



NEWSLETTER

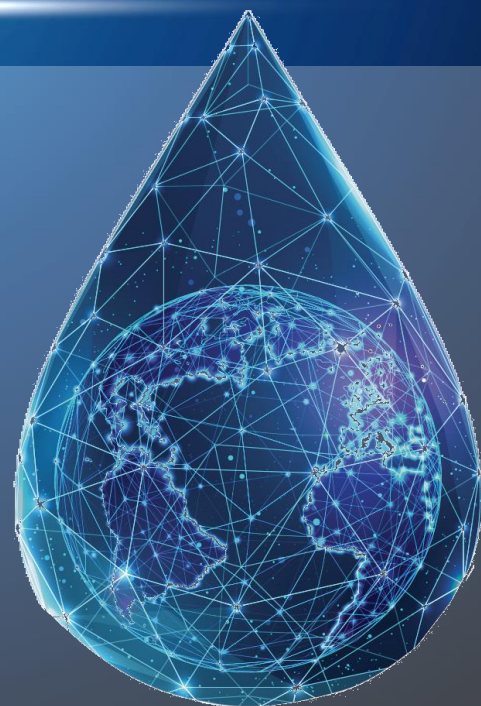
THE LATEST NEWS FROM EU-GCC PROJECT



EU-GCC Dialogue on Economic Diversification

A project funded by the European Union

Blue Economy in EU and GCC countries: Challenges and Opportunities



Assessment of the challenges and opportunities for the development of 'Blue Economy' projects in GCC member countries

2020 Blue Economy Report: Blue sectors contribute to the recovery and pave way for EU Green Deal

Regional overview: Blue economy context in the GCC

GCC Blue Economy policy context

On the basis of the strategic location and economic structure of the Arabian peninsula, there is an increasing awareness within the GCC of both the climate change threats as well as opportunities in different economic sectors than can be created through growing the Blue Economy.

The European Union Blue Economy policies and programmes aim to promote smart, sustainable, inclusive growth and employment opportunities within marine environments and maritime economic activities. The EU policies give equal importance to conservation of the marine environment and a sustainable use of the oceans, in line with the 2030 Agenda and its Sustainable Development Goals.

Given the EU's experience and expertise in the area of ocean governance and its Blue Economy component, there is an opportunity to utilize this knowledge-base to assist GCC countries in achieving a number of environmental and economic objectives by leveraging the blue economy opportunities.

Daniela Stratulativ - EU GCC Dialogue on Economic Diversification Project

Assessment of the challenges and opportunities for the development of 'Blue Economy' projects in GCC member countries

The EU-GCC Dialogue on Economic Diversification launched a study to assess the challenges and the opportunities existing in the development of a Blue Economy in the six countries of the Gulf Cooperation Council (GCC): Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates, aiming to identify the existing and emerging openings for increased cooperation between the region and the European Union (EU).

The Blue Economy is a field of economic activity that has emerged strongly in the EU over the last few years, with a number of sub-sectors already being dynamic and forming a significant part of EU Member States' GDP, entrepreneurship and employment (for example: shipping, fisheries, aquaculture, coastal tourism), while other sectors are emerging and rapidly becoming - or are expected to become in the near future - very significant, both in terms of economic importance, but also as innovative sectors providing sustainable solutions to socio-economic challenges related to climate change, to food security, and others (for example: offshore wind, ocean energy, biotechnology).

BLUE ECONOMY

The Blue Economy is not much developed as such in the GCC region, with some notable exceptions (such as shipping, coastal tourism, and in some cases fisheries and aquaculture). Under the predominant role of oil and gas production and exports for many decades, the Blue Economy was not seen as a development priority until recently. However, due to the double shock of low oil prices and the effects of the COVID-19 pandemic, GCC countries are increasingly turning towards the diversification of their economies, and the Blue Economy is recognized by most countries as an important development dimension, that will allow them to put to good use the resources and geo-political location of the region, and to serve the diversification objective in line with the development *Visions* of the countries.

Starting from the fact that in most countries, with the exception of some regulatory frameworks existing for specific sub-sectors (e.g., fisheries), integrated policies for the Blue Economy as a whole and for Blue Economy sectors do not exist, the study is looking at the policy setting in Section 3 - **Socio-Economic and Policy background**, that provides an overview of the Blue Economy in the GCC region. The section includes the analysis of the status of the sub-sectors making up the Blue Economy activities, looking at both existing and emerging sectors.





Next, the study presents in Section 4 the **Gap Analysis** between the existing practices and policies in the GCC region by comparison to those in the EU, aiming to identify the openings and opportunities for collaboration in policymaking and practices between the two regions. The analysis follows the definitions and classification of the Blue Economy used by the EU (as per the EU Blue Economy Reports 2018-2020, for instance), as a point of reference since the EU is considered a global leader in the field.

