

Blue Economy: A New Future For Bangladesh

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Abstract—This paper draws attention to the prospects of a sea-based economy to promote Bangladesh in a middle-income country, achieve vision 21, and go further by avoiding possible Dutch Diseases through the sustainable use of marine resources. Bangladesh is now the second apparel Exporter in the world after China. RMG contributes 80 percent in total Export IN Bangladesh. The Economy would be vulnerable to any sudden external shock. If the price of Apparel drops then total Export will fall because of dependency on only the Garments Sectors. The situation is called "resource curse" which possible attack can be mitigated by diversifying Exports Products or sector. One solution would be the BLUE Economy. Geographically, Bangladesh is blessed by the Bay of Bengal, and the Blue economy is very much suitable for Bangladesh. This paper is concerned about the new horizon of the economic sector & what would be the future of Bangladesh with utilizing the Blue economy.

Index Terms—Bangladesh, Tradable sector RMG, Dutch diseases, Export Diversification, Blue Economy, Sea resources, sustainable development, middle-income country.

1 INTRODUCTION:

Bangladesh is the country of Bengal situated in South Asia. It has a total area of 147,570 square kilometers, water is 6.4% of its total area.

After its independence people of Bengal bring their motherland far ahead with limited resources. According to the IMF Bangladesh is the second-fastest-growing major economy of 201, with a rate of 7.65% which includes Bangladesh among the next eleven emerging middle-income economies.

But unfortunately, population density 1,106/km² which indicates the land of ours is very scarce compared to our population. With such a big population Bangladesh faces some major problems. When we specialized in Cloth can be indicated by 80% contribution of total Export Comes from Ready Made Garments the problem would be burst by the appreciation Exchange rate and hyperinflation through Aggregate Demand Effect in future because of dependency of a specific export commodity But a new hope a new economical horizon revealed toward us The

Blue economy, Best ripe benefits would come by sustainable use on the way to Middle Income Country. In Bangladesh, the possibility of Blue Economy's prospects started after the settlement of the maritime boundary dispute with Myanmar (2012) and India (2014).

2 LITERATURE REVIEWS:

Many articles were written in dailies newspaper in Bangladesh about the new prospect of the Blue Economy.

On 14 MAY 2018, an article was published in The Daily Star by "Harun Ur Rashid" about the victory and new prosperity of the Blue Economy. The areas of resources include 200 nautical miles of exclusive economic zone and over 354 nautical miles of resources on the seabed (continental shelf). It is estimated that the resources from the sea of Bangladesh constitute 81 percent of the resources existing in its land territory. He also said that Experts think

that fish alone has 500 varieties besides snails, shell-fish, crabs, sharks, octopuses, and other animals. Experts are of the view that Bangladesh would be able to extract resources worth about Tk 12,000 crore (1.2 billion dollars).

On 12 MARCH 2017 another famous daily newspaper "Dhaka Tribune" published an article about the possibilities of cruise and maritime tourism. He said, "The recent visits of the USA-based international luxury cruise line Silversea with tourists to Bangladesh have ushered in a new era of sea tourism in the country. The recent Silversea visits helped local business earn a sum of Tk70 lakh while the government also earned a significant amount, the people familiar with the business said."

On 6 FEB 2018 The Financial Express published an analytical article titled "EXPLORING BLUE ECONOMY TO ENHANCE GDP GROWTH" which is based on the new prospects of the Blue economy. They said, "Economists think it could take the country's Gross Domestic Product (GDP) to a staggering 10 percent growth in the next decade."

On 1 APRIL 2018 World Bank published an article on their website which is titled "Bangladesh is thinking big by thinking blue". It indicates the possible success and treats to operate such a big international economy which is owned by Bangladesh.

On the other hand, some research papers were also published for the prospects of the Blue economy and also held many talk shows in media.

In July 2017 Md.M. Maruf Hossain, Institute of Marine Science & Fisheries (IMSF), University of Chittagong published a paper titled "The Prospects and Challenges on the Sustainable Development of Blue Economy in Bangladesh". Where he said about Bangladesh's sustainable development using Blue Economy and the opportunities of Blue Economy. He researched new sectors associated with Green Economy and their contribution and new possibility to Bangladesh's Economy.

A paper published named "The Prospects of Blue Economy to Promote Bangladesh into a Middle- Income

Country” on May 22, 2018, by Md. Monjur Hasan, School of Law and Political Science, Ocean University of China, Qingdao, China. In this paper, he worked on Blue Economy Contribution and possibility sector-wise and their Challenge that the government might face.

