Address of Hon. Semisi T. Fakahau
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Head of Delegation of the Kingdom of Tonga
Lead Speaker of the Pacific Blue Economy Conference Session:
Key Ocean Industries

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1. Session Chair, Sue Taei, Executive Director, Conservation International New Zealand and Pacific Islands
2. Hon. Alfred Jr. Alfred, Minister of Natural Resources and Commerce, Republic of the Marshall Islands
3. Excellencies
3. Ladies and Gentlemen

Good afternoon, and may I take this opportunity to join the Session Chair in welcoming you all to this session.

I would like to thank the Pacific Islands Development Forum for organizing this very important Conference and for the kind invitation to participate in this session.

The quest for a blue economy entails a sustainable ocean economy where economic activities in, “Key Ocean Industries” such as fisheries, aquaculture, ocean and coastal tourism, seabed mining, maritime transport, port facilities and handling are in harmony with the long term capacity of the ocean ecosystems to support such industries, whilst remaining resilient and healthy. Promoting or restoring of ocean health is a global priority. Therefore, using of environmentally sustainable practices, innovative investments and effective management of ocean resources are vital for the development of Blue Economy in the Pacific.

The realization that the world’s oceans play an important role in climate regulation and many terrestrial activities, notably food production, coupled with economic changes and the rapid advancement in ocean technology have seen a
shift in the perception regarding the importance of marine resources. In recent years, development of ocean economy and ocean industries has increased and included as one of the national development strategies for many countries in their long term Plans for National and Social Development. In long term plans of some countries, their major tasks in ocean development are to optimize the structure of the marine industry, and to plan scientifically the development of marine industries, and to sustainably utilize the marine resources.

Exploration and protection of ocean resources play an important role in sustainable development, especially in countries that have vast sea territories. Evidences obtained from statistics of some countries, reveal the increased contributions from ocean industries to local economies. Therefore, cooperation among managers and specialists with high ambitions working in established ocean industries, including maritime transport, ocean and coastal tourism, port facilities and handling, seabed mining and fisheries are vital and should be sustainably managed. Industries must have the capacity to harness economic benefits from the growing multi-use of ocean and coastal sea spaces. There is therefore a need for increased cooperation and capacity development to increase scientific knowledge and research capacity, and transfer marine technology to improve ocean health and enhance the contribution of marine biodiversity to the development of developing countries, in particular Small Island Developing States (SIDS) and least developed countries, such as Tonga.

The Kingdom of Tonga’s overarching framework for long term development under the Tonga Strategic Development Framework 2015-2025 (TSDF) is aimed towards achieving “a more progressive Tonga, supporting higher quality of life for all.” It entails 7 National Outcomes that support the 17 Sustainable Development Goals (SDGs) of the United Nation for 2030. Out of which, 3 National Outcomes support Tonga’s commitment highlighted in Paragraphs 53-58 of the SAMOA Pathway. These 3 National Outcomes include achieving a more inclusive and sustainable government with:

1) effective environmental management to strengthen resilience to climate change - including improved use of natural resources for long-term flow of benefits, cleaner environment and improved resilience to extreme natural events and impacts of climate change;
2) successful provision and maintenance of infrastructure and technology - including affordable and sustainable energy services; and
3) responsive good-governance with law and order.

These national outcomes and objectives are then mainstreamed at the sectoral level into various sector plans and in this case most predominantly for Blue Economy is Tonga’s Fisheries Sector Plan, a framework designed by government and other stakeholders with the assistance from the World Bank Group and IFAD - for increasing the sustainable shared benefits for the Kingdom from the optimal use of its living marine resources.

Tonga believes that the fisheries sector can contribute significantly to the economy, but in a sustainable manner that protects the resources and ecological integrity of the ocean in the long run. The development of aquaculture is also progressing well and is at present focusing on farming of pearl oyster, sea cucumber, giant clam, seaweed and coral.

