

A Fulcrum of Growth-Indian Ocean Rim Association

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Abstract:- Oceans cover 72 percent of the surface of our blue planet and provide a substantial portion of the global population with food and livelihood. Indian ocean, being the third-greatest water body in the world in terms of its size, and containing significant sea avenues that help fostering some of Asia’s largest economies, the importance of the Indian Ocean has long been clear. It is a major duct for international trade, especially energy. Its shore is vast, densely populated, and encompasses some of the world’s fastest growing regions. The Ocean is also the treasury of fisheries and mineral resources. And so its governance and surveillance is at constant risk of being crippled whether by state or by non-state actors. This forged an urgency for establishment of an inter-governmental organization between the state leads for the maritime security and economic cooperation amongst the countries of India ocean rim.

I. NEED FOR THE RESEARCH STUDY

The Indian Ocean Rim Association (IORA) was established in March 1997 with a mandate to promote sustainable growth and balanced development in the region. The IORA with 20 member States and six observer States is one of the most important regional platforms to carry forward the interests of member states to cooperate on development in the region.

Historically, IORA focused on issues of maritime security, trade, cultural promotion, tourism and fisheries. However, in recent years, new and emerging issues for the better management and governance of Indian Ocean resources have begun taking shape. Such issues include blue economy development and sectoral integration.

It is thus becoming the emerging topic of discussion among Global leaders, Diplomats, Scholars in National/ International conferences of academic world.

The emerging dynamics of international diplomacy has meant that India has recently begun to take note of managing the oceans, especially the Indian Ocean, more seriously. The participation of close to half-a-dozen cabinet ministers from the central government at an international seminar organized recently in Bhubaneswar, Odisha (International Conference

on India and Indian Ocean Renewing the Maritime Trade and Civilisation Linkages 20-22 March 2015) is indication of this.

India could be at the heart of future global growth by forging economic links with Indian Ocean rim countries In this context, this paper planned to study and understand the topic of Indian Ocean Rim with the following objectives.

II. KEY OBJECTIVES

- (i) To understand the evolution of Indian Ocean Rim
- (ii) To understand the significant economic role played by Indian Ocean Rim among member countries.
- (iii) To understand the initiatives by the Government of India and other major players with respect to Indian Ocean rim for long term gains.

III. RESEARCH METHODOLOGY

The paper attempts to explore the various literature available on the topic of Indian Ocean Rim. This paper sourced information from various documents. To answer the key objectives it collected relevant data from various Government, World Bank and Media analysis.

IV. LITERATURE REVIEW

According to Rahul Sharma (2017) the depleting resources on land as well as for ensuring the self-sufficiency of the country in supporting its increasing industrial demands, it is pertinent for India to keep itself abreast not only with the resource assessment but also with the technology for mining of deep-sea mineral resources. Also, the strategic presence of India, besides China, Korea and Germany in the Indian Ocean is of prime important so as to ensure proper utilization of ocean resources keeping Ocean Economy in mind.

According to Attri (2016), the Indian Ocean Rim constitutes between a quarter and a third of the world’s population (close to two billion) which makes it a massive market.

S. Colgan (2017) in his work on the blue economy of the Indian ocean that all of the ocean sectors and industries of the

Indian Ocean economy have grown in importance in each nation's economy, but all face significant competitive pressure from varying combinations of highly to hyper competitive global markets, rapid technology change, and business cycles.

Larry Dwyer (2017), views that, if governance processes are to be effective in meeting the abovementioned challenges to the development of coastal and marine tourism in the IOR, tourism must serve as a positive force in the coastal and marine areas, helping to conserve coastal environments and biodiversity, minimizing environmental impacts and contributing to the wellbeing of local communities.

According to Tran Van Hoa (2017), for the IORA economies, an RTA arising from these contemporary developments and needs demands careful study. This is due to the fact that, besides all being the coastal states of the Indian Ocean, they are characterized by different stages of development, diverse sizes and structure, varying natural endowments, and dissimilar geo-political attributes.