3 OBJECTIVES OF THE STUDY:

The aim of the paper is whether Bangladesh is walking on a possible threat of Dutch Disease and how this possible threat would be mitigated by sustainable use of Blue Economy and increase new tradable products rather than depends only on garments. The research tries to find out possible Blue economy sectors that induce GDP growth rate and forward the country in the middle-income nation.

4 METHOD & METHODOLOGY:

The study has been completed by answering the hypothetical questions mentioned in the objective section. To find out those answers I needed data of export sectors, export partners, and the case study of many countries' history of suffering Dutch Diseases.

There are two types of sources of data that are used in the study;

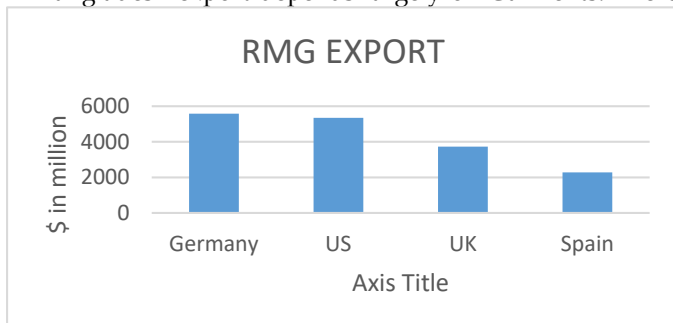
- Primary Sources:
 - a. Direct contact with the people who are connected with the Blue economy.
- Secondary Sources:
 - a. Official records and observing practical work.
 - b. many reports on this.
 - c. Newspaper.
 - d. Website.

In my research, I have analyzed the potentiality of the Blue economy logically & theoretically and try to collect present data of Bangladesh's economic situation and foreign trade so I didn't use any statistical package because the research is descriptive and all my data is collected from the Secondary sources.

5 DUTCH DISEASES & BANGLADESH ECONOMY:

Dutch disease is also known as resource curse means the changes in the structure of production by arise of an unpredictable shock (such as large natural resource discovery, a rise in the international price of an exportable commodity, or the presence of sustained aid or capital inflows such as Remittance).

Bangladesh export depends largely on Garments. There



exist a possible external threat. The main buyer of BD cloths is Germany, the US, UK, Spain.

Figure 1: Main Buyers of RMG

Bangladesh sets the export target at \$44 billion for FY19



Figure 2: Exports Targets in FY19 sources: Daily Dhaka Tribune

Govt. of Bangladesh also set the target of the export sector where the largest share of about 94% export will be performed by Garments. These are the prerequisite symptoms of dutch diseases performed with currency appreciation & Aggregate Demand Effects.

When the Garments Sector benefitted only other Sector don't get any scope of beneficiary trade or they will be converted in garments business. With More revenue garments can provide the worker demanded wage. By increasing wage labors now demand more. The net effect will be the emergence of demand-pull inflation that occurs when total demand in the economy is rising while the available output of goods is limited.

Many examples exist in the history of specific product dependency countries such as the Netherlands, Peru, Ghana, Zimbabwe, Venezuela, Nigeria.

Among them, one very alike country is Venezuela which is the world's biggest crude oil reserve country (source: Wikipedia). By reading out Venezuela's unfortunate history of their economic crush Bangladesh should keep attention to export diversification.



Photo: Venezuela's money worth less than toilet Tissue

It is not a new phenomenon, and yet, in 2013, of Venezuela's \$143 billion in exports, \$139 billion were comprised of crude and refined petroleum (Observatory of Economic Complexity, 2013). Petroleum in Venezuela contributes 96 percent of export earnings, about 40 percent of government revenues, and 11 percent of GDP (CIA World Factbook, 2015). Such a heavy dependence on one natural resource means that when world oil prices fall, Venezuela's economy crashes. Economists know that commodity prices continuously fluctuate, and as such, economies need backup sectors that can contribute to the economy when natural resource prices fall.

