



# Global Targets Local Benefits

Setting the Sustainable Development Agenda for  
the Seas of East Asia beyond 2015

**16-21 November 2015**

## Special Event

**Blue Economy for Business:  
Building an East Asian Seas  
Sustainable Business Network**



PEMSEA

The East Asian Seas Congress 2015  
“Global Targets, Local Benefits:  
Setting the Sustainable Development Agenda for the Seas of East Asia beyond 2015”  
Da Nang, Viet Nam, 16-21 November 2015

**Special Event**  
**Blue Economy for Business: Building an East Asian Seas Sustainable Business Network**

**19 November 2015**

**Convening Agency**  
Partnerships in Environmental Management for the Seas of East Asia (PEMSEA)

## **1. INTRODUCTION**

- 1.1. The 5th EAS Congress, with the theme, “Global Targets, Local Benefits: Setting the Sustainable Development Agenda for the Seas of East Asia beyond 2015,” was delivered through three primary sessions exploring various aspects of sustainable development of coastal and marine resources. These sessions were complemented by a set of special workshops throughout the week, including a workshop focused on Blue Economy for Business in East Asia.
- 1.2. **Mr. Stephen Adrian Ross**, Executive Director, PEMSEA, welcomed the participants to the workshop and provided an overview of PEMSEA, including its mission and focus on integrated coastal management (ICM) in the East Asian region for over 20 years. He described PEMSEA’s framework and approach to ICM, including the Sustainable Development Strategy for the Seas of East Asia (SDS-SEA), a regional declaration of commitment adopted by 14 countries. The SDS-SEA promotes sustainable economic development towards a blue economy in coastal and marine areas through the application of ICM approaches. Xiamen, China, has seen a 7 to 1 return on investment in terms of the economic benefits of ICM. Mr. Ross provided an overview of PEMSEA services, and concluded by describing examples of collaboration on ICM with companies in the region, including the Bataan Coastal Care Foundation in the Philippines.
- 1.3. **Mr. Ryan Whisnant**, Head of Professional Services, PEMSEA, shared the objectives of the workshop:
  - a. Introduce the concept and significance of blue economy for business in East Asia;
  - b. Learn about sustainable development efforts in various blue economy industries;
  - c. Identify business risks and opportunities related to sustainable development of coasts and oceans;
  - d. Identify cross-industry risks, opportunities and areas for collaboration;
  - e. Identify potential actions for industry to engage with government on blue economy development; and
  - f. Introduce the East Asian Seas Sustainable Business Network and gather feedback on priorities.

1.4. Mr. Whisnant shared that at the EAS Congress 2012, ministers from 10 countries in the region signed the Changwon Declaration, calling for an increased focus on developing a blue economy in the region. PEMSEA recognized that the concept of blue economy lacked definition, particularly for the private sector, and set out to conduct research on the topic, including companies from several industries. PEMSEA launched a new report at the Congress on *Blue Economy for Business in East Asia* (available at <http://www.pemsea.org/our-work/blue-economy>). The report describes the importance of coastal and marine ecosystem services to the economies of East Asia (up to 20% of GDP for some countries in the region), and the impact on business from continuing degradation of ecosystems (business value related to these risks could be as high as 25-70% of earnings). The concept of blue economy has been evolving, primarily with governments and intergovernmental organizations, but with increasing interest from the private sector. The report defines blue economy as “the set of environmentally and socially sustainable commercial activities, products, services and investments dependent on and impacting coastal and marine resources” and identifies four key elements for blue economy:

- a. Protects, restores and sustains healthy coastal and marine ecosystem services;
- b. Generates sustainable, equitable economic benefit and inclusive growth;
- c. Integrates approaches between multiple industries and government; and
- d. Innovates, informed by the best available science.

1.5. The report goes on to identify nine (9) primary blue economy industries and examples of trends, risks and opportunities in each industry. The presentation concluded with an emphasis on the importance of a healthy ocean for the region’s economy and the need to ensure the long-term sustainability of both ecosystems and the economy by transitioning from an ocean economy to a blue economy. Blue economy offers a mindset for managing business risks, improving decisionmaking, generating new opportunities and collaborating across sectors. We have an opportunity to learn lessons from development of land-based resources. Mr. Whisnant posed the following questions to the participants:

- a. What is your industry and company stake in building a blue economy?
- b. What are the primary business risks and opportunities emerging for your industry and company related to a blue economy?
- c. What are the priority partnership needs and opportunities between industries for building a blue economy?
- d. How can the business community and government partner in building a blue economy?

