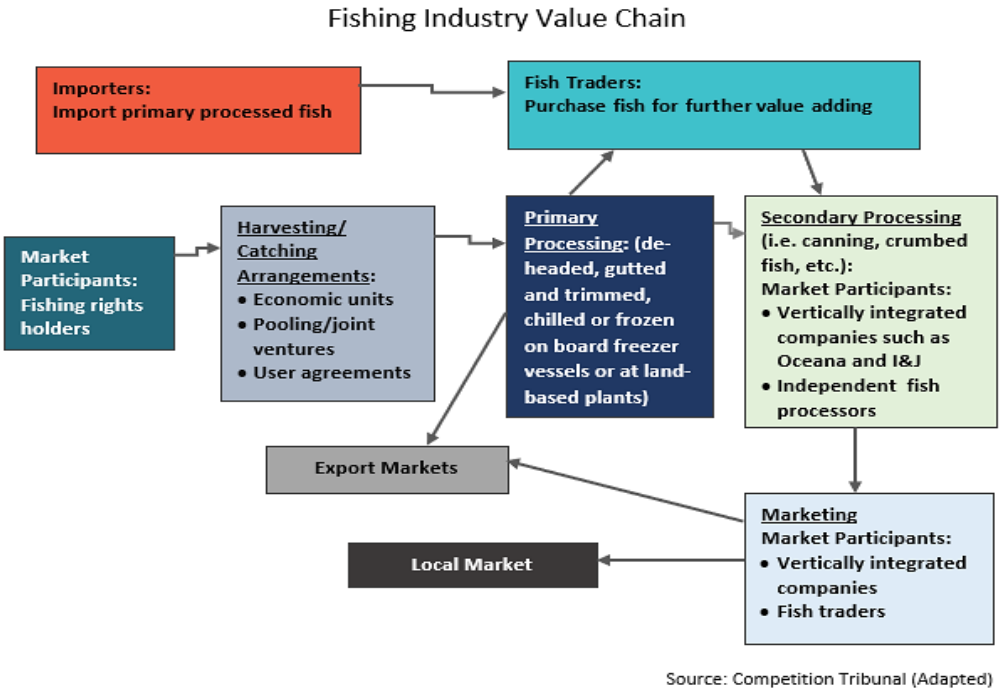
# Trend Analysis Ocean Economy




Source: Competition Tribunal (Adapted)

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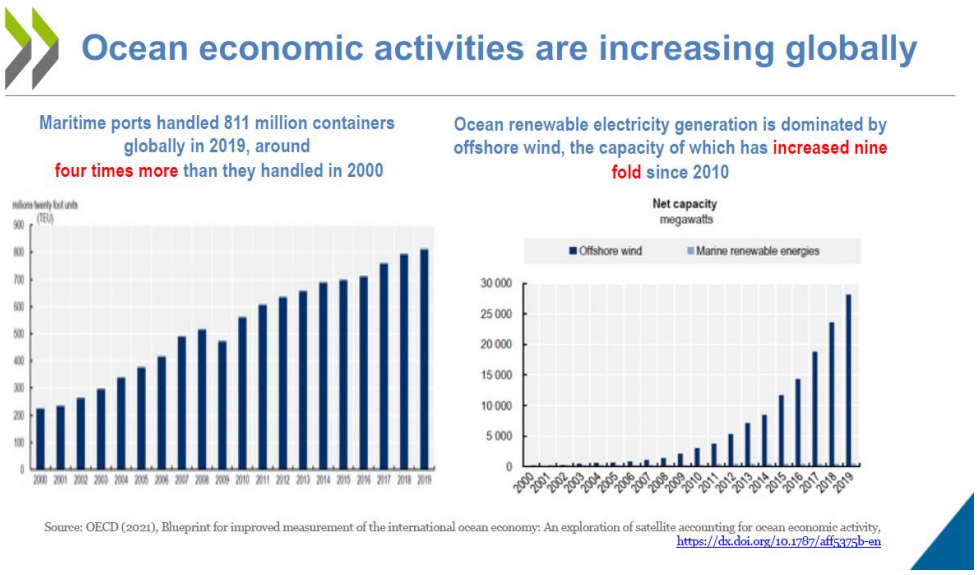
# Introduction