Attri (2017) finds that, in all the IORA countries as revealed by compound annual growth rates, the population is rising, but in Mauritius, Thailand, and Sri Lanka, the CAGRs are less than one, 0.4% to 0.5% during 2012-2014. Whereas in all other countries it is greater than one – ranging between 1.6% and 9.5% during 2010-2014. The growing population has socio-economic implications for the IORA as a whole in terms of “skilled” and “semi-skilled” Labour force and crucial for the future patterns of economic growth in IORA. The dynamics of population structure are very important for higher as well as sustainable growth within IORA.

Qamar Fatima and Asma Jamshed (2015) views that the growing competition between China and India in Indian Ocean and US response add a new dimension to its geopolitical significance.

V. INTRODUCTION AND TIMELINE

The Indian Ocean covers a vast area stretching from the coasts of East Africa in the west, to Malaysia and Australia in the east, to South Africa in the south. Its broader territory runs from the waters of the Arabian Gulf to the South China Sea, covers 70 million sq. km, or 20 percent of world's water surface, hosts one-third of the world's population, one-quarter of world's landmass, three-quarters of global oil reserves, iron and tin, and over 70,000 ships cross it every year. Around 65 percent of the world oil reserves belong to just 10 of the Indian Ocean littoral states. The Indian Ocean hosts the world's most significant Sea Lanes of Communication (SLOCs) and as such plays a pivotal role in the global economy. Indian Ocean is also important because of the industrial raw materials it possesses.

Despite its significant strategic position as a major trade route and a home to a large part of world population, the Indian Ocean was for long time rather neglected. The sudden rise of India and China as global economic powers has significantly increased their energy needs and their dependence on the Gulf oil supplies.

Consequently, their energy security interests give these two Asian players direct stakes in the security and stability of Indian Ocean, in particular the safety of transit lines from the Arabian Gulf towards the east coast of the Arabian Sea and the Bay of Bengal which surround India's long coastal area.

During the 1990's, a cluster of seven countries (Australia, India, Kenya, Mauritius, the Sultanate of Oman, Singapore and South Africa) conceptualized the formation of an organization to promote economic co-operation between the countries of Indian ocean Rim. they could foresee the collective benefits of establishing a union to altercate economic cooperation ,this was strongly proposed by Mauritius. And in 1994 idea to form Indian ocean rim association was brought to life and was made workable. Its first inter-governmental meeting was held in Mauritius to confer the proposal in March 1995.

On 6 March 1997, member representatives from 14 countries reunited in Mauritius to commence 'a regional framework for closer trade, economic and other cooperation to the welfare of all countries relying on the Indian Ocean'. The countries— Australia, India, Indonesia, Kenya, Madagascar, Malaysia, Mauritius, Mozambique, Oman, Singapore, South Africa, Sri Lanka, Tanzania and Yemen—adopted a pact acclaiming to formally establish the new Indian Ocean Rim Association for Regional Cooperation—IOR-ARC.

In 1999, during its second meeting, interest in the federation had developed with eight more countries eager to enlist and some other nations and organizations applying for dialogue partner and observer status. the Indian Ocean Rim Academic Group and the Indian Ocean Rim Business Forum had advanced networks throughout the region.

After third and fourth meetings in 2001 and 2003 respectively the association members agreed to upgrade the co-operation mechanism in a need to have a realistic approach of having a modest, practical and outcome focused trade and investment policy. This up gradation would reflect the three pillars of trade liberalization, trade facilitation and economic and technical cooperation as tangible results were yet to be seen. Also during both the meetings the council of ministers highlighted the need to raise IOR-ARC's profile not just among the rim countries but more broadly.

By 2004, majority of member states started expressing apprehensions on association's loss of momentum, and underlined the need to focus on constructive projects that

would have mutual benefit to members instead of focusing on quantity of projects.

Due to devastations of Tsunami in the rim in Dec 2004, association expressed the need for disaster mitigation and management as a significant pact in the IOR-ARC's profile during 5th meeting. Afterwards, in the 6th meeting in 2006 the association observed the piracy along a part of the rim namely Kenya-Somalia coastline, yet again the main focal point of association was reminded to the member states.