## 2. INDUSTRY PERSPECTIVES ON SUSTAINABLE DEVELOPMENT OF COASTS AND OCEANS

2.1. Building on the background information on blue economy in the region, leaders from five blue economy industries provided an overview of their work as it relates to blue economy and sustainable development of coasts and oceans.

2.2. **Mr. Yhenda Permana**, Director & COO, PT Badak NGL, the world’s largest producer of liquefied natural gas, presented perspectives on Oil & Gas. Mr. Permana described the company’s work in developing and

maintaining Beras Basah Island and its achievement of ISRS8 Level 8 four times and Proper Gold awards four times for its corporate sustainability efforts. Programs include achieving international benchmarking on efficiency and water treatment. One example of a business risk identified by the company is the use of seawater as cooling water in its operations. With its large coastal operations, the company sees itself as having a stake in coastal development, including natural areas like mangroves and coral reefs, along with communities near its plants. The company partners with several stakeholders on these programs, including the fisheries and marine department of the government, universities and the local communities as agents of change. Programs have included protection of mangrove areas through development of alternative mangrove products for livelihoods and establishment of new coral reefs through bio-reef technology (400 units to date) and engagement of the community as stewards.

2.3. **Mr. Huw Thomas**, Head, Seafood Procurement, Wm Morrison Supermarkets, the fourth largest chain of supermarkets in the United Kingdom and **Mr. Duncan Leadbitter**, Director, Fish Matter, presented perspectives on Fisheries & Aquaculture. They began by pointing out the often overlooked link between aquaculture and wild fisheries, in the need to produce feed for aquaculture fish. Impacts can be seen as remote — for example, there can be 14 steps between a fish coming out of the environment and the final sale of a fish seafood product. This requires management of the entire value chain, and trust is a key component. Morrison’s seafood sourcing policy considers social, environment and economic impact. As a responsible retailer, Mr. Thomas called for the need for a transition to more sustainable approaches, and fisheries are an important vehicle for transition to a blue economy. It’s not just about the fish, but also the lives that are affected. Controls are needed, but simply implementing regulations could make fishers go hungry. They have seen weak enforcement and poor compliance in trawl fisheries, and most have been developed for single species only. Good fisheries management needs to be a collaborative, co-management process between those dependent on the fish and the regulators. One needs to view a fishery like a business and learn what stakeholders want out of it. It’s crucial to have the involvement of stakeholders across the supply chain that have a vested interest in creating a sustainable supply. It’s not just about the private sector – there needs to be partnership with governments as well. Businesses have been placing pressure on governments to get the management right. There is no guaranteed path forward and it won’t happen overnight. Long-term commitment is required.

2.4. **Mr. Arnold Mortera**, CTO and Head, New Business Development, Manila Water Company, an internationally acclaimed example of successful public-private partnership providing water treatment, water distribution, sewerage and sanitation services to more than 6 million people in Manila and other markets, presented perspectives on Environmental Services. The company has a track record of success in expanding service coverage, improving service delivery and increasing operating efficiency. In Manila, water availability was improved to 99% without building new treatment plants. The company impacts coastal health by providing sanitation and wastewater services, e.g., as the largest sewerage provider in the Philippines. The company sees the importance of building communities, first by providing safe and reliable drinking water, but also by engaging the community in other activities, such as tree planting and community-based wastewater management programs (e.g., the *Toka Toka* program). Manila Water believes it can impact the blue economy using the PPP model, beyond the East Zone of Manila, by empowering people through providing water, conserving water resources, contributing to recovery of

polluted water bodies and enhancing development of countries by investing in essential infrastructure and practicing inclusive business. Mr. Mortera emphasized the need for businesses to think beyond just profit-making, and the need for a critical mass of businesses that see the bigger picture of the impacts they can have beyond economic growth.

