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Blue economy in Southeast Asia: Oceans as the new frontier of economic development

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ABSTRACT
While the term "blue economy" has found increasing traction with a variety of stakeholders (both state and non-state) in the recent past, a working definition of the concept at a regional or global level is yet to be arrived at. This paper begins with a brief examination of the concept of blue economy, followed by a discussion of blue economy initiatives undertaken or aspired towards at the regional level of Southeast Asia. In doing so, three fundamental propositions are made: First, the prospects for blue economy in Southeast Asia remain optimistic despite difficulties in collective action posed by the "ASEAN Way", an obstacle which appears to have been considerably overcome in the launching of the ASEAN Economic Community (AEC) in 2015. Second, Indonesia's growing economic and political profile allows it to assert the reins of regional (and even global) leadership on blue economy, without necessarily limiting itself to the Association of Southeast Asian Nations' (ASEAN) means and mechanisms. Third, while traditional security issues, both between Southeast Asian and extra-regional powers and within Southeast Asia over outstanding sovereignty and jurisdictional disputes, may impede cooperation on tackling non-traditional (maritime) security issues in the region, they may not prove as formidable an impediment against the successful realisation of blue economy initiatives.

KEYWORDS
Blue economy; Southeast Asia; Association of Southeast Asian Nations (ASEAN); Indonesia; ASEAN Economic Community (AEC); non-traditional security

Introduction

While the term "blue economy" has found increasing traction among a variety of stakeholders (both state and non-state), a working definition of the concept at a regional or global level is yet to be arrived at. For the purpose of analytical clarification, this paper employs the definition provided by the Indian Ocean Rim Association (IORA): Blue economy is the "integration of ocean economy development with the practices of social inclusion, environment sustainability and innovative, dynamic business models … that enhances human welfare in a holistic manner".[1]

On a global scale, the economic value of the oceans is quite large. The World Wide Fund for Nature (WWF) has estimated the range of goods and services that flow from coastal and marine environments and valued it conservatively at US$ 2.5 trillion annually, with the overall value of the oceans as an asset being tenfold this amount.[2] In considering the oceans as the principal space of economic activity in the 21st century, three primary issues are identified.

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First, over 80% of global trade is conducted via the seas; maritime *transport* is the backbone of international trade and, by extension, the global economy.[3] This sector is also a key enabler for other economic sectors, such as marine economic manufacturing, marine auxiliary services, and other marine-based industries such as shipbuilding.[4] Second, the oceans are a vital source of global food security. Fisheries provide approximately 4.3 billion people with more than 15% of their annual consumption of animal protein and is the fastest growing animal-food producing sector since 2011.[5] Third, the oceans have within them vast untapped resources of energy and minerals. This includes both non-renewable (with over 30% of global oil and gas being extracted from offshore sites) and renewable energy sources (including wind-driven waves, gravitation-induced tidal energy, marine salinity gradients and ocean thermal energy conversion), the latter being particularly indispensable against a backdrop of increasing global energy demands.[6] Equally, 5% of the world's minerals are expected to be extracted annually from the oceans by 2020.[7]

The primary objective of blue economy is recognising the oceans as the latest frontier of economic development – essentially as a strategy to explore the ocean's potential as a source of resources, livelihood and services. There are two main elements of this "economic development model" which warrant further elaboration. The first is that of sustainable development. Blue economy considers the sustainable utilisation of oceanic resources to be significant, albeit as a secondary priority.[8] This is not, however, an altruistic end in itself, as healthy and resilient oceans are in the long-term economic interests of state and non-state stakeholders. Towards this end, there have been several measures, whether international and legal (such as the International Maritime Organization [IMO] shipping regulations), or more localised (national, regional or sub-regional) and informal in nature.