Seventh Meeting of 2007, again the members stressed the lack of outcomes and suggested concrete proposals for the association's success, this included the decision to form four-year action plan to guide the secretariat and member states to achieve goals of the association. Countries like Madagascar raised the issue of deviations by natural disaster in the region like Tsunamis in its own regions, floods in Indonesia, Mozambique's cyclones etc, and drew attention towards the need for more efficient plans for greater advancement of the region. Same disappointment was seen among the members during 2008's eighth meeting and in the same meeting they approved on an action plan with six priority areas trade, finance and investment, training and technology, fisheries, tourism, natural disasters and information technology.

The 2009 Council of Ministers Meeting took place during a period of global economic instability and turbulence. At this time, the rising episodes of piracy in the Indian Ocean emphasized the need for a coordinated efforts. Indeed, Oman's representative noted this 'alarming phenomenon' and urged member states 'to intensify collaboration and strengthen their capacity to combat this development'. Sri Lanka also stated that the growing instances of maritime piracy in the region were a matter of grave concern.

After a series of meetings between 2010 to 2012 the council ministers highlighted above the other matters, the following priorities ,among other things, the following priorities:

- Cooperating in the struggle against communicable diseases and natural disasters, and in meeting the challenges emanating from climate change;
- Actively advancing project-driven and research oriented initiatives;
- Supporting initiatives for combating piracy in the region;
- Enhancing private sector involvement in the association in business, trade and economic cooperation; and
- Lending greater support for the activities of the IOR-ARC Academic Group.

Member states also identified that the tripartite approach is one of the association's strengths.

VI. OPPORTUNITIES FROM THE RIM

The Rim is now identified to be a centre of growth for rising and emerging economies based on the rim, as it constitutes around a quarter and a third of world's population. The sea-lane constitute 70% influx of the world's petroleum products. Also, Indian Ocean region is the connector between the energy sources of the Gulf region and energy consumers of Asia.

A. Living Resources

To understand the economic importance of the region the following table 1 has the Data on Living Resources from ocean of the member countries of the rim.

	Aquaculture	Capture Fisheries	Total Fisheries
Australia	74.9	154.3	229.3
Bangladesh	1956.9	1591.2	3548.1
Comoros	0.0	9.3	9.3
India	4884.0	4718.8	9602.8
Indonesia	14375.3	6508.4	20883.7

Iran (Islamic Republic of)	320.2	627.2	947.4
Kenya	24.1	168.4	192.5
Madagascar	16.8	95.8	112.6
Malaysia	521.0	1468.2	1989.2
Maldives	0.0	128.7	128.7
Mauritius	0.8	13.6	14.4
Oman	0.3	211.0	211.3
Seychelles	0.0	75.1	75.1
Singapore	5.0	1.4	6.4
Somalia	6.2	609.5	615.7
South Africa	34.2	537.8	572.0
Sri Lanka	10.3	343.1	353.5
Tanzania	10.3	343.1	353.5
Thailand	934.8	1769.5	2704.3
United Arab Emirates	0.8	70.0	70.8

(Source: <http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators>)

Table 1: Living Resources Indicators for the Indian Ocean 2014

The high proportion of aquaculture in the overall totals depicts the richness of resources and the need for maritime security in the region. Three nations (India, Indonesia, and Singapore) have aquaculture production exceeding capture fisheries, and Indonesia clearly dominates in aquaculture, accounting for 62% of Indian Ocean Rim aquaculture. With 17,000 islands and 266,000 square kilometers devoted to aquaculture, this is not surprising. But the majority of Indonesia's aquaculture, like that in several other Indian Ocean countries, is primarily concentrated in fresh and estuarine species rather than ocean species. (FAO, 2013a).

B. Transportation

One of the most important features of the Indian Ocean Rim is its maritime transportation, primarily freight, around the region. There are 460 ports of different sizes with Australia and Indonesia accounting for over half and accounts for three quarters approx 73% of the port when India is also added in. There are around 180 shipping services connecting countries of the Indian Ocean with Europe (40), North America (10), and the Far East (72) in addition to those connecting South Africa (12) and Australia (34) with the world. Connections to Europe, North America, and the Far East all connect with Middle Eastern routes. Nine of the top 50 container ports in the world are located in the Indian Ocean nations.