2.5. **Mr. Sun Dong**, CEO, Dongtian Park Ltd, a coastal resort that has taken innovative approaches to balancing protection of ecosystems with economic benefit, presented perspectives on Tourism & Development. Dongtian Park covers 5 km of coastline in Hainan Province and welcomes 1.8 million visitors annually. The park hosts the Sanya Nature Museum and the Moon Bay Resort, which was built to 100% green standards. The company recognizes that the natural landscape is the most valuable product for tourism, and they believe their protection work impacts their tourism business, providing a competitive advantage. The presentation emphasized the need to balance human development and environmental protection, as both ultimately support human needs. The park was established with the principles of setting up natural ecological rules and giving priority to marine protection. Management of the park follows these principles, for example by: setting up scenic routes without damaging existing resources (e.g., trees); protecting 100% of coastline in any beach development; rules prohibiting touching of rocks and plants; and special vegetation conservation rules. Staff and guests are engaged through regular activities like weekly beach cleanups and cultural activities.

2.6. **Mr. Widjayadi**, Environment & Quality Management, PT Holcim Indonesia, a subsidiary of the largest cement producer in the world, presented perspectives on Coastal Manufacturing & Heavy Industry. The Holcim plant in Cilacap, Java sits on a 50-hectare forest area and follows a biodiversity program using bio-indicators for the quality of plants, trees and animal species near the plant. The operations have received numerous environmental recognitions from the government. Located near the sea, they have participated in government initiatives for mangrove planting. The company has also developed programs for protecting coastal ecosystems and communities through working with local fishers on more sustainable fishing practices. Current practices were not only damaging the fishery, but impacting Holcim's business by interfering with shipping lanes. The company identified all stakeholders and conducted a social mapping exercise to identify the potential for job creation for the community. The result was a program helping fishers to switch professions to other areas such as transport services, farming and mangrove tour guiding, which improved their livelihood opportunities. The program includes continuous monitoring of the shipping lanes, health of the fishery and well-being of the fishers who have switched professions.

2.7. **Panel discussion.** A brief discussion followed the presentations.

2.7.1. The question was raised whether there is a network of companies (like Morrison's) collaborating on value chain initiatives. Mr. Thomas replied that in the last three years, the company realized that there is a need for collaboration with other companies. Collaboration does exist with American, UK and Australian buyers, but how can we better work together and take the learnings in each case to see if there's scalability in implementing solutions? How can

we implement once rather than reinventing the wheel every time, to generate tangible impact?

2.7.2. Another participant raised the question of how the private sector can enable resilient/ “climate proof” communities. The panel responded that this can be achieved through partnerships with government and universities to get the technical support needed. Communities must be empowered to become the agents of change.

2.7.3. One participant raised the question of whether the panelists consider the interconnectivity of mangroves, coral reefs, seagrass, etc. before applying conservation programs. The response was tabled for afternoon discussion.

### **3. WORKSHOP: OPPORTUNITIES FOR ACTION IN BUILDING A BLUE ECONOMY IN EAST ASIA**

3.1. In the afternoon, **Dr. Mark Milstein**, Clinical Professor of Management and Director, Center for Sustainable Global Enterprise, Cornell University, facilitated breakout group discussions on blue economy for business and establishing a network of companies focused on blue economy growth in the region. Dr. Milstein emphasized that a business-as-usual approach will not be enough in the complex coastal and marine environment given the current environmental, economic and social trends. What short- and long-term issues do companies need to address? What questions should they be asking themselves and what needs to be brought into the conversation?

3.2. Participants broke into two groups and engaged in a deeper discussion about issues related to blue economy growth and the possibility of a regional network of companies focused on blue economy. They identified a number of needs for industry players related to sustainable development of coasts and oceans, including government support in the areas of promoting sustainable SMEs through zoning authority; addressing gaps in implementation of policy and regulations; ensuring tenure; promoting conservation studies and activities; streamlining of processes for application/registration; and raising public awareness about these issues. Overall, participants expressed that they would like to make partnership with government faster and stronger, and a feeling that they are already regulated, what’s needed is more facilitative support.

3.3. The groups called for more uniform implementation and financial contribution across industries and more coordinated communication between government and industry, perhaps through industry associations cascading information to their members. There is value in short-term initiatives like cost and risk reduction, but companies need to be careful not to get “trapped” in a CSR mode, missing bigger opportunities. Companies should be able to manage both the short-term (e.g., cost and risk reduction) and the longer-term—the ability to see trends, informed by science, identify business opportunities and then innovate and adjust to new realities in the marketplace. Senior business leaders must understand the risks of missing this longer-term view. There is a need to see different cases and understand various approaches, pushing beyond terminology and jargon. There are opportunities to simplify and define the

basic concepts and facilitate coherence across various governments and industries. Governments need to create the right incentives to help businesses transition to doing the right thing.

