Introduction to the Blue Economy

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The “blue economy” is bigger than its sectors

Beyond just fisheries

The ocean sectors
fishing, shipping, tourism, ports, offshore energy – these are the priced, visible “blue economy”

“Blue economy” is a contested term
“Blue” can mean genuinely regenerative or business-as-usual extraction but taking place in the ocean.

That is exactly why the UNEP FI Sustainable Blue Economy Finance Principles exist: to define what credible blue finance is.

→ For investors, the first skill is distinguishing the two

The ocean as the systemic backbone of planetary functioning

The economy that depends on a healthy ocean
Far larger - food security, climate regulation, coastal protection, livelihoods. Societal functioning and therefore our economy is dependent wholly on a healthy ocean

This link is often missed.

Large but systematically undervalued

~$2.5tn

annual output of the ocean economy - if it were a country, among the largest economies on Earth - but this counts the extractive, priced ocean (incl O&G, mining etc)

x2 by 2050

OECD projects the ocean economy could double in size – no indication that this would be sustainable

~$24tn

estimated ocean asset base - direct, easily quantifiable economic outputs (such as fisheries, coastal tourism, shipping lanes, and adjacent coastal real estate)

Majority of numbers measure ocean extraction.

They leave out the ocean's regulating services - climate stability, carbon, coastal protection, biodiversity - which are larger in value and almost entirely unpriced.

Lack of funding & harmful flows of capital

Under-funding

SDG 14 (Life Below Water) is the least-funded of all the Sustainable Development Goals (from governmental & philanthropic sources)

The “blue finance gap” is routinely put in the hundreds of billions of dollars a year.

The instruments we have - blue bonds, blue impact funds, debt-for-nature swaps, credits – have a relatively small impact overall, especially relative to the need.

Flows going the wrong way

Far more capital flows into activities that degrade the ocean than into protecting it (97% vs 3%).

~$22bn a year in harmful fisheries subsidies alone; plus systemic incentives for financing of overexploitation, coastal degradation and pollution.

Filling a “gap” with new blue investment won’t solve the issue of a degrading planetary backbone if the harmful flows continue.

$8.4 trillion of assets & revenues are at risk over next 10 years under business as usual across **two-thirds of listed companies** are exposed

WWF & Metabolic, “Navigating Ocean Risk” (2021). These risks are rarely priced into assets today — so they sit, unseen, in investors’ own portfolios.

What can investors do?

Private capital leads on the transition of ocean industries, uses ownership to lower risks and improve performance, engages through blended finance & policy support for ocean value outside of their sphere of influence.

1. **See the ocean risk you already hold** Most of your portfolios already carry ocean-dependent and ocean-impacting assets - shipping, seafood, coastal property or agriculture, tourism. You may just not have labelled it ‘ocean-linked“. The exposure is already there so the first thing you can do is map out the ocean risk exposure you already have and your portfolio‘s impact on key ocean functions, which increase your risk exposure over the long run. Then integrate this exposure into equity valuation and fixed income credit analysis.

2. **Use your ownership - steward & engage** Use your ownership for stewardship and engagement. For many of you it will be tricky to simply exit to reduce risk exposure, so what becomes more important are the systemic risk that the whole market it exposed to as well as ensuring your own investees improve their performance on these issues. Use your voting rights, engage the most harmful companies together with other investors to ask for improvements and set ocean-impact expectations for portfolio companeis (like Norges Bank IM is already doing). To reduce exposure to the most harmful activities you can also use the UNEP FI exclusions list.

3. **Allocate to the genuine transition & stop financing harm** Lead on the transformation of ocean-linked industries toward a sustainable or regenerative blue economy, by deploying capital across transition-ready industries where it is needed. The UNEP FI Sustainable Blue Economy Finance Principles and Guidance can help you to find out what best practise looks like across different ocean-linked sectors. Further, there are now norms and guidelines for everything from blue bonds to „blue“ KPIs and metrics.

4. **Push for policy** Much of ocean value is a public or common good and therefore difficult for private investors who have a profit expectation to invest in. However, you can partner through blended finance instruments on for example coastal resilience and restoration. Lastly, from a poly-capital perspective, there are opportunities for you to use your public voice, networks and systemic engagement in policy and regulation processes to push for holistic change across all sectors and industries.