	Container Ports in Top 50	2014 Movements (Millions TEU)
India	Jawaharwal Nehru (#32)	4.45
Indonesia	Tanjung Priok (#23)	6.40
Malaysia	Port Klang (#12)	10.95
	Tanjung Pelepas (#18)	8.50
Oman	Salalah (#50)	3.03
Singapore	Singapore (#3)	34.83
Thailand	Laem Chebang (#22)	6.58
United Arab Emirates	Sharjah (#36)	4.12

Source: <http://www.worldshipping.org/about-the-industry/global-trade/top-50-world-container-ports>

Table 2: Indian Ocean Ports in The Top 50 Container Ports Worldwide

C. Minerals

Indian Ocean countries are also the significant production hub for natural gas and petroleum. Data is shown both for the common metric used for each product and for barrels of oil or oil equivalent.

	Natural Gas Production (Billion Cubic Meters)	Oil Production (Metric Tons)	Natural Gas Barrels of Oil Equivalent (Millions)	Petroleum Barrels of Oil (Millions)
India	29.2	876.1	183.7	123.4
Indonesia	75.0	824.8	471.7	116.2
Iran	192.5	3,920.0	1,210.8	552.1
Malaysia	68.2	693.1	429.0	97.6
Oman	34.9	952.2	219.5	134.1

Thailand	39.8	477.4	250.3	67.2
United Arab Emirates	55.8	3,901.8	351.0	549.6
Total	495.4	11,645.5	3,115.9	1,640.2

Table 3: Oil and Gas Production in Indian Ocean countries. Source: (British Petroleum, 2016)

D. Tourism in Indian Ocean Rim Countries

Being the third largest ocean, the Indian Ocean has a great importance for India as well. India is centrally located to the Indian Ocean and has over 7500km of coastline which makes it inseparably linked with The Indian Ocean. With over 2 Billion of population The Indian Ocean Rim becomes a region rich in diversity, race, religion and thus provide India with opportunities to become a hub of trade, communication and transportation.

VII. INDIA: ROLE AND INITIATIVES

India is dependent on the Indian Ocean for its import of crude oil which is 80% of India's crude oil requirement or 3.28 Million barrels per day. Being not restricted to just being a aqueduct for commerce The Indian Ocean is also rich in natural resources. India being heavily reliant on natural resources was placed at 6th in the world for capturing 4.1 million tons of fish in 2008.

In 2016 India signed a contract with the International Seabed Authority for exploration and other developmental activities regarding Polymetallic Sulphides in the Indian Ocean Ridge which will enhance India's presence in the Indian Ocean.

As Indian dependence on imported crude oil and raw materials grows, and as the demand for consumer goods increases, India's strategic maritime objectives are being founded on ensuring the security of Sea Lanes of Communication (SLOCs) from the Persian Gulf, Europe, and East Asia. The security of these vital shipping lanes is also vital for the country's exports—most notably the increasing quantities of refined distillates, fuels, and petro-chemicals being exported throughout the Indian Ocean Rim(IOR) India's dependence on the security of the Indian Ocean, combined with its need to monitor and, if necessary, check the naval activity of other regional powers, has driven the country to reach out deep into the ocean, far beyond its own littoral to enable more expansive maritime domain awareness (MDA), develop basing opportunities, and fortify naval operational and diplomatic ties.

The Indian Prime Minister during his visit to Mauritius in 2015 affirms the importance of the region and India's vision towards it by quoting "Our Indian Ocean Rim Association can be an important instrument for pursuing our vision for a sustainable and prosperous future in the region. We often define regional groupings around landmass. The time has come for a strong grouping around the Indian Ocean. We will pursue this with new vigor in the years ahead.... We seek a future for Indian Ocean that lives up to the name of SAGAR – Security and Growth for All in the Region." During the 15th meeting at Padang, Indonesia in 2015 Minister of State for External Affairs stated that India will adopt a ten point approach which included-