The second element is that of technological development, which plays a vital role in improving the economic potential of the blue economy model, as well as in terms of facilitating the aforementioned "sustainability" component of this development. For instance, marine biotechnology enables efficient exploitation of the high levels of marine biodiversity towards the production of pharmaceuticals and other goods.[9] Similarly, marine technology addresses issues such as oil spills, wastewater treatment and other environmental disasters. Advancements in marine technology also enable improved quality of data collection by using satellite and remote sensing technology, such as high frequency surface wave radar (HFSWR).[10] A resulting "smart oceans" platform improves maritime safety and supports ocean-based shipping activities.[11] The utilisation of HFSWR technology provides real-time coastal ocean surface current observations and tidal current predictions in coastal waters, making fisheries management possible, i.e. through detecting evolving surface current fields and directing effective shipboard trawl sampling efforts for larval fishes in real time.[12] Likewise, HFSWR is an ideal sensor to detect non-cooperative vessels, and enables surveillance of wide areas simultaneously, assisting states to tackle maritime terrorism and piracy.[13]

Blue economy in Southeast Asia

With a coastline of 173,000 km bordering some of the most economically and ecologically rich ocean areas of the world, Southeast Asia claims possession of nearly 30% of the world's coral reefs, 35% of mangroves and at least 18% of seagrass meadows.[14] For several states in the region, marine economy as a percentage of national gross domestic product (GDP) is significant – approximately 22% for Vietnam and 15% for Indonesia.[15] Two of the region's developing countries, Thailand and Vietnam, are among the top three leading seafood exporters in Southeast Asia.[16] Southeast Asia also contains six of the top 25 busiest container ports in the world,[17] and two of the top 10 shipbuilding economies in the world (the Philippines, Vietnam).[18]

At a more comprehensive level, the South China Sea is recognised as a significant source of petroleum deposits, with several Southeast Asian nations (including Indonesia, Malaysia, Thailand, Brunei, Vietnam, Myanmar and East Timor) located on the Sunda Shelf – a massive continental shelf known to have rich subsea hydrocarbon deposits.[19] The governments in these countries are exploring opportunities to harness marine energy – Indonesia has developed plants for wave energy in Yogyakarta, gas resources in Natuna Islands, tidal current energy in East Lombak, and ocean thermal energy conversion in Bali; and the Philippines plans to open its first ocean energy plant in 2018.[20]

For a region so highly dependent on its coastal and marine resources, governments are increasingly aware of the importance of their sustainable exploitation in order to secure long-term national interests. The Southeast Asian region has demonstrated increasing signs of overfishing, with its coastal areas having been recognised as among the most vulnerable to climate change. A 2016 Association of Southeast Asian Nations and The Economics of Ecosystems and Biodiversity (ASEAN TEEB) Scoping Study reported that Southeast Asia is expected to lose one-third of its mangroves from 2000 to 2015, under a "business as usual" scenario, at an estimated cost of US$2 billion (annual value in 2050).[21] The cost of lost reef-related fisheries in the region was estimated at US$5.6 billion (annual value in 2050), with the highest loss in Indonesia and the Philippines. Meanwhile, overall environmental costs from unsustainable fishing, coastal development, pollution and climate change impacts in the Philippines amounted to US$129.5 million, and around US$2.62 billion in Thailand.[22]

It is against this backdrop of economic opportunities and sustainability concerns that the concept of blue economy has been championed in the broader East Asian context, at the forefront of which are a number of Southeast Asian countries. At a comprehensive level, the Partnerships in Environmental Management for the Seas of East Asia or PEMSEA (whose country partners include Indonesia, the Philippines, Vietnam, Singapore, Cambodia, Laos and East Timor) recently launched the East Asian Seas Sustainable Business Network (EAS-SBN) of companies and investors, along with an inventory of over 300 potential coastal management investment opportunities.[23] PEMSEA hosts the East Asian Seas Congress every three years, which serves as a key platform in advancing cooperation towards the implementation of the Sustainable Development Strategy for the Seas of East Asia (SDS-SEA).[24] Moreover, the Asia-Pacific Economic Cooperation (APEC) forum has listed blue economy projects as "Rank 1 APEC-funded Projects", led by the APEC Oceans and Fisheries Group.[25] At the 2015 APEC High Level Policy Dialogue on Food Security and Blue Economy, the Philippines Environment Secretary, Ramon Paje, called for greater cooperation among the member economies to "unlock the full potential of the blue economy and achieve sustainable, inclusive growth in the region".[26] The Coral Triangle Initiative is one such multilateral initiative, in which Indonesia, the Philippines, East Timor (and two extra-regional states – the Solomon Islands and Papua New Guinea) collectively manage the coral ecosystem in their respective areas.[27]