This report will attempt to provide an overview of the global ocean economy, as well as current trends and future trends within the value chain of the ocean economy. Regional analysis is essential to understanding the current status quo of the sector, which can provide invaluable information when designing a strategy for a localized area within a region. Equally important is to provide an overall context of the South African Ocean economy plan to ensure alignment with National priorities. A request from Richards Bay Industrial Development Zone (RBIDZ) for an economic and trend overview of the sector to enable RBIDZ to make appropriate inputs for investment promotion strategy planning for this sector.

# Global Trends of the Ocean Economy




The above diagram indicates the significant increase in goods handled by maritime ports from 2000 to 2019. Additionally, renewable energy consumption dominated by offshore wind is gaining momentum, increasing ninefold since 2010. Therefore, renewable energy to support the ocean's economy is a crucial area that needs to be considered in the sustainable development of the ocean economy within South Africa and KwaZulu-Natal.

# Projected Global Growth

**Projections of selected sectoral growth rates 2010-2030 (before COVID-19 crisis)**

| Sector | Compound annual growth rate in GVA |
|---|---|
| Maritime and coastal tourism | +3.5% |
| Ports | +4.6% |
| Marine aquaculture | +5.7% |
| Fish processing | +6.3% |
| Offshore wind | +24.5% |
| ***Average ocean economy*** | ***+3.45 %*** |

Source: OECD (2016), The Ocean Economy in 2030, OECD Publishing

As indicated in the above table regarding global trends, offshore wind and renewable energy are growing the most, followed by fish production and marine culture. South Africa and KwaZulu-Natal are aligned with aquaculture and fish processing development, focusing more on renewable energies within the sustainable development of the Blue Economy. However, more sustainable projects within the rural and outlined areas of the province are required to ensure the inclusivity of women and youth in the development. Ports regenerating projects are also a growth trend; South Africa and KwaZulu-Natal must focus on infrastructure regeneration and advanced technology to make our ports more efficient in handling goods and services for trade. The KwaZulu-Natal government has prioritized coastal tourism as one of the areas for sustainable, inclusive development.

# African Continent

The primary sectors propelling the Blue Economy in the 38 coastal countries of Africa encompass fisheries, aquaculture, tourism, transport, ports, coastal mining, and energy. These sectors heavily rely on the robustness and productivity of the marine ecosystem, both of which face persistent threats from extreme weather occurrences. The institutional development of the Blue Economy