Tonga is currently taking measures, such as:

**Special Management Areas (SMAs) initiative** – a tool designed to assist coastal resources management through a partnership between government and coastal communities to sustainably manage and rehabilitate fisheries resources. The establishment of SMAs utilized the idea of marine protected areas and the traditional marine tenure systems, empowering the coastal communities to sustainably manage the use of their coastal resources. Results reflect communities gaining the ability to accumulate resources within a short period of time and the ability to preserve resources in a designated area for future uses.

**Eco-tourism**
Like most Pacific islanders, the ocean is my everyday experience, but besides that, I have been professionally involved in oceans affairs throughout my working life. I have seen some aspects of our marine environment decline during that time, but I have also seen many encouraging signs, including the commitment of many Pacific island governments, including my own, to the establishment of large Marine Protected Areas and marine sanctuaries to protect our most iconic and threatened species.
It is an unfortunate fact that many species of whales, turtles and sharks have been heavily over-exploited in the past 150 years. Many of them are listed as Threatened, Endangered or even Critically Endangered. With the onset of climate change, and a number of other human-induced threats, the future looks bleak for many of our most familiar species unless countries make a committed effort to reverse recent trends.

Fortunately, there are some good examples of visionary conservation initiatives in the Pacific islands – the Phoenix Islands in Kiribati, the Natural Park of the Coral Sea, the Cook Islands Marine Park and the US Remote Pacific Monument are all great examples of large MPAs between them covering millions of sq km of ocean, within which all manner of life is protected, to give every organism within their boundaries a better chance of survival. Additionally, French Polynesia has announced its intention to create a Marine Managed Area throughout its 4 million sq km EEZ, with only minimal fishing allowed.

Whale sanctuaries Large MPAs are vital in helping to protect a range of ecosystems and the services that they provide. Today, however, I’d like to focus on just one aspect of the Pacific’s commitment to protecting our ocean – whale sanctuaries. Many of you will already know that like many Pacific island countries, Tonga has a deep connection with whales. They guided our ancestors on their journeys of discovery centuries ago. Many treasured artefacts are made from whalebone and they feature prominently in our stories and in our art.

As most of you probably know, every humpback whale has a unique pattern on the underside of its tail.

When you examine the scientific data of individually-identified whales in the Pacific islands, you find that Tonga is indeed the most important breeding location in Oceania for this species, and is at the hub of inter-connectedness within our region.

Another unique feature of Tonga’s relationship with whales is that for much of the Twentieth Century, humpback whales were hunted in our waters. Although the number of whales taken were minor in comparison to the tens of thousands that were killed by industrial whaling fleets on their migration routes and their summer feeding grounds in the Antarctic, by the 1970s, less than 5% of the original whale population remained in the whole of Oceania.
When I was a young man and the Director of the newly-established Department of Fisheries, His Majesty King Tupou IV summoned me to the Royal Palace to discuss his proposal to prohibit further whaling before all our humpbacks vanished. I agreed that urgent action was required, and with the Royal Decree in 1978 to ban whaling in Tongan waters, we were able to develop the Whaling Industry Act 1979, which brought an end to whaling in Tonga. And what an enlightened decision that has proved to be. The population of whales visiting Tonga every winter has slowly recovered and now numbers over 3,000.

Tonga is far from alone - whale sanctuaries have been declared in the waters of the eleven countries and territories in the Pacific region, covering over 12 million square kilometres, and protecting all the main breeding grounds of humpback whales in our region. It has been a united effort by Pacific island governments, with tangible results.

As a consequence of these enlightened decisions, future generations of Tongans and other Pacific islanders will be able to marvel at these majestic giants around their coastlines. And the whales have proved to be an unexpectedly great economic benefit for my country and others, generating millions of dollars in tourism revenues for whale-watching businesses and communities throughout our region.