At the national level, Southeast Asian states have adopted a number of legal and practical measures in line with the basic tenets of blue economy, and includes (but is not limited to) the following. The Philippines has adopted integrated coastal management (ICM) as its national strategy as per Executive Order No. 533, to ensure the sustainable development of the country's coastal and marine environment.[28] In addition, the formation of the Philippines Sustainable Development Solutions Network witnessed the emergence of innovative projects facilitating effective oceans resource management by local authorities.[29] In late 2014, Indonesia adopted a Law on the Sea delineating its marine resource use, conservation and protection, and establishing marine spatial planning as a tool to manage its use of coasts and oceans, while in Thailand, the Promotion of Marine and Coastal Resource Management Act took effect in June 2015.[30]

In Vietnam, the Communist Party Central Committee approved Resolution 09-NQ \TW, with the target that the country's marine-based economy should account for 53–55% of the country's GDP and 55–60% of the total export volume.[31] In Singapore, its Maritime and Port Authority invested US$100 million in the Maritime Singapore Green Initiative, comprising the Green Shipping, Green Port and Green Technology programme, which provides incentives for the adoption of green shipping practice beyond the minimum requirements dictated by the IMO.[32] Meanwhile, Malaysia's 11th five-year strategic development plan allocated over US$70 billion towards its National Blue Ocean Strategy.[33]

Deeper engagement with the discourse and practice of blue economy in Southeast Asia reveals a number of interesting observations, which are expounded in greater detail in the next three sections.

Blue economy and the "ASEAN way": progress or deadlock?

Prior to debating the viability of blue economy at the regional level in Southeast Asia, it is essential to comprehend the diverse interests and stakes each individual state has in relation to it. Of the 11 Southeast Asian states, only five are considered part of "maritime Southeast Asia" – namely, Indonesia, the Philippines, Brunei, (East) Malaysia, and Singapore, although in this paper two other "mainland" Southeast Asian states which possess substantial maritime interests and capabilities are included, i.e. Vietnam and Thailand. Therefore, not all Southeast Asian states hold maritime issues among their top national priorities. Further, among these "maritime" nations, the key interests and stakes vary considerably from one state to another: coastal and marine tourism for the Philippines, Malaysia and Indonesia; shipping sector and maritime infrastructure for Indonesia, Malaysia, Singapore, Vietnam and the Philippines; and fisheries management and seafood exports for Indonesia, Thailand, Vietnam and the Philippines. Integrating and coordinating this diversity of national maritime interests under a regional blue economy framework will therefore require political leadership by one or more states, along with capacity-building measures, and attitudes of cooperation and compromise. In addition, regional capacity for a balanced approach to ocean governance varies greatly. For instance, Ebarvia (2016) argues that while a common blue economy framework could be initiated in China, Indonesia, the Philippines and South Korea, there remains much work to be done in order to do the same in Malaysia, Thailand and Vietnam.[34]

The inherent cross-sectoral nature of blue economy, coupled with the non-divisibility of its outcomes, i.e. healthy and resilient oceans being common public goods for all regional states, means that collective action among regional states has common benefits and is a necessity. It also integrates with ASEAN's ability to provide a venue for regional dialogue, and for governments, private sectors and other stakeholders in the region to harmonise blue economy policies.[35] However, the ASEAN Way has consistently complicated collective problem-solving, with decisive implementation being waylaid by national interests, effectively shielding states from tackling joint tasks "that are either too demanding administratively, politically difficult to implement, or not sufficiently important given a national set of priorities".[36] The resulting perception that rhetoric is rarely translated into practice within an organisation that functions more as a "talk shop" has persisted in spite of ASEAN's expressed intentions and rhetorical change (especially following the adoption of the ASEAN Charter in 2007).[37]