- Working closely with Mauritius and other IORA partners to set up an IORA virtual university with an aim to launch it in 2017 when IORA marks its 20th Anniversary. This initiative has now been on hold for the last one year.
- To offer capacity-building programs to scientists from IORA partners at the Indian National Centre on Ocean Information Services in Hyderabad. Remote Sensing and Potential Fishing Zones (PFZ), Ocean Data Processing and Applications, Ocean Climate Modelling, Standard Operating Procedure for Tsunami Warning and Emergency Response are some of the broad themes addressed through these training programmes. We had circulated flyers on the courses on offer by Indian National Centre for Ocean Information Services (INCOIS), Hyderabad during the CSO meet at Yogyakarta, Indonesia on May 22-24, 2016 to solicit participation from member countries.
- Offer of a Special Training Course for IORA Diplomats at the Foreign Service Institute in New Delhi. Some of the IORA members are already availing of special training courses at FSI, we offered 5 vacancies to IORA member states in the special training course commencing May 2016. One participant each from Bangladesh, Comoros and Seychelles attended the course.
- Organising workshops on Women's Empowerment in 2016. We have decided to optimize the utilization of the resources.

- Organising workshop on Skill Development of Youths in India. We have now combined the two events to optimize the utilization of the resources.
- Committed to strengthen IORA Secretariat India has seconded Ms Ruchika Rishi to the IORA Secretariat at Mauritius since May 2017. She has now been re-designated as a Director.
- India has also completed its commitment to provision office equipment including 6 laptops, two desktops, Volume Licenses and a photocopying machine to the IORA Secretariat.
- Institutionalizing of the Blue Economy Dialogue and its 2nd edition in India on November 4, 2016. India had organized the 1st edition of this event at Goa in August 2016. Five major themes were examined during the first Dialogue; viz. (1) Developing a Comprehensive Accounting Framework for Blue Economy (2) Fisheries and Aquaculture (3) Renewable Ocean Energy (4) Ports, Shipping, Manufacturing and Other Sectors (5) Sea-bed Exploration and Minerals. The 2nd edition of the Dialogue was organised by RIS in New Delhi on November 4-5, 2016. RIS is working towards the finalization of an outcome document which will outline an action plan to further the Blue Economy dialogue at the forthcoming Ministerial on Blue Economy at Mauritius and the Leaders' Summit scheduled in March 2017.
- Hosting the second round of Experts Meeting on Maritime Safety and Security in order to facilitate further exchange of views on this IORA priority area. India had hosted the 1st round of the Experts meeting at New Delhi from 13-14 October 2015 with the National Maritime Foundation piloting the event.
- India has also processed its Contribution of USD 100,000/- for the IORA Special Fund. India is the highest contributor to the IORA Special fund and this was largely acknowledged by Member States in the COM at Bali, Indonesia. However, India has not used the Special fund for any project. At the 16th COM in Bali, three cases were progressed for funding through the IORA Special fund – namely the:-
 - (i) Women Entrepreneurship and Skill Development Workshop with FICCI.
 - (ii) Innovation Exposition in collaboration with FICCI.
 - (iii) Water Security and Sustainability conference with CII.

Thus India's role in IORA will be essential to improve coordination, capability and sustainable growth for all.

VIII. INTEREST OF EUROPEAN UNION

The Indian Ocean Rim Association for Regional Cooperation's (IOR-ARC) aim is to achieve economic rather than security cooperation, currently the most relevant organization is the Indian Ocean Naval Symposium (IONS), which is an Indian initiative that involves the naval chiefs of a large number of littoral countries (Cordner 2011). Some countries which are extra-regional like China and Japan are not the part in this, even though they are the part of the region. There also is an ad-hoc grouping of countries and actors that have come together to combat Somali piracy: the Contact Group on Piracy off the Coast of Somalia (CGPCS), it has a mechanism similar to the ASEAN Regional Forum (ARF; which is aimed at South-East and East Asia) – that explicitly address maritime security issues and that involve both regional countries and extra-regional major economies – but maritime security is still lacking in the Indian Ocean.

In regard to maritime security in the Indian ocean European union and its members are playing a part in many ways. To counter Somalia based piracy EU and its members are actively participating. EU naval mission Atalanta (Larik, 2014) is not the only way but also the EU's participation in the naval coordinating meetings in Bahrain (Shared Awareness and Decon iction, or SHADE) and various other efforts to address Somali piracy.

Being one of the global trader EU's dependence on Indian Ocean route is the main reason for its interest in maritime security, aimed at safe and uninterrupted passage of imported and exported good.

The Indian Ocean has the potential to become the most important source of new global growth over the next 20 years, just as the Pacific rim powered the world's economy for much of the last 20 years.

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