Tourism has not only been one of Tonga’s leading economic sectors but is becoming a growing determinant for future growth. Whale-watching is one of the driving factors, therefore, the protection of this marine mammal is crucial for Tonga’s source of livelihood. The ‘Whales in a Changing Oceans Conference’ was hosted in Tonga in April of this year, which aimed at the conservation of whales in the Pacific islands region to restore depleted whale populations and improve the livelihoods of Pacific islands people. Tonga believes such initiative is an important stepping stone towards achieving conservation and sustainable development.

**Special Management Areas (SMAs) initiative** – This is a tool designed to assist coastal resources management through a partnership between government and coastal communities to sustainably manage and rehabilitate fisheries resources. The establishment of SMAs utilized the idea of marine protected areas and the traditional marine tenure systems, empowering the coastal communities to sustainably manage the use of their coastal resources. Results reflect communities gaining the ability to accumulate resources within a short period of time and the ability to preserve resources in a designated area for future use. In
promoting eco-tourism, tourist resorts are built on small islands that have Special Management Areas. Furthermore, investors, in close collaboration with coastal communities that have SMAs, are encouraged to farm marine organisms like pearl oyster, sea cucumber, seaweed and coral in SMAs for commercial purposes.

**Seabed mining** – Seabed mining exploration is currently being undertaken in Tonga’s waters to determine potential exploitation. At the forefront of good governance for this emerging industry, Tonga in 2014 became the first country in the world to put in place a law (Tonga Seabed Minerals Act) that manages seabed mineral activities within its national marine space and under its sponsorship in international waters. The Act requires, for example, an Environmental Impact Assessment (EIA) and Tonga has the power to enforce requirements on performance standards. The Act highlights Tonga’s initiative to protect and preserve its marine environment, recognizing the need to balance economic development and the conservation of ocean’s biodiversity.

**Maritime Transport** - The Marine & Ports Division of the Ministry of Infrastructure is responsible, among other things, for making sure that domestic and international vessels operating in Tongan waters are safe and secure, that the marine environment is protected and the pollution risk is minimized.

- Maritime transport plays an important role in the economy of Tonga given the country’s reliance on imports and openness to international trade.
- The economic contribution of maritime transport and its potential to drive growth in Tonga is therefore significant, but remains underexploited.

On the other hand, the establishment of the Tonga Port Authority, according to the Port Authority Act 1989, is for the purpose of managing and operating the ports and assets in the Schedule, and any other ports under this Act, and shall have the powers and functions conferred upon it by this Act. Port Authority is responsible for serving the country’s vital international trades through a broad range of cargo handling and logistics services. The Authority manages and maintains the operations and assets of the ports, encouraging the development of commercially viable and efficient ports in Tonga.
While there has been much progress in conservation and sustainable use of the ocean, Tonga recognizes the challenges and potential risks that exist in its path to conservation and sustainable development through transitioning to a blue economy. During one of the side events of the United Nations Ocean Conference, Tonga raised the need for the definition of the “blue economy,” and clarification on the concept and what it entails.

Tonga believes in sustainable management of our ocean, which will provide significant contributions to the alleviation of poverty, creation of sustainable livelihoods, increased food security, improved human well-being and social equity, accompanied by conservation, protection and restoration of marine biodiversity.

- **Barriers to blue economy growth.** The blue economy is strongly dependent on a quality environment for the sustained supply of goods and services. This is particularly true in the case of small states. Over the past century, however, human use of the world’s ocean areas has increased exponentially, reflecting intensification of historical ocean uses (e.g. fishing and maritime transportation) and the emergence of new uses, such as the extraction of offshore oil and gas deposits, and seabed minerals. At a global level, heightened food insecurity and diminished economic opportunities are just some of the challenges faced by the world’s poorest people as a result of the overexploitation and poor management of the oceans. The interconnected nature of ocean and coastal environments means that exploitation of one type of marine resource has the capacity to impact on other marine resources and the wider marine environment. These factors present both governments and ocean users with significant challenges in terms of ensuring that development goals, strategies and projects do not operate at cross-purposes with the vast range of human activities affecting the ocean. Oceans are facing significant existential ecological risks that can negatively affect the social and economic prospects of all countries, particularly SIDS that are acutely dependent on oceans.