In Section 5, a detailed analysis of each of the existing and emerging Blue Economy sectors is presented, aiming to outline the **Contribution that the EU and the International Ocean Governance can make to the GCC Blue Economy policy**. The regional dimension is discussed first at the level of specific sub-sectors in both established and emerging ones. This regional analysis is followed by a country-level analysis for all six GCC countries. In this way, the study aims to provide readers with an overview of the sectors and then allowing to focus-in on specific fields of interest in the countries, and to enrich the information provided on specific policies, plans, and projects.

Section 6 provides a set of **Policy, Fiscal and Administrative**. Seen at a different level of analysis from the sectoral approach of the Blue Economy in the region and each country discussed in previous sections, this section aims to discuss a number of fundamental policies that need to be addressed in order to establish the Blue Economy in the GCC region on solid foundations of policy and methodological tools. In the same section, the specific role that the GCC SG can play as a catalyst and a reference point for the development of a Blue Economy policy at a regional level is discussed.

The opportunities for effective collaboration between the EU and the GCC regions are approached at the activity level in Section 7. Specific **Types of Projects** that could be of interest at an institutional level for the EU or the Member States, as well as for the engagement of private entities with counterparts in the GCC are described, thus offering a ground-level view of the opportunities.

Section 8 provides a discussion on the **Enabling Environment** for the implementation of such collaboration and for the establishment of a Blue Economy in the GCC region. It outlines basic pre-conditions that need to be in place to secure the effective development of business and entrepreneurship, and to allow the development and implementation of an integrated Blue Economy policy at national and regional level.

The Annex provides **references and a list of contacts** in the GCC region for readers who will be interested to delve deeper into the information, and to develop linkages to the region in the field of Blue Economy.

In closing, it can be expected that, owing to the need to diversify their economies in combination with the need to address significant challenges resulting from climate change, natural parameters and resource limitations (such as freshwater, arable lands etc.) the GCC countries will be making a significant turn towards developing their Blue Economy sectors in the next few years. This constitutes an excellent opportunity, and at the same time a challenge for the EU and its institutions and private sector to be actively present and engage constructively, sharing its knowledge and expertise in this sector with GCC counterparts. If properly developed, it may create win-win synergies for both sides through the development of a sustainable Blue Economy, and ultimately the establishment of a mutually beneficial strategic cooperation.

FOR MORE INFORMATION: https://eeas.europa.eu/sites/default/files/blue_economy_projects_in_gcc_member_countries_-_challenges_and_opportunities_report.pdf



2020 Blue Economy Report: Blue sectors contribute to the recovery and pave way for EU Green Deal

June 2020, the European Commission published "[The EU Blue Economy Report 2020](#)", providing an overview of the performance of the EU economic sectors related to oceans and the coastal environment. With a turnover of €750 billion in 2018, the EU blue economy is in good health. There were also 5 million people working in the blue economy sector in 2018, representing a significant increase of 11.6% compared to the year before. Although sectors such as coastal and marine tourism, as well as fisheries and aquaculture are severely affected by the coronavirus pandemic, the blue economy as a whole presents a huge potential in terms of its contribution to a green recovery.

While the marine environment is typically associated with traditional activities such as fishing or transport, it houses an increasing number of emerging, innovative sectors including **marine renewable energy**. For the first time, the report addresses the environmental dimension of the blue economy in detail, thereby also contributing to achieving environmental objectives. With a decrease of 29% of CO₂ per unit of gross value added between 2009 and 2017, **fisheries and aquaculture** growth is firmly decoupled from greenhouse gas production. Moreover, the report stresses the

correlation between sustainable fishing and positive economic performance.

Greening is also ongoing in other sectors. Fuelled by the International Maritime Organisation's 2020 sulphur cap, **maritime transport** is looking increasingly towards less carbon-intensive energy sources. In addition, a network of "green ports" is reducing the ecological footprint of these economically important hubs between the ocean and the mainland.

Blue jobs

With 5 million people employed in 2018, the number of jobs in the EU blue economy has increased by 11.6% from the previous year. This growth was mainly driven by the **coastal tourism** sector. Jobs in the **offshore wind energy** sector have multiplied nine-fold in less than 10 years.

These figures illustrate that the EU Blue Economy has overcome the devastating impact of the economic and financial crisis of 2008. As the current coronavirus crisis has an impact on all economic sectors, including the blue economy, the European Commission has taken [strong measures](#) early on to protect the EU economy, including the various sectors of the blue economy.



Regional overview: Blue economy context in the GCC

For many decades, and certainly before the Covid-19 pandemic, economic stability in the region was assured mainly by oil production and exports, with additional sectors having an increasing, but still linked to oil, contribution to the GDP. The GCC countries have increasingly been seeking to diversify their economies in recent years, to decrease resource dependency on the black gold, as demonstrated by their respective *Vision* documents, and have been implementing new reforms and economic development plans to attract foreign investment.