3.4. The groups expressed that a network could play a critical facilitative role in helping the private and public sectors to communicate with each other. Suggestions for a network (and PEMSEA's role) included:

- a. PEMSEA as a knowledge provider and promoter to raise awareness of the value of blue economy development, enhancing knowledge sharing between the public and private sectors;
- b. A source of technical resources and services (e.g., for ecosystem valuation) and node for data collection;
- c. PEMSEA as a mediator between business and national and local government;
- d. PEMSEA as an advisor to government on how to promote PPP, and in providing collective feedback from the private sector on regulations;
- e. PEMSEA can engage at the national/regional level, but help to push things down to the local level (e.g., supply chains); and
- f. Promote multi-disciplinary collaboration, applying science, business and behavioral change.

3.5. **Ms. Noraini Binti Roslan**, President, Kuala Selangor District Council, Malaysia, a member of the PEMSEA Network of Local Governments for Sustainable Coastal Development (PNLG), presented her district's experience with public-private sector interaction for enabling sustainable development of coasts and oceans. Ms. Roslan began by sharing her view that the public and private sectors can arrive at win-win partnerships. Protecting the environment and providing infrastructure has always been seen as the government's job. The private sector must focus on profit, customer satisfaction and efficient process. The private sector can get stifled by too many regulations (e.g., Selangor has over 40 planning guidelines) and a lack of transparency. How do we make it simpler without compromising our standards? The challenge is ensuring sustainable development without stifling growth. It's not just about CSR, regulations or development plans, it's about the need for the government to understand the private sector's processes to make it easier to adopt more sustainable practices. There is a need for clear policies, frameworks and processes so that it's easier for companies to comply. It would be helpful to have an online resource for finding best practices, policy exemplars, local processes (e.g., registration/permits), etc.

3.6. Government has to regulate, but these are often not implemented, which creates an uneven playing field for companies trying to do the right thing. On the government side, there is a big challenge with enforcement. It is unpopular and difficult to do. There is a need for strong political will and the strength to go after large corporate entities who break the rules. The discussion closed with participants expressing a desire to sit together and continue the conversation.

#### **4. WORKSHOP: BUILDING AN EAST ASIAN SEAS SUSTAINABLE BUSINESS NETWORK**

- 4.1. Building on the day's discussions, participants confirmed a collective message on blue economy from the private sector that was presented to government ministers prior to the Fifth Ministerial Forum held on November 20, 2015. The message demonstrated to government ministers that the business sector understands the importance of growing a blue economy in the region and has interest in pursuing appropriate partnerships with government towards blue economy growth. The message also indicates the value of establishing a network of companies focused on blue economy growth in the region.
- 4.2. Mr. Whisnant, PEMSEA, then provided background on establishment of a new East Asian Seas Sustainable Business Network leveraging shared strengths and learning from multiple companies and industries and maintaining a regional dialogue between business and government on blue economy. The network seeks to link companies to potential partnership and investment opportunities along with trends and best practices through PEMSEA's regional scientific network. Members can enjoy benefits including annual meetings, research briefs with updates on important coastal management issues, special topic webinars and participation in issue-focused working groups.

#### **5. CONCLUSIONS AND RECOMMENDATIONS**

- 5.1. Overall, the workshop concluded that the private sector plays a key role in sustainable development of coasts and oceans in East Asia and recognized the significance of the coastal and ocean economy in the region. Sustainable development trends and the continuing degradation of coastal and marine ecosystems can generate both risks and opportunities for companies. New approaches, beyond business-as-usual, will be needed in the face of increasingly disruptive ecological and economic trends. Sustainable blue economy growth relies on good governance and sound, science-based decisionmaking, which can only be achieved through the joint effort of the public and private sectors and scientific community. The private sector welcomes the development of partnerships and investments aligned with specific business drivers, where it can offer input, technical expertise and investment. The business sector would value the establishment of a regional network of companies committed to growing a blue economy in East Asia.
- 5.2. **Recommendations.** The roundtable generated the following recommendations:
  - 5.2.1. Continue refining and developing the concept of blue economy and its relevance to the private sector for reducing risks and developing long-term opportunities.
  - 5.2.2. Improve knowledge sharing and explore innovative cross-industry approaches to coastal and marine sustainable development that address business needs.