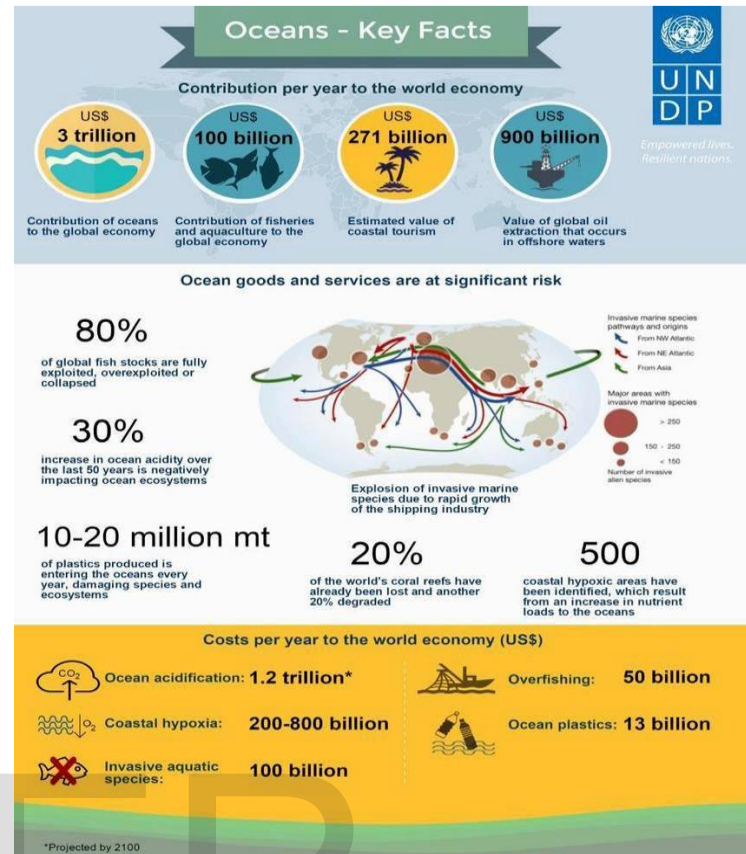
We get some idea about Dutch diseases to understand the similarities between Bangladesh and Venezuela. Venezuela depended on Oil and Bangladesh depends on Garments. It looks like Bangladesh is very close to such diseases. Above figure 2 also indicates a remarkable future possible threat could become off due to the only dependency on Garments.

6 BLUE ECONOMY & PROSPECTS:

Blue Economy is the ocean-based economy, the sustainable use of the ocean resources. Countries such as Norway, Madagascar, Gambia, and Seychelles are the success history makers using their maritime resources.

Some of the world's biggest and most powerful countries include China, United States, India, Russia have significantly increased the concept of the Blue economy. So Bangladesh Should follow any of those country's success story.

A total of two-third part of our earth's surface are water.



The ocean economy is a new concept that has its origins in the green economy concept authorized by United Nations Conference on sustainable development, held in Rio de Janeiro in 2012. It refers to any economic activity in the sea sector which includes the sectors:

6.1 BLUE ECONOMY'S SECTORS:

- ❖ Aquaculture
- ❖ Fishing
- ❖ Maritime biotechnology
- ❖ Maritime transport
- ❖ Maritime & coastal tourism
- ❖ Mineral resources
- ❖ Offshore oil and gas
- ❖ Offshore wind power plant
- ❖ Shipbuilding and ship repair
- ❖ Circular economy
- ❖ Cruise ship

7 PROSPECTS IN BANGLADESH:

- ❖ Bangladesh has its sea area of about 12 nautical miles, a surrounding zone about 18 nautical, and 200 nautical miles of its independent economic zone.



- ❖ Bangladesh is using its sea area for local and overseas trading and transportation for a long time ago, now it is high time we have many things to explore from the maritime areas and use it properly.
- ❖ 30 million Bangladeshi directly depend on oceanic economic activities like fisheries and commercial transportation.
- ❖ Bangladesh's economy is seaborne to a good extent and with \$130 billion GDP the country's economy stands the 44th.
- ❖ Globally 350 million jobs are linked to marine fisheries, with 90% of fishers living in developing countries. The value of fish traded by developing countries is estimated at \$25B.
- ❖ International tourism has grown from \$25M in 1950 and \$1,035M and WTO forecasts of \$1.8B further growth in 2030.
- ❖ The global market for marine biotechnology products are processed is estimated at \$2.8B in 2017. Marine biotech has the potential to address a suite of global challenges such as sustainable food supplies, human health, energy security, and environmental remediation.
- ❖ Eight percent of global trade by volume and over 70% by value is carried by sea and handled by ports worldwide. For developing countries like Bangladesh, these percentages are typically higher.
- ❖ In 2009 offshore fields account for 32% of worldwide crude oil production and this is projected to rise to 34% in 2025 and higher

subsequently.

- ❖ At present, around 600 ships arrive in Bangladesh per year and anchor in the ports of Chittagong and Mongla. With this new opening of the Blue economy, a huge number of ships will anchor in the ports of Bangladesh, and earnings from this sector are likely to increase tremendously.

7.1 POTENTIAL SECTORS OF BLUE ECONOMY: FISHERIES:

Shrimp aquaculture has become a highly traded export-oriented industry nowadays.

Marine fisheries contribute at least 20% of total fish production in Bangladesh and 500,000 people are fully and directly dependent on the sector.