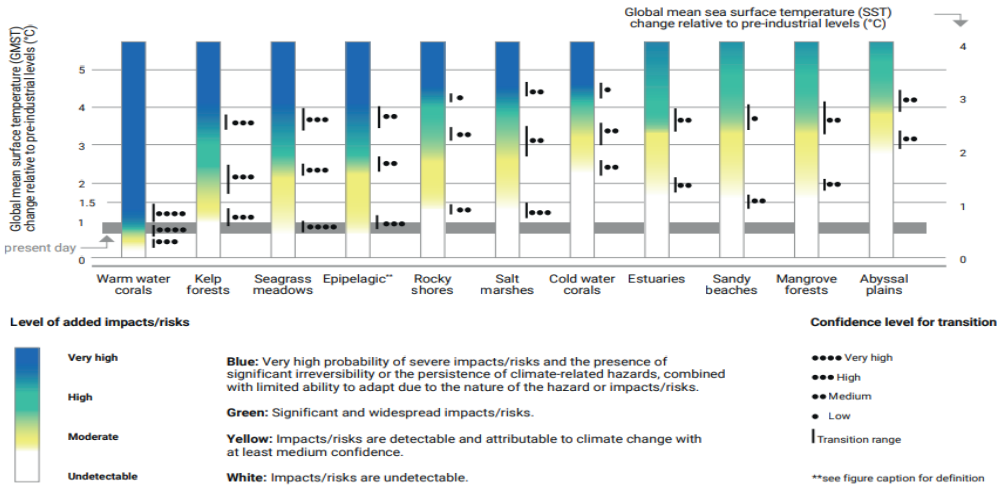
across Africa displays considerable diversity, with most African nations lacking formal strategies for their Blue Economies, while a minority accord significant priority to the development of the Blue Economy and its alignment with climate change adaptation. Notably, within the Nationally Determined Contributions of several African nations, a bias toward land-based spatial planning is apparent despite widespread recognition of the potentially devastating effects of ocean-related climate change. The absence of marine spatial planning (MSP) in the island nations is particularly problematic, given their heightened vulnerability to climate change impacts. The introduction of MSP could enhance their ability to anticipate and prepare for such calamities, ultimately averting the loss of lives and livelihoods. Does South Africa have a marine spatial planning report to guide development and growth in the Blue Economy?

## South Africa's Marine Spatial Planning

The Marine Spatial Planning of South Africa delineates the proposed spatial development and management strategy within South Africa's Marine Planning Areas. This framework is built upon the foundation of the Marine Spatial Planning Act (Act No. 16 of 2018) and the National Framework for Marine Spatial Planning in South Africa. It aims to operationalize the overarching vision and high-level directives for developing South Africa's oceanic territory by establishing a comprehensive spatial management system applicable to all Marine Planning Areas. The principal objective of this proposed spatial management system is to facilitate the formulation of consistent Marine Area Plans nationwide, ensuring transparent provisions for all sectors and activities. If more information is required regarding the SA Marine Spatial Plan, it is available using the link below:

https://www.dffe.gov.za/sites/default/files/legislations/marineplanningareas_spatialmanagement_system.pdf.

# Risks: African Continent




Source: Adapted from Figure SPM.3, frame (d), in IPCC, 2019.[4]

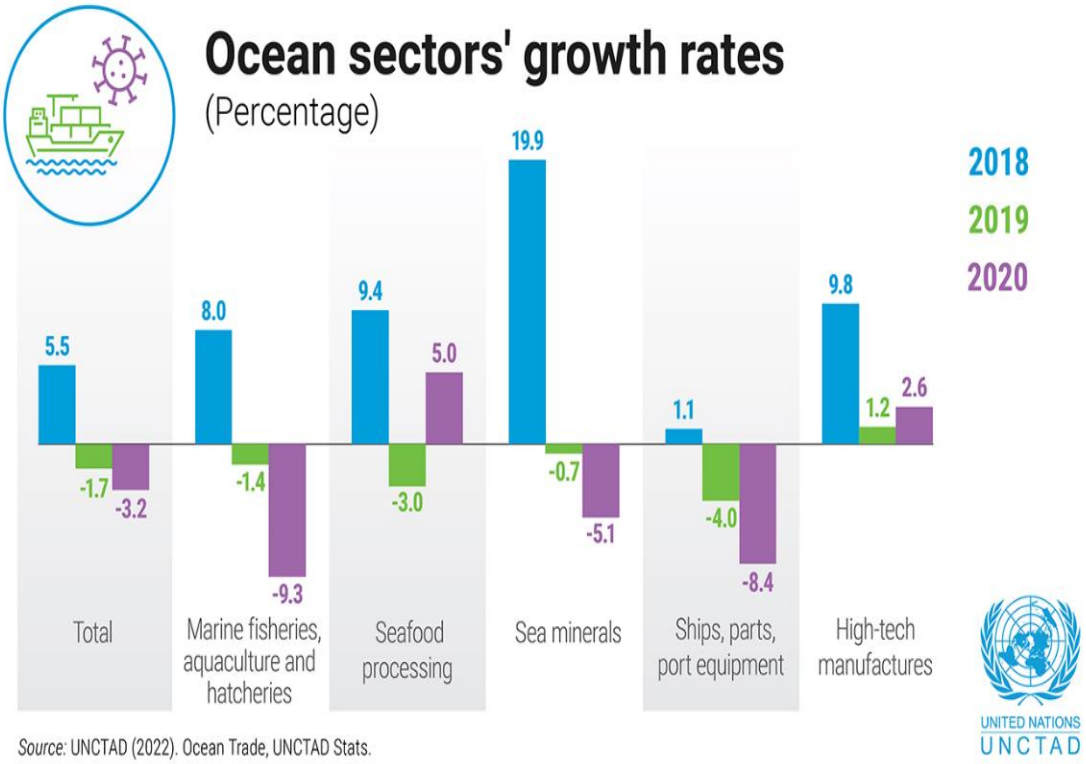
The graph above depicts the risk of sea temperatures and their impacts on various aspects of the blue economy. Spatial planning is essential in the blue economy to tackle the dangers of overdevelopment, climate change, and coastal and marine protection while promoting sustainable development. South Africa is positioned to lead in Africa, providing expertise in developing marine spatial planning for countries not currently in existence. This will further allow for a more integrated trade relationship with those countries and alignment with the AfCFTA.