The Blue Economy was to a differing extent a focal point of this diversification. In their history, especially before the development of oil as the productive, export, and revenue sector, the GCC countries had important maritime activities, especially in transportation and in fishing for both food and pearls, with the former making a significant part of their food security, and the latter a source of export revenue.

The reach of the GCC countries to the sea includes the *Gulf of Oman*, the *Gulf of Suez*, the *Gulf of Aqaba*, the *Strait of Hormuz*, the *Red Sea*, and the *Arabian Sea*, giving the region direct opening to the *Indian Ocean*. This geographical position provides the region with access to seas that give it importance in terms of trade routes, a significant wealth in terms of fish stocks (which however varies significantly depending on the specific locations as in some cases very high salinity leads to feeble biological stocks), and a long coastline that offers significant possibilities for coastal tourism, including recreation and underwater activities, especially in the Red Sea (Saudi Arabia), the Gulf of Oman (Oman, UAE), and the Persian Gulf (Bahrain, Qatar, UAE).

It must be noted that, in contrast to the above-mentioned relation to the sea and abundance of Blue Economy activity opportunities, the sea has not been a central part of the countries' economies, especially in terms of GDP output, with the exception for subsistence employment in the case of fisheries in the past. The issue of reduced contribution to the GDP is also reflected in the fact that the governance framework of the Blue Economy sectors is mostly dispersed among different government authorities: there is division and lack of coordination and participatory governance especially with reference to combining economic and environmental protection. Marine Spatial Planning is mostly a result of *ad hoc* decisions rather than being an underlying infrastructure.

The limited cross-border collaboration and collaboration among government agencies within each country are significant governance issues in terms of controlling and reversing environmental degradation: substantial changes have taken place in marine environment of the GCC region, especially over the last couple of decades. The naturally high levels of temperature and salinity make habitats in the region interesting but also vulnerable to climate change effects. The marine environment and habitats face significant problems and deterioration as a result of serious impacts resulting from industrial, residential, and tourism activities, infrastructure, sea-bottom dredging, and deposition in shallow water to extend land, also leading to sedimentation and changes to water flows.

In the recent years, also in relation to all GCC countries becoming signatories of the UN 2030 Agenda and the SDGs, as well as the Paris Agreement on Climate Change, things have started to change, with most GCC countries also engaging in one way or another in initiatives related to the Blue Economy, as explained in the next part of this report.

FOR MORE INFORMATION: https://eeas.europa.eu/sites/default/files/blue_economy_projects_in_gcc_member_countries_-_challenges_and_opportunities_report.pdf



Marine living resources

Due to the restrictions imposed by climatic conditions and the lack of plentiful water resources and the limited productivity of soil in large parts of the GCC countries, they have been looking into ways to secure a steady and efficient stream of locally grown produce, including to modernize and develop the production from marine food resources, from either capture fisheries or aquaculture, or both.

Fisheries

In the field of fisheries, challenges include the development of national programmes for the optimum and sustainable exploitation of fisheries in view of the limited fishing areas and the depletion of fisheries and stocks.

An overall combination of catch recordings and produce traceability, in connection to sustainable fisheries management with modern tools including VMS/satellite location and activity monitoring and registration, data analytics for recording fishing effort and stock assessment, are fields that need to be addressed at the national level through the reinforcement of national research and monitoring facilities in combination with the review of fishery legislation and enforcement of effective sustainable management laws and practices. Regional collaboration, especially for pelagic stocks such as tuna, needs to be upscaled and promoted.

Aquaculture

Aquaculture is a relatively new and still under-developed field in the region under examination, coupled with the fact that each country has its own constraints and priority issues for developing aquaculture. Thus, differences are significant in the rate of its development in the region, although aquaculture remains a potentially important field of the Blue Economy activity in some states (Saudi Arabia, Oman) and a field with strong development potential in others (UAE, Bahrain). With a view to promoting this industry in Oman, UAE and KSA, the respective governments have been investing on improving some aspects, such as developing technologies and providing fingerlings of local species, creating and establishing a legal framework for aquaculture, relaxing institutional and investment constraints, and mapping out suitable sites for aquaculture production.

Climate Change and Renewable Energy

Since the 2014 drop in oil prices, Gulf countries have begun to develop renewable energy commercially; between 2014 and 2018, the total renewable electricity installed capacity in the Gulf Arab states has almost tripled.