This is compounded by the fact that while blue economy has made its initial inroads into the region, it is little more as yet, remaining ill defined and therefore open to varied interpretations. This is important, as in order for a common, working framework for collective action on blue economy in Southeast Asia to be developed, it requires its scope, indicators, estimation methodologies, etc., to have been already determined.[38] The absence of a clear definition of blue economy is, therefore, a result of different state interests and the formidable challenges in estimating the extent of coastal and ocean activities, and their direct and indirect impacts (in terms of economic capital, but also human, social and natural capital).[39] A consequent danger lies in policymakers in the region not fully appreciating the scale of the ocean challenge, mistakenly believing that a "few judicious changes to policy, governance and enforcement should be sufficient to manage the impact of growing competition from ocean space".[40]

However, it is argued in this paper that the prospects for blue economy in Southeast Asia remain optimistic despite difficulties in collective action posed by the ASEAN Way, an obstacle which appears to have been considerably overcome in the launching of the ASEAN Economic Community (AEC) in 2015.

The AEC has made substantial, albeit gradual, progress in the field of regional economic integration. According to the *ASEAN Annual Report 2015–2016*, "near completion of the implementation of measures under the AEC Blueprint 2015 has been achieved and a firm commitment has been made to prioritise the remaining measures in 2016, as stated in the AEC Blueprint 2025".[41] During the 26th ASEAN Summit held in April 2015, it was highlighted that the current rate of implementation of the AEC Scorecard stood at 90.5% out of 506 measures targeted for ASEAN-wide implementation over the period 2008–2015.[42] While such progress on regional economic integration has been facilitated by the "greater degree of business interest in regional integration", the primary mechanism has been the institutional design of the AEC which is "deliberately designed for flexibility so as to allow national governments sufficient autonomy [to make vertical and horizontal compromises] in deciding which sectors to liberalize, deregulate or reform and at what speed".[43] This "flexibility" has over time become institutionalised through procedural rules which allow for "exemptions, modifications of consensus, and notifications of intent to delay or withdraw commitments", thereby introducing a considerable degree of order into the regional integration process.[44] The negative consequences of such flexibility have been further tempered through legal commitment devices and monitoring mechanisms. The latter includes the ASEAN Secretariat which has been accorded the task of monitoring members' compliance with their AEC commitments (although it does not have any delegated authority to punish non-compliance), and the AEC Scorecard.[45]

Such advancements hint at the ability of impasses long associated with the ASEAN Way being transcended to a considerable extent. Moreover, since blue economy is essentially an economic endeavour, it raises the possibility of being incorporated into ASEAN's agenda, particularly within the AEC. For instance, ASEAN has put into motion a number of intra-regional multilateral maritime security cooperation mechanisms which, while mostly "stuck at capacity-building at the national level", fall within the ambit of blue economy.[46] Similarly, while blue economy does not explicitly occupy a place of its own within the AEC agenda, the emphasis on maritime infrastructure development within the AEC is especially relevant. The AEC 2020 vision for transport connectivity aims at strengthening ASEAN's competitiveness and fostering regional inclusive growth and development through the following key measures: (1) strengthening maritime connectivity within ASEAN through the establishment of ASEAN Single Shipping Market (ASSM) regional maritime transport cooperation and effective implementation of the IMO conventions towards realising integrated, efficient and competitive maritime transport, including fostering a culture of maritime safety within ASEAN; and (2) developing strategic maritime logistic corridors.[47] In addition, the third pillar of the AEC, "A Region of Equitable Economic Development", seeks to achieve "sustainable and balanced growth and development through equitable economic development".[48] This sentiment ties in well with the notion of sustainable economic development central to blue economy.

It can be safely concluded, then, that the challenges faced in implementing blue economy through ASEAN's means and mechanisms are substantial; at the same time, it is important not to exaggerate their insurmountability. The region has much work to do in terms of bringing greater clarity to the concept of blue economy, and in developing an overarching, robust regional framework on blue economy which ties in governance, institutions, business investment and innovation.[49] While blue economy, still in its nascent stages in Southeast Asia, is championed primarily at the national level by a handful of ASEAN states (with Indonesia at the forefront), one may expect to see it gradually being adopted at the regional level by ASEAN (and the like) as its content and practice matures in the future, thereby gaining the institutional support and normative credibility which it requires for a more comprehensive implementation.