## Trade Statistics

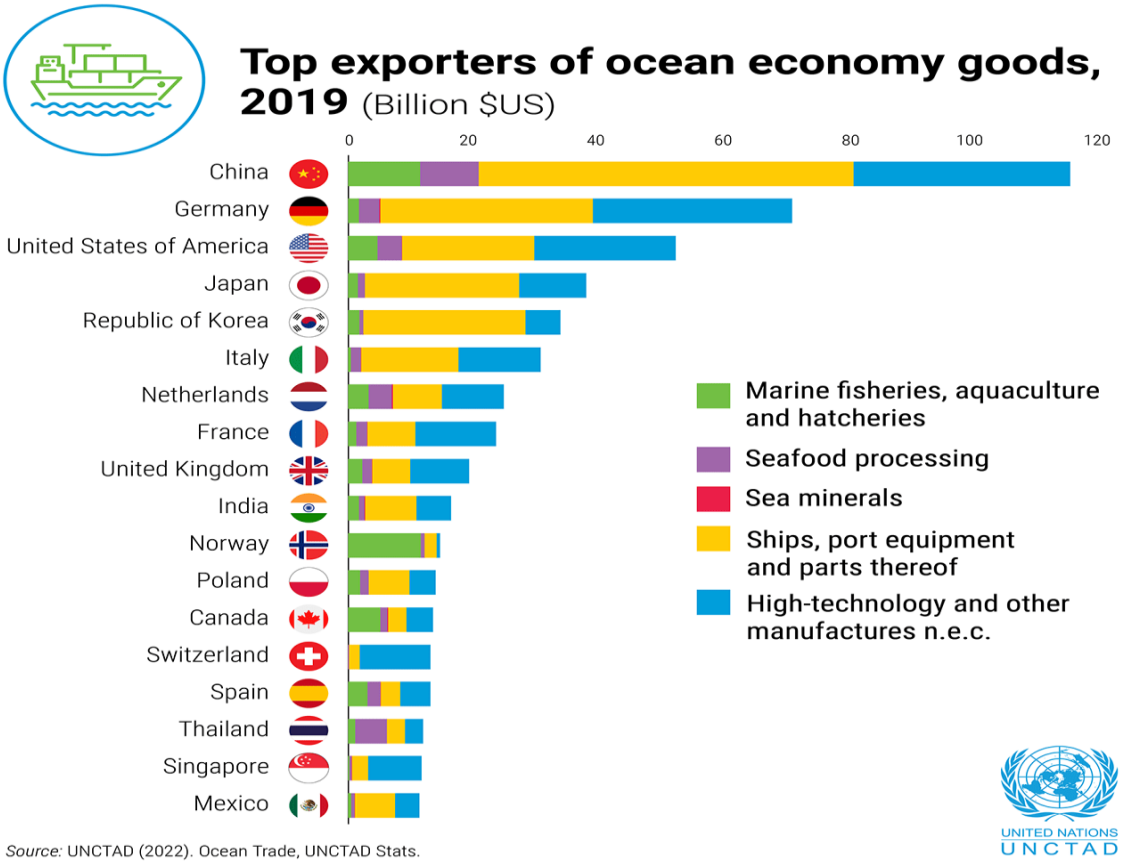
Africa's extensive coastlines provide access to two significant oceans, namely the Atlantic and Indian Oceans, and two seas, the Red Sea and the Mediterranean Sea. These bodies of water serve as vital trade routes for the continent's $300 billion blue economy. Furthermore, Africa possesses abundant marine resources, with 38 coastal and island states. Notably, in 2020, the total value of ocean-based goods exports from these sectors amounted to a substantial $678 billion. This export figure encompassed high technology and other manufactured goods ($268 billion), ships, port equipment, and parts ($257 billion), marine fisheries and aquaculture ($87 billion), seafood processing ($65 billion), and sea minerals ($1.4 billion). UNCTAD’s analysis shows that the manufacturing sector represented 77% of exported ocean economy goods, reflecting its higher added value than the primary sector.