The range of threats being faced by the oceans is broad, but the most significant include: • unsustainable fishing practices; • pollution from land-based and
marine activities; • marine invasive species; • habitat destruction from coastal development and extractive industries; and • poor governance practices. Notwithstanding the significance of these challenges, the greatest systemic threat facing the ocean in many countries is climate change. Among the many challenges arising from climate change, four appear to be particularly relevant constraints to building the blue economy in SIDS:

• First is sea-level rise, which presents the biggest challenge for small island states and leads to island abandonment, exposure to storm surges, and damage to coastal economies and infrastructure. The sea-level rise anticipated from climate change is the biggest long-term threat facing the tourism industry in many SIDS, where most tourism infrastructure lies just above sea level. Port infrastructure is also vulnerable, although to a lesser extent.

• Second, meeting the demand for water in SIDS will be strongly compromised under most climate change scenarios.

• Third, changes in the ocean and coastal marine environment, such as elevated sea surface temperatures and ocean acidification, will disrupt critical ecosystem services, for example coral reefs and fisheries, which small islands depend upon for food and economic development.

• Finally, a further significant impact of climate change is physical damage from hurricanes and other severe weather events. Significant reef damage and alteration has occurred as a result of extreme weather events, along with associated damage to coastal infrastructure that has not been constructed to hurricane-proof standards.

• Creating the enabling conditions to support blue growth Growing the blue economy requires a range of framework conditions to be fulfilled, most obviously adequate infrastructure and highly skilled staff with access to low-skilled workers.

• Other essential conditions include: public acceptance, a solid legal framework regarding international waters and good governance at the local and regional levels.

• Clear and co-ordinated institutional mechanisms for integrated coastal and ocean management established and implemented across relevant sectors such as fisheries, tourism, transport, energy, health and environment, will be essential to accommodate and resolve conflicts between the vast range of marine-related interests and values.
The successful and sustainable development of a blue economy will also require governance and policies that integrate environmental and economic considerations.

The mix of marine resource development will be determined by existing governance structures, and will likely require new legislation, rules, strengthening of institutions and potentially the establishment of entirely new institutions.

Translating new opportunities into productive sectors will require investment in research and development, building technical capacity, and creating the right environment to attract and retain outside investment. These have to be fundamental principles of the blue economy.

In order to fully realise the transition to a blue economy, there are seven key thematic areas (enablers) that are vital for creating the conditions for growth and investment.

- A healthy, resilient and productive marine environment
- A key principle of the blue economy is that the health of the oceans is inextricably linked to the sustainability of economic livelihoods for coastal communities and the economy generally.
- The oceans also provide a range of essential goods and services that would be extremely costly to restore or replace once lost.
- For SIDS, in particular, the health of coral reefs and associated biodiversity is of critical importance both from an environmental perspective and as an economic one, due to the strong reliance of SIDS’ economies on the tourism and fisheries sectors.
- The effective management of the marine environment and the maintenance and restoration of ecosystem health and integrity is fundamental to ecologically sustainable development.

Ocean governance

The existing ocean governance framework in most, if not all, SIDS emphasises a traditional sector-specific approach to management and planning, and thus shows symptoms of the problem facing a large number of countries seeking to implement a blue economy approach – ocean governance remains highly ‘balkanised’. As governments encourage economic development of marine areas in the future, value-based conflict between competing interests is likely to increase.
It will be difficult to resolve such conflicts without a more comprehensive and integrated approach to marine planning and decision-making, one which recognises the interactions and the interdependent nature of the various systems on islands.

Good governance and co-ordination across government is the unique key to achieving adequate management of the ocean and is, therefore, an overarching theme that is an essential part of the blue economy.

