

The Blue Economy sector in Madagascar at a glance

What is the blue economy?

The blue economy covers all economic activities related to bodies of water and coastlines, including oceans and seas, coasts, lakes, rivers, canals, and groundwater. It promotes the sustainable development of carrying sectors such as fishing, aquaculture, tourism, maritime and river transport, the port industry and shipbuilding, energy, bioprospecting and all subsea mining sectors. For all these fields, Madagascar is a country of choice, as it is an expansive island teeming with diverse ecosystems, and is already representative of dedicated achievements and projects that in some cases make it a world-class example. The particularity of Madagascar that we need to protect as part of the blue economy is its biodiversity, with living species constituting a nature sanctuary and an exceptional biological diversity of 12,000 plant and 1,000 vertebrate species (mammals, reptiles, amphibians, birds) with an endemism rate of over 80 percent, as well as iconic species such as whales and other marine mammals.

For Madagascar, the concept of the blue economy is already an integral part of its daily development and culture. Even if the majority of the population is naturally involved in agriculture, the country's economic renewal lies also in the adoption of blue solutions suggested by its port, marine and aquatic ecosystems and their associated resources. These solutions are detailed in the book: « Africa's Blue Economy: A policy handbook » published by the United Nations Economic Commission for Africa.



Philippe Murcia

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Highlights of the Blue Economy in Madagascar

The island boasts roughly 5,500 kilometers of coastline made up of mangroves and coral reefs, producing yearly a surplus of natural resources (fishes, crabs, shrimps, sea cucumbers, and oysters) in excess of 300,000 tons. A large part of the countries' economy depends on the sea and its interaction with its inhabitants.

In various fields, blue economy related-projects have emerged and are becoming an economic jewel across the country over the years. These projects have created thousands of sustainable jobs for local companies, both direct and subcontracted; generated royalties from regular payment of taxes; and implemented community projects.

To name a few, these industries include:

- **Aquaculture and shrimp-fishing** on the West Coast, in which the UNIMA group is a pioneer;
- **Seaside tourism** in Nosy Be (Northwest), with world-class hotels such as the new Royal Andilana Resort & Spa Hotel which has just opened a few months ago;
- The **mining sector** with Rio Tinto QMM (titanium dioxide)
- The new **port** of Ehoala in Tolagnaro (Southeast), built in partnership with the World Bank;
- **Ambatovy (oil-refinery and export of nickel and cobalt)** in the east coast and in Toamasina.

The national blue economy-oriented private sector has therefore generated thousands of sustainable jobs with trained local workforce. As an example, we can name the ENAC group and its structuring activities for the economic development like the recruitment of Malagasy Marines trained at the ENEM (*Ecole Nationale d'Enseignement maritime de Majunga*), the global port logistics with the handling of road transport, the country's supply of remote areas with its fleet of flat-bottomed vessels, as a major operator that has already obtained ISO international standards for most of its companies. In the humanitarian arena, the "Mercy Ship" will be arriving in the port of Tamatave in February 2024 to provide voluntary medical and surgical assistance to the Malagasy population.

"To be is to be linked"

Madagascar belongs to several regional and international organizations, which have shown a growing interest in the blue economy in island countries: the Indian Ocean Commission (IOC), the Southern African Development Community (SADC), the Indian Ocean Rim Association (IORA), the African Union, the Common Market for Eastern and Southern Africa (COMESA), and the International Organization of La Francophonie (OIF). The Malagasy national authorities have already integrated this priority of the blue economy into their development strategies, with the various ministries concerned, including the Ministry of Fisheries and the Blue Economy, the APMF (Port, Maritime and River Agency), the SPAT (Société du Port Autonome de Toamasina) and others.

Why will the rehabilitated port of Toamasina be a major asset for the development of the country's economy?

In an increasingly globalized economy, interactions between countries are made possible by transport infrastructures organized into connected networks, be they sea and air links, undersea cables or satellite links, linked to national routes – all what is known today as "connectivity". Upon completion of the expansion and rehabilitation work currently underway, the port of Tamatave will be able to accommodate much larger vessels with draughts (acceptable depths for ships) up to international standards. This direct reception of large vessels will limit the need for transshipments via other ports thanks to investment by the Japanese government agency JICA (Japan International Cooperation Agency), thus reducing transport time at sea. These new port facilities in a port handling over 80 percent of national traffic will

improve the population's purchasing power by lowering the cost of sea transport thanks to an increased range of services. What is more, the conditions should be ripe for the establishment of new local and international import and export-oriented industries in "special economic zones", which will also generate new jobs thanks to this new international connectivity. Ambatovy, with its shareholder Sumitomo, has been a pioneer in Tamatave in this economic development based on the mining sector (nickel and cobalt), with over 10,000 jobs created, and 90 percent of Malagasy subcontractors, a record for this industry in Madagascar after the establishment of Rio Tinto QMM in Tolagnaro (Fort Dauphin). To ensure the success of its project, Ambatovy had already had to modernize the port of Tamatave with the construction of an additional dedicated quay (extension of Môle B) to international standards.

This is the virtuous circle of the blue economy, which generates its own ecosystem in interaction with the other fundamental pillars of the Malagasy national economy.

What are the challenges to be met with this new port "deal" in Madagascar?

It should be stressed that the considerable level of investment required to rehabilitate the port (in excess of 600 million US dollars) is only profitable in the case of a public state investment whose priority strategy is the fight against poverty, with the benefits of new jobs for the population in general, and the collection of new revenues through direct and indirect taxes.

The private sector is not in a position to make such a large port investment profitable. The few cases of private investment in similar situations

(Europe and South Africa) have been loss-making.

Of course, environmental protection, port safety and security, and the availability of energy with a port linked to inland areas by road, rail and air must all be met to optimize the results of this very heavy port investment. These location conditions themselves create jobs.

But Madagascar's other so-called "secondary" ports: Toliara, Mahajanga, Nosy Be, Antsiranana (Diego Suarez), Vohemar, and Ehoala in the south should be consolidated so that an economic balance is maintained with the other provinces, and so that the population also has access to the new jobs generated by the modernization of infrastructures. The country is immense, and to rehabilitate Tamatave alone would be insufficient. Other ports still deserve major technical improvements, which should be the subject of major state investment. Only the State, with its global vision and priority given to the population and the unity of the country, can do this, supported by bilateral or multilateral cooperation. As you can see, the blue economy is the key to sustainable development and job creation, which is quite understandable in a large island like Madagascar.

 By **Philippe Murcia**

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