- 5.2.3. Develop partnerships between the public and private sectors to enhance governance and business practice based on science-based decisionmaking, along with raising awareness of the need for sustainable development of coasts and oceans.
- 5.2.4. Provide a unified voice to government for companies operating in the region and committed to growing a blue economy.
- 5.2.5. Establish an East Asian Seas Sustainable Business Network, helping to provide access to the latest trends and scientific knowledge relevant to business and identify potential investments in coasts and oceans where business can offer unique input and technical expertise.
- 5.2.6. Develop specific cross-industry working groups/initiatives to address high-priority issues related to ecosystems services impacts on business in the region.

**ANNEX 1**  
**LIST OF RESOURCE PERSONS**

Mr. Stephen Adrian Ross  
Executive Director  
PEMSEA

Mr. Ryan Whisnant  
Head of Professional Services  
PEMSEA

Mr. Yhenda Permana  
Director & COO  
PT Badak NGL

Ms. Antonia Reyes  
Analyst  
PEMSEA

Mr. Huw Thomas  
Head, Seafood Procurement  
Wm Morrison Supermarkets Plc

Mr. Duncan Leadbitter  
Director  
Fish Matter

Mr. Arnold Mortera  
CTO and Head, New Business Development  
Manila Water Company

Mr. Sun Dong  
CEO  
Dongtian Park Ltd.

Mr. Widjayadi  
Environment & Quality Management  
PT Holcim Indonesia

Dr. Mark Milstein  
Clinical Professor of Management and Director,  
Center for Sustainable Global Enterprise,  
Cornell University

Ms. Noraini Binti Roslan  
President  
Kuala Selangor District Council, Malaysia

**ANNEX 2  
WORKSHOP PROGRAM**

<b>Time</b>	<b>Activity/Presentation</b>	<b>Speaker/Panelist</b>
Part 1	Understanding Blue Economy and What it Means for Business	
<b>1030 - 1040</b>	Welcome remarks and overview of PEMSEA's work with companies on integrated coastal management	Mr. Stephen Adrian Ross Executive Director, PEMSEA
<b>1040 - 1100</b>	Keynote: Launching the <i>Blue Economy for Business in East Asia</i> report	Mr. Ryan Whisnant Head of Professional Services, PEMSEA
<b>1100 - 1230</b>	Industry perspectives on sustainable development of coasts and oceans  (1) Oil & Gas  (2) Fisheries & Aquaculture  (3) Environmental Services  (4) Tourism & Development  (5) Coastal Manufacturing & Heavy Industry  Q & A	Mr. Yhenda Permana Director & COO, PT Badak NGL  Mr. Huw Thomas Head, Seafood Procurement, Wm Morrison Supermarkets Plc  Mr. Duncan Leadbitter Director, Fish Matter  Mr. Arnold Mortera CTO and Head, New Business Development, Manila Water Company  Mr. Sun Dong CEO, Dongtian Park Ltd, Hainan Province, China  Mr. Widjayadi Environment & Quality Management PT Holcim Indonesia
<b>1230 - 1400</b>	Lunch break	

Time	Activity/Presentation	Speaker/Panelist
Part 2	Workshop: Opportunities for Action in Building a Blue Economy in East Asia	
1400 - 1430	Breakout group discussions on industry-specific challenges and opportunities <ul style="list-style-type: none"> <li>• Oil &amp; Gas</li> <li>• Fisheries &amp; Aquaculture</li> <li>• Environmental Services</li> <li>• Tourism &amp; Development</li> <li>• Coastal Manufacturing &amp; Heavy Industry</li> <li>• Shipping &amp; Ports</li> <li>• Other Industries</li> </ul>	
1430 – 1445	Industry report-back	
1445 – 1530	Facilitated group discussion on challenges, opportunities and cross-industry collaboration	Dr. Mark Milstein Clinical Professor of Management and Director, Center for Sustainable Global Enterprise, Cornell University
1530 – 1600	Public-Private sector interaction for enabling sustainable development of coasts and oceans  Q&A	Ms. Noraini Binti Roslan President, Kuala Selangor District Council, Malaysia
1600 – 1615	Coffee break	
Part 3	Workshop: Building an East Asian Seas Sustainable Business Network	
1615 – 1630	Confirmation of draft blue economy message to government ministers	Mr. Ryan Whisnant Head of Professional Services, PEMSEA
1630 – 1730	Introduction and company priorities for an East Asian Seas Sustainable Business Network	