A new approach is needed that recognises the full portfolio of possible uses and activities within the blue economy and therefore co-ordinates management across this portfolio.

The overall aim of integrated governance arrangements should be to establish, strengthen and implement effective governance mechanisms that contribute to the implementation of the blue economy. Most, if not all, small states need to transition to a more integrated governance approach that requires all uses, users and values to be considered.

**Business development, investment and finance** Many countries are developing and implementing strategic ocean development plans and policies to stimulate growth in their ocean space. These have the potential to significantly increase investment in and development of the blue economy. Such strategic development plans focus on both existing sectors and new and emerging opportunities. The realisation of these opportunities will require strategies that:

- further support investment in and development of existing sectors;
- promote investment and innovation to support the development of new sectors, and
- further develop the backward and forward linkages in the value chains of existing sectors. Many public and private economic activities that could serve to restore ocean health will carry higher up-front costs and returns that will not be immediately accrued to investors’.

As such, in order to transition to a sustainable blue economy, it is also necessary to have in place inter alia sustainable financing mechanisms that will provide long-term and reliable funding to support blue economy activities, including conservation and sustainable management initiatives for marine and coastal resources, as well as the wider environment.
• A range of innovative finance mechanisms exist that could be applied to a range of initiatives, including fishery improvement projects, habitat restoration and protection projects, valorisation of a range of marine ecosystem service values, and projects that link coastal and marine ecosystems to climate change adaptation.

• In SIDS, particularly, the greatest potential for value addition and job creation lies with the development of small and medium-sized enterprises within blue economy value chains. There is, therefore, a need to examine the mechanisms to encourage and finance start-up MSMEs and to assist with capacity and technology development.

• **Infrastructure.** Coastal and port infrastructure are critical assets that serve as catalysts of economic growth and development in SIDS, since SIDS rely heavily on coastal tourism and are almost entirely dependent on maritime transport to facilitate global trade. In many SIDS, tourism resorts, coastal towns and infrastructure are at risk, given their location at or near present sea level and their proximity to the coast. Relocation or fortifying coastal infrastructure for coastal protection will become financially burdensome for governments. Investment in coastal infrastructure improvements and a better-integrated approach to planning will afford the tools to help minimise hazards of flooding and erosion, and investments in coastal infrastructure and to optimise performance.

• **Technology, research and development.** Research and development and other knowledge-generating activities: support sustainable economic growth and job creation through the development of new products and services; facilitate better management and protection of marine ecosystems; and inform policy, governance and regulation of the marine sector. Knowledge of the marine environment is also a critical need for effective decision-making. The more that is known about the marine environment, the better people’s interaction with it can be managed. Integrating diverse and complex information, supplemented by new research, contributes to the advancement and management of ocean resources. Identifying and defining ongoing strategic marine research and information needs, in an inclusive and adaptive manner, together with the appropriate funding resources and mechanisms, is essential for achieving economic development through a blue economy framework.
• **Education and capacity building.** A lack of education and training in many SIDS leads to chronic gaps in their technical capacity for marine research, planning and decision-making. Identifying future skills needs and labour market supply and demand trends, and adapting and developing existing education, vocational and professional training programmes to meet them, will be essential if the blue economy is to become a reality in SIDS. A more co-ordinated focus between the existing research and educational facilities may well prove beneficial in terms of addressing key gaps in research skills and capacity building, but ultimately a more comprehensive research strategy is likely to be required if SIDS are to fully realise the opportunities presented by the blue economy.

• **Maritime surveillance, monitoring and enforcement.**
  Tonga is very committed to meeting the targets under SDG 14. Tonga is also committed to working with governments of other Pacific Island Countries and Territory in implementing both the global Port State Measures Agreement (PSMA) to prevent, deter and eliminate Illegal, Unreported and Unregulated (IUU) fishing, and the Niue Treaty Subsidiary Agreement for monitoring, control and surveillance of fishing in the Pacific region.

I thank you.