Due to the need and the significant decline in the cost of renewable energy technologies, the Gulf states have developed both small and large-scale renewable energy projects, thus breaking global records in terms of the cost of energy produced from renewable energy projects

Maritime Transport and Port infrastructure, Shipbuilding and Repair

Port authorities in the GCC are keen to engage in changes and development as customers demand more efficiency, while an increasing number of players in the region and beyond pose competitive risks. To this end, new technologies in the operational systems of GCC ports are of major importance, as well as regional and transboundary collaboration. Focused on economic diversification, the GCC's post-oil dependent economic strategy aims to boost foreign direct investment (FDI) by attracting funds and international partners for infrastructure projects. Saudi Arabia and the UAE pursue a more active geopolitical role that has to be supported by increased maritime power and seafaring expertise.



Coastal tourism

Despite the efforts of GCC countries to diversify their economies by focusing on sectors such as financial investments, Sovereign Wealth Funds (SWF), aviation, logistic zones, transport, and knowledge-based sectors, the tourism industry has emerged as an easy, straightforward, and resilient economic diversification tool among most of the GCC countries.

Interestingly, the GCC national authorities are aware of the potential risk involved in creating a high level of intraregional competition in the tourism arena. To address this, they have recently decided to adopt a win-win approach to this problem by calling for cooperation and coordination in tourism development and marketing, as they believe that only through intraregional cooperation will they be able to secure an overall increase in the number of international cruise arrivals. This cooperation is being pursued in various projects, such as the joint Oman–UAE tourist visa.

Sustainable Finance and Investment

The shift of GCC countries towards a reorientation of the economic model, away from dependency of their economies from oil production and exports and diversification towards greener activities, creates the space for a viable market for green finance. Initially led by the UAE, the GCC over the past few years has been investing in renewables, particularly solar power, and already hosts an active and growing renewables market.

The Blue Economy has already become involved with sustainable finance in the GCC region: DP World, Dubai's seaports operator, took out one of the region's first corporate green loans in 2018. The interest rate on the \$2 billion borrowing was linked to the company's environmental impact through carbon emissions. However, specialized products targeting the Blue Economy sector, and indeed impact investment efforts related to specifically maritime and coastal activities, such as shipping, aquaculture, and offshore renewables are still not present in the region.

Environmental Protection in marine and coastal areas

The marine environment in the GCC countries is important as a source of food security, energy, water desalination, as well as for supporting industries such as pearl trade, travel and tourism, transport, and fishing.

To protect the marine and coastal environment from environmental threats including oil spills, land-based sources of pollution and challenges emanating from climate change, national and regional Integrated Coastal Zone Management (ICZM) policy and studies are of utmost importance.



GCC Blue Economy policy context and contribution that EU and the International Ocean Governance can make

Emerging Sectors

Innovative Ocean energy

The presence of innovative ocean energy applications in the GCC region, in the form of floating offshore wind, wave and tidal energy, floating solar photovoltaic energy, and hydrogen generation offshore is minimal or nonexistent. This is a result of the focus of the region towards the more developed and commercially deployable renewable energy sectors, namely solar-thermal, photovoltaic and wind, driven by the relative advantages that the region has in conditions for such forms of renewable energy, and the drive to invest in sectors that present a commercially viable Levelized Cost of Energy (LCOE) in a region where energy is heavily subsidized.

Fisheries

It's very opportune for GCC countries to develop robust research, development, and market deployment for comprehensive microalgal biomass-based biorefinery approach for bio-product synthesis. An integrated and gradual appreciation of technical, economic, social, and environmental issues should be considered for a successful implementation of the microalgae-based oleo-feedstock (MBOFs) industry in the region.

Desalination

The GCC is leading the world in desalination with the UAE and Saudi Arabia being market leaders. The GCC countries have the highest global water desalination capacity of 81 per cent, producing around 40 per cent of the total world water desalination. Saudi Arabia alone is responsible for about one-fifth of global production and leads the world in the volume of desalinated water it produces which makes up 50 per cent of its water consumed.

Research and development that will allow innovation to make desalination operate with reduced impact in terms of discharges and energy consumption are critical for a region that is inextricably linked to the technologies of producing freshwater from saline raw inputs. Reduced or zero-liquid discharge and management / reuse of the brine from desalination plants is the key priority.

Maritime defence

The increase in the size and capability of several of the GCC navies over the next decade could allow the GCC countries to take on a larger share of maritime-security responsibilities in the future, including participating in multinational missions and patrolling sea lines of communication. However, unless many more billions are spent on sustainment, training, operations and personnel, and the ships fitted into a wider strategy, the GCC will remain a largely littoral force with very expensive patrol ships.

Marine Research and Technology

GCC countries are looking at the issues related to research in the marine environment, with a focus on the development of science and innovation in relation to Blue Economy sectors, of which the most common are aquaculture and fisheries, pollution, ecosystems, and to some extent Coastal Zone Management.



FOR MORE INFORMATION, THE EDITORIAL TEAM SUGGESTS THE LINKS BELOW:

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As always, we welcome your feedback on the topics and sectors that interest you most and you would like to see covered in future editions of the newsletter.

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