Trade in marine fisheries and aquaculture was the hardest-hit sector, declining by 9.3% from $95 billion to $86 billion. As countries implemented COVID-19 lockdowns, restaurants closed, and demand for fresh fish plummeted.

Trade in ships, port equipment, and parts declined by 8.4% from $280 billion to $256 billion, echoing the 3.8% decline in maritime trade. Trade in sea minerals such as brine salt and sands fell by 5.1%.



## The Top Exporters of Ocean Economy Goods




In 2019, Asia and Europe were prominent in exporting ocean-based goods at the regional level, nearing $300 billion each. Collectively, they accounted for 84% of the ocean economy's exported goods. In contrast, North American exports were comparatively lower, constituting 9% of total ocean economy goods, with the United States standing at $65 billion. Latin America and the Caribbean totaled $30 billion, while Africa's exports totaled $13 billion. Developed countries contributed 63% of ocean economy goods, while the remaining 37% stemmed from developing economies, mainly due to China's 16% share of world exports. Least developed countries (LDCs) and small island developing states (SIDS) jointly represented less than 0.5% of the total exported goods, primarily frozen fish and some processed products.

# Opportunities for developing countries

Developing countries have great potential to benefit from shifting their focus from exporting raw materials to producing higher-value ocean-based products. Some examples of these products include marine-based foods, nutraceuticals, cosmetics, seaweed fiber, biofuels, marine sports products, fishing boats, small transport boats, and manufacturing ship parts.

The United Nations Conference on Trade and Development (UNCTAD) analyzed the export of primary commodities and found that exports of some fisheries and marine aquaculture are more valuable in trade flows than processed seafood. However, processed seafood presents an essential opportunity for developing countries to improve food security and increase the shelf life of their catch, enabling them to sell to distant countries and add value to their products. Most marine fisheries' exports are limited to a few developed countries and one developing country with large fishing fleets. According to the WTO agreement on fisheries subsidies, its agenda could help address these imbalances. Still, developing countries will require support to implement and comply with the agreement's obligations to foster development. To address these needs, UNCTAD supports developing countries, tiny island developing states (SIDS), and least developed countries (LDCs) in taking advantage of export opportunities in ocean-based sectors. Additionally, UNCTAD plans to expand and update its database with data on ocean services, such as tourism, transport, port services, coastal and marine environmental services, and research and development.

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