According to the Bay of Bengal Large Maritime Ecosystem Project (BoBLME) (2009-2015), about 60 lac tons of fishes that constitute 16% of world production are produced annually from the Bay of Bengal.

There are over 4.5 million people and 4 lac fishing boats are engaged in extracting fishes in the Bay of Bengal.

SHIPPING & MARITIME TRANSPORT:

the three ports -- Chittagong Port, Mongla Port, and Pira Port -- have to be developed as transit points, including consideration of deep-sea port at Sonadia.

Chittagong port alone handles more than 80% of the country's imports and exports making it the prime port of Bangladesh. Our main export items such as clothes, leather

goods, tea, and frozen foods are exported through this port. Last year, it handled more than \$60bn (£38bn) worth of foreign trade. Experts opinion is that Chittagong port can become a regional economic hub, if the facilities being modernized/upgrade, including capacity in all the sectors the requirements for a standard international seaport.

OFFSHORE GAS & OIL:

Before the tribunal's verdict, India and Myanmar both claimed 10 and 18 gas-blocks respectively in the maritime zones of Bangladesh and now It won 8 gas-blocks from India and 13 gas-blocks in the Bay of Bengal.

According to the Report of USGS5, around 40 Trillion Cubic Foot (TCF) gas may be found in the blocks mentioned above (Daily Bangladesh- Pratidin, 2014).

CRUISE SHIP:

Recently, the USA-based international luxury the Silversea made a couple of trips to Sundarbans and Maheshkhali island, which could be new prospects for the country's blue economy.

The recent Silversea visits helped local businesses earn a sum of Tk70 lakh while the government also earned a significant amount, the people familiar with the business said.

MARITIME & COASTAL TOURISM:

Cox's Bazar is the second largest sea beach running 120 km unbroken. It is the top tourist destination of Bangladesh and Saint Martin, the only Coral Island in Bangladesh, and often called the pearl of the sea attracts many Tourists from home and overseas.

About 10,000 tourists visit Saint Martin's island every day where the number is only 3,000 in 2010.

The Bay One Cruise ship is a Good Start for marching the new horizon of Coastal Tourism.

OFFSHORE WIND & WAVE ENERGY:

Checkmate Sea Energy, a UK-based company developed a new device that could help to tap an important portion of sea wave power.

This device is capable of generating one-megawatt electricity at about 12 cents (BDT 9.30) a kilowatt-hour without any pollution of the environment, which is competitive with electricity costs from other power technologies.

8 CHALLENGES AHEAD OF BD:

The role of marine resources in poverty alleviation, acquiring autarky in food productions, Increasing Export commodity, protecting environmental balance, facing adverse impacts of climate change, and other economic possibilities are unlimited.

The following may be the challenges:

I. Maintaining security over the economic area.

II. Establishing the marine-friendly infrastructure for marine tourists.

III. Protecting the area from international smugglers and fish pirates.

IV. Maintaining an investment-friendly environment in the awarded area.

V. Sustainable use of biodiversity.

VI. Maintaining marine and coastal ecosystems.

VII. Preserving mangroves and seagrass.

VIII. Maintaining sea level rise and change in ecosystem and temperatures, from coral bleaching.

IX. Addressing ocean acidification and blue carbon.

X. Keeping the sea area free from pollution and marine debris.

XI. The growing human population, intensification of agriculture.

XII. Addressing climate change and managing carbon emission.

9 CONCLUSION & RECOMMENDATION:

According to World Bank (2018) estimates, "the ocean economy contributes US\$ 6.2 billion in gross value addition of 3.0% of GDP to the Bangladesh economy".

This economy largely comprises tourism and recreation (25%), marine fisheries and aquaculture (22%), transport (22%), and offshore oil/gas extraction (19%). Full and part-time employment in capture fisheries and aquaculture is estimated to be 1.3 million and 6.0 million are involved in sea-salt production and ship-breaking industries.

Unfortunately, the Policy planning process to develop a blue economy through effective measurable targets and monitoring progress has not been inaugurated.

The range of policy scenarios for the country's ocean economy also needs to be articulated, and clear targets should be set against them.

The government should pave the way to increase private and government investment for the development of band new Blue Economy in Bangladesh.

All these would require the active participation of government bodies linked by the same objectives.

'Blue Economy Cell' which is inaugurated by the Ministry of Foreign Affairs may have been a good start, but a stronger coordination mechanism along with The Planning Commission will be required for harvesting the benefits from the Blue Economy.

LIMITATIONS:

This paper has been written for academic purposes. Previous Secondary Data has been taken for avoiding the possible shock of the Covid-19 pandemic on the Economy of Bangladesh. Today we can see some economic diversities are taking place. So, Further Development of this study is needed with recent data.

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