Indonesia as regional champion of blue economy

Indonesia's geographical assets make it a natural leader of maritime affairs. As the world's largest archipelagic nation, with 5.8 million km^2 of territorial water, more than 90,000 km of coastline and 17,508 islands, the oceans are a vital sector of Indonesia's statehood, contributing approximately US$1.2 trillion to the annual national income, and forming an essential part of the country's economy, culture and identity.[50]

It comes as no surprise, then, that Indonesia has demonstrated a keen interest in blue economy, with President Jokowi announcing his vision to make the country a "global maritime fulcrum" between the Indian and Pacific Oceans:

> "We have to strive to restore Indonesia as a maritime country. The oceans, the seas, the straits and the bays are our future. We have been turning our backs on them for too long. Now is the time to restore all until '*Jalesveva Jayamahe*, in our seas we are triumphant'."[51]

Jokowi had earlier on called for support of blue economy during his speech at the Rio+20 Conference in 2012, which was subsequently adopted as an integral part of Indonesia's national ocean development as per Article 14 (1) in 'Law No. 32 2014 About the Sea'. To this end, the Ministry of Marine Affairs (MMAF) 2015-2019 Strategic Plan highlights three fundamental objectives:

(i) 'sovereignty', in its fight against Illegal, Unreported and Unregulated (IUU) fishing though measures such as sinking captured IUU fishing vessels and establishment of a task force to prevent and combat IUU fishing;
(ii) 'sustainability' of marine and fisheries resources, primarily through legal measures; and
(iii) 'prosperity', through utilising marine and coastal resources towards improved well-being of targeted beneficiaries and stakeholders, i.e., the fishermen, fish farmers, processors, and exporters.[52]

In accordance with its stated commitment to blue economy, the Indonesian government worked closely with the United Nations (UN) Food and Agricultural Organization, towards the target of implementing the blue economy in the East Lombok and Central Lombok provinces of West Nusa Tenggara.[53] The project is an integrated development programme (scheduled to be completed by 2018) focusing on fisheries, aquaculture, marine tourism, salt industry, pearl industry, ecosystem services and capacity building, and is expected to generate US$114.88 million and 77,700 new jobs annually.[54] The government has also committed to creating a Blue Economy Zone with integrated land- and ocean-based development, applying ICM with pilot projects on the islands of Bali and Lombok.[55]

Indonesia is also in the process of developing its National Ocean Policy, an unprecedented development in its own history and among other ASEAN nations. The policy is expected to be launched in the second half of 2016, following which Indonesia intends to conduct a socialisation programme in Southeast Asian states, so as to provide the latter with a greater understanding of their role in its ocean policy and of its impact on them.[56] This enables Indonesia to take the reins of regional leadership on blue economy, and simultaneously helps dispel neighbourhood concerns of its rising regional and global activism more reflective of a preference "to go it alone", and of acting on its own interests than towards the collective, regional well-being.[57]

The more pragmatic impetus behind such efforts includes the economic costs of unsustainable exploitation of marine resources. For instance, illegal, unreported and unregulated (IUU) fishing has contributed to annual economic losses of up to US$20 billion in Indonesia, with several fishing grounds already heavily depleted.[58] Moreover, unsustainable fishing practices are increasingly a business risk – a case in point being the European Union (EU) giving the Philippines a yellow card fisheries rating in 2014, resulting in a significant loss of market access previously marked at US$200 million annually.[59] This is equally pertinent to Indonesia, whose fish exports to the EU amount to around US$530 million annually, and is being increasingly subjected to EU sustainability standards.[60]

Indonesia's heightened concern regarding maritime issues is also largely driven by the substantial numbers of illegal ships that have been entering its waters on a daily basis for many years – by one account, some 3,180 foreign fishing vessels annually.[61] Moreover, being at the forefront of blue economy in the region endows Indonesia with "soft power" and establishes it as a role model to be emulated, being therefore more than an end in itself, as part of a strategic agenda to enhance its regional political stature (and even among the middle-tier powers in the international system).

