmental institutions, private sectors, NGOs, academicians and scientists as well as vertically across all the levels of governance within an integrated system with reciprocal coordination. Overall, the maritime governmental issues can be properly addressed if we have a well-crafted Ocean Policy that will care for, understand and use our maritime space wisely.

Capitalizing Maritime Victory

Perhaps one of the greatest achievements of Hon’ble Prime Minister Sheikh Hasina was her bold leadership and wisdom in the peaceful resolution of the maritime boundary delimitation with India and Myanmar with the help of International Courts. As a result, Bangladesh has amicably attained undisputed sovereignty over all the living and non-living resources in the entire 118, 813 sq km of maritime areas in the Bay of Bengal. Bangladesh can only reap the real benefits of our maritime victory if we maximize our efforts for exploration and exploitation of resources in the Bay of Bengal, develop fisheries & aquaculture technique, maintain ecological integrity and bio-diversity of the ocean and river systems, emphasize on marine scientific research in the fields of oceanography, marine biotechnology, renewable energy and offshore engineering etc.

Ensuring Maritime Security

Ensuring maritime safety and security and defending sovereignty in the maritime areas cannot be overemphasized. As such the last decade has seen an outright transformation of Bangladesh Navy into a capable and effective three-dimensional maritime force ready to ensure sovereignty over our maritime areas, encounter maritime security challenges and participate in UN Peacekeeping Operations and joint exercises with the friendly navies in the Indian Ocean and beyond. Both Navy and Coastguard have also developed capacity to undertake Humanitarian Assistance and Disaster Relief in times of natural calamity. In the post-COVID 19 world, the importance of maritime security

concept as a whole will gather further momentum because Navies take decades to develop and overlooking its importance in the context of regional geo-economy can only be at our own peril.

BSMRMU as Regional Centre of Maritime Excellence

While our awareness and caring attention towards the concept of maritime-ness is on an unprecedented increase, we are also facing daunting challenges in absence of sufficient maritime experts and academicians. This was rightly identified by the present government leading to the establishment of Bangabandhu Sheikh Mujibur Rahman Maritime University, Bangladesh (BSMRMU) in 2013 with a view to developing world class maritime human resources in Bangladesh. In fact, among innumerable recent ventures of this government likely to leave a long-lasting imprint on our progress as a maritime nation, the foremost is the idea of creating facilities for maritime higher education and research in the country. BSMRMU was established for creating a generation of competent maritime experts and professionals who will take up the leadership roles in the maritime sector in future. It is envisaged that in the post-COVID 19 global scenario, the competition in the port logistics & shipping business and other maritime industries will be intense where skill, knowledge and experience in the marine science and business will be instrumental. As such, the importance of BSMRMU and other marine training and research institutes will be rather on a sharp rise. We expect that with the excellent patronage and support of our government, BSMRMU is well placed to transform into a Centre of Maritime Excellence in the South Asian Region and beyond. At the same time, other Universities should also introduce more maritime related departments in order to meet the growing demands of the students for maritime higher education.

Concluding Remarks

Under the dynamic and enterprising leadership of the Hon'ble Prime Minister Sheikh Hasina, the last decade has indeed been a golden era of Bangladesh's development history, an epoch of new ideas, ventures and initiatives. On this voyage towards national economic prosperity, the inspiration of the Hon'ble Prime Minister will always be with us to defeat fear, fog and frictions. We are sanguine that we will make strong turnaround from the curse of Coronavirus and will be firmly back on track for the economic recovery and prosperity. Meanwhile, it is undeniable that the maritime is expected to remain globally as a thrust sector for the overall economic recovery in the post-Coronavirus scenario. As such, with the inspiration of the Hon'ble Prime Minister Sheikh Hasina imbibed in our hearts and minds, it is time to set our sails and shape

course for a happy, prosperous and developed ‘Maritime Bangladesh’ as envisioned by the Father of the Nation Bangabandhu Sheikh Mujibur Rahman.

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