Moreover, Indonesia's growing economic and political profile allows it to assert the reins of regional (and even global) leadership on blue economy, without necessarily limiting itself to ASEAN's means and mechanisms. In the past, Indonesia typically adopted the practice of "leading from behind" within ASEAN on regional issues, often conceiving of the latter as an instrument lending credibility to its claims on regional leadership.[62] Under the current Jokowi administration, however, indications seem to be stronger that Indonesia is "turning away" from ASEAN, displaying a more independent leadership role within the region and a heightened global orientation.[63] ASEAN, which used to be the cornerstone of Indonesia's foreign policy, is now one cornerstone of many.[64] Such a shift in its foreign policy follows largely from its discontent with ASEAN's protracted, drawn-out decision-making processes, leading to calls by certain segments of Indonesia's elite for its emancipation from the regional organisation at times finding traction within its political leadership.[65]

Equally, it is also reflective of Indonesia's varied levels of regional-level engagement along different issue areas. Its main policy preferences and interests vis-à-vis ASEAN in general, and regional integration in particular, historically lie in the area of security and defence, which remains the case to this day.[66] The reasons behind this are threefold: limited economic interdependence between Indonesia and its neighbours; an Indonesian perspective that looks beyond the mere region in search for economic opportunities; and diverging interests of member states in relation to key features of regional integration.[67] This would explain why on the issue of blue economy, in essence an economic venture, Indonesia prefers to assert regional leadership in an independent manner (at least for the present). This, however, does not indicate a lack of appreciation of the necessity for multilateral cooperation in tackling maritime issues, as its new maritime strategy explicitly carries in its spirit the strong will to build cooperation and dialogue amongst nations to advance common interests in enhancing the sustainable development of maritime concerns.[68]

Challenges to blue economy in Southeast Asia

The presence of traditional security issues between Southeast Asian and extra-regional powers *and* within Southeast Asia may appear among the more formidable obstacles to the implementation of blue economy in Southeast Asia. The former refers to competing regional territorial claims, including the conflict between the "nine-dash line" claimed by China and the exclusive economic zone (EEZ) claims by Brunei, Indonesia, Malaysia, the Philippines, Vietnam and Taiwan. Incidents in the South China Sea in 2011 and 2012, such as the cable-cutting case of the Binh Minh 02, and the opening of bidding on nine oil blocks by China's National Offshore Oil Company (CNOOC), which are also within Vietnam's EEZ, drove inter-state tensions to alarming heights, and aroused domestic nationalist sentiments within the respective states.[69]

In July 2016, tensions were heightened following the decision by an arbitration tribunal to award the Philippines with exclusive sovereign rights over the disputed West Philippine Sea (South China Sea) and deny China's nine-dash line claims. The decision was rejected by China, which refused to participate in the arbitration proceedings from the start. Such inter-regional tensions also impinge upon regional unity within ASEAN, evident in the failure of the grouping to issue a joint communiqué in July 2012, and more recently in June 2016 (on both occasions due to disagreement over the tensions in the South China Sea).[70]

Similarly, complex and prolonged disputes of sovereignty among Southeast Asian states include the Spratly Islands dispute (ASEAN claimants including Malaysia, the Philippines, Vietnam and Brunei), the Ambalat (Indonesia)/ND6-ND7 (Malaysia) dispute in the western Sulawesi Sea, and the dispute over the Ko Kra islet group (between Thailand and Malaysia).[71] Taking the Ambalat (Indonesia)/ND6-ND7 (Malaysia) dispute in the western Sulawesi Sea as a case in point, from 2001 to 2009, the navies of Malaysia and Indonesia were involved in "near" clashes in the waters off the islands of Sipadan and Ligitan (within the Ambalat sea block).[72] While the issue is being addressed at the political level, protracted negotiations continue to negatively affect bilateral relations and highlight the difficulty of naval operations in disputed areas, despite these navies having cooperated with each other in other parts of Southeast Asia.[73]

The consequent, heightened tensions do not augur well for inter- and intra-regional cooperation, essential for blue economy. Further, sovereignty and jurisdictional issues, political in essence, have negative spillover effects on cooperation in other areas, thereby negatively impacting the blue economy agenda. For instance, in April 2016, a statement by the Philippine Department of Foreign Affairs accused China of destroying over 300 hectares of coral reefs, amounting to an annual economic loss of US$100 million to the economies of regional countries.[74] In a similar vein, Vietnam's 2009 Defence White Paper identified how disputes over sovereign rights and jurisdiction in the East Sea (South China Sea) were seriously affecting people's lives and the development of the country's marine-based economy.[75] Meanwhile, land reclamation by certain states causes large-scale destruction to regional biodiversity and ecological harm – for instance, Vietnam has been engaged in land reclamation activities on two Spratly features, adding approximately 65,000 m^2 to West Reef and 21,000 m^2 to Sand Cay.[76]

Meanwhile, the frequency and intensity of non-traditional (maritime) security issues within Southeast Asia appear to be on an upward trajectory. The year 2016 witnessed a series of maritime kidnappings in the Sulu Sea (in which an estimated 55 million metric tons of goods transit annually), executed primarily by Islamist militant groups such as the Abu Sayyaf Group (ASG) in southwestern Philippines, posing a new operational dimension to Southeast Asian navies that are gearing towards "blue-water" operations.[77] The threat of maritime terrorism seems unlikely to abate, with the Islamic State in Iraq and Syria (ISIS) officially recognising pledges of allegiance from several militant groups based in the Philippines.[78]

Multilateral cooperation in tackling this form of security threats is a challenge within the region, due to the strong adherence to norms of sovereignty, regional distrust over the above-mentioned disputes, and the limitation of capabilities and political will of some states which have greater national priorities to deal with (especially when taking into consideration the maxim that piracy is defeated on land, not the sea) – and maritime terrorism and piracy in turn may further exacerbate intra-regional tensions in the form of a vicious cycle.[79] On April 21, 2016, Indonesian authorities announced a ban of licenses to ship coal to the Philippines from Indonesian ports until there was a guarantee of security by the Philippines government, warning that the waters were becoming the "New Somalia".[80] Similarly, the "Framework on Trilateral Cooperative Agreement between Malaysia, Indonesia and the Philippines" in the Sulu Sea, though being agreed in principle in July 2014, has at present been limited to "coordinated patrols" (states conducting patrols within own waters in concert with others) rather than the more effective "joint patrols" (which would be carried out in unison across national borders).[81]

However, while traditional security issues, both between Southeast Asian and extra-regional powers and within Southeast Asia over outstanding sovereignty and jurisdictional disputes, may impede cooperation on tackling non-traditional (maritime) security maritime issues in the region, they may not prove as formidable an impediment against the successful realisation of blue economy initiatives. That is, unlike the question of cooperation on non-traditional security issues, Southeast Asian states have demonstrated considerably greater willingness to work with one another on economic cooperation, despite the presence of political and security differences. This follows the reasoning that Southeast Asian policymakers in general "share a broad commitment to maximizing national growth and employment as a means to secure and legitimize their rule domestically", especially with a greater degree of business interest in regional integration present in the current context.[82] Although they are still constrained to some extent by having to be constantly cognisant of politically salient domestic priorities, including strategic/security considerations, the eventual economic dividends of cooperation often prove to be the larger legitimising force.[83]

Conclusion

In this paper, a number of key propositions were made with respect to the implementation of blue economy in Southeast Asia. First, the prospects for blue economy in Southeast Asia remain optimistic despite difficulties in collective action posed by the "ASEAN Way", an obstacle which appears to have been considerably overcome in the launching of the ASEAN Economic Community (AEC) in 2015. Since blue economy is essentially an economic endeavour, it also raises the possibility of being introduced into the AEC agenda in the future.

Second, Indonesia's growing economic and political profile allows it to take the reins of regional (and even global) leadership on blue economy, without necessarily limiting itself to ASEAN's means and mechanisms. It remains to be seen whether Indonesia desires to explicitly lead the region on blue economy, and even extend its initiative beyond Southeast Asia to a framework that incorporates the broader Indian Ocean Region (and even the Asia-Pacific Region), whose member states and regional organisations have of late shown keen interest in blue economy enterprises.

Third, while traditional security issues, both between Southeast Asian and extra-regional powers and within Southeast Asia over outstanding sovereignty and jurisdictional disputes, may impede cooperation on tackling non-traditional (maritime) security issues in the region, they may not prove as formidable an impediment against the successful realisation of blue economy initiatives. This is essentially reflective of cooperation within the region being achieved with greater ease on issues of "low politics" in the economic realm than on the more politically sensitive strategic and security issues.

Notes

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