

# Investing in the Blue Economy



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# Who We Are

## Promoting Investment in Healthy Oceans

Ocean Assets Institute is a  
*Non-Profit Membership Association*  
*with 2 Initiatives:*

**Marine Conservation**  
*Investment Portal*

[BlueCapital.org](http://BlueCapital.org)

**Investor Engagement**  
*with Ocean Industries*

[OceanAssets.org](http://OceanAssets.org)

**We are Advisors to Climate Bonds Initiative, Marine Assets standards**

# An Ocean of Wealth... *at Risk*

Annual GDP: \$4 trillion

Climate regulation

70% of oxygen production

Seafood: Protein & livelihoods

Population: 40% within 100km

90% of trade travels on oceans

Vast energy & mineral resources

# What is the Blue Economy?

- Fisheries
- Aquaculture
- Eco-tourism
- Offshore wind energy
- Wave & Tidal energy
- Sailing
- Coastal livelihoods

- Offshore oil & gas
- Sea bed mining
- Shipping
- Cruises & power boats
- Ports & Marinas
- Submarine cables/pipes
- Ports/marinas
- Desalination

# 5 Drivers of Asset Decline

1. **Rising Resource Demand:** Cost of exploration for energy/minerals
2. **Technological advances:** Deep-sea access, larger vessels & ports
3. **Decline of fish stocks:** 40% over-exploited or depleted, IUU, toxins
4. **Climate Change & Biodiversity:** Warming, Acidification, Pollution
5. **Weak High Seas Governance:** Fragmented, Unenforced

# Role of Private Investors

## Investment

- **Conservation** for profitable fishing, tourism, resilience
- **Renewable Marine Energy**
- **Waste & Recycling** Infra
- **\$35bn/yr** needed for fisheries, clean-up, green shipping, coasts\*

## Engagement

- **Seafood:** End over-fishing
- **Shipping:** Transition to LNG
- **Plastics:** Stop & clean waste
- **Extractives:** Damaging ecosystems worldwide

# Seafood: Why Invest...

1. **Strong Demand:** 40-60% growth by 2025... World needs protein!
2. **Limited Supply:** Wild & farmed fish are renewable but finite
3. **Aquaculture segment:** 6%pa growth, projected to continue
4. **Developing world play,** with population + demand growth
5. **Diversified Food/Ag:** Only half of companies are seafood pure-plays
6. **Low carbon** protein supply & health advantages vs beef/pork
7. **Consolidation trend** favors investors in target companies
8. **Innovation** is reducing costs and improving sustainability
9. **Some sustainability leaders** with public stocks. Oslo Seafood Index



# ...And Why Not

## Structural Risks

- **Price volatility** by species: Need diversified product line
- **Disease & Toxins:** Farmed fish epidemics. Wild catch shows 25% hold plastics
- **Fleet Overcapacity** (2.5x sustainable levels globally) = Wasted Capital
- **Complex supply chain** = Risk dominos
- **Concentration** = Top 14 control 40% catch

## Company & ESG Risks

- **Fishing Quotas:** Bought each year
- **Funding:** 60% below investment-grade
- **Commodities:** Supply & price risk for all
- **Must Hedge** Currencies & Fuel Cost
- **Traceability** required by many buyers
- **Waste:** 30% discards, Trawling damage
- **Certifiers** must avoid conflicts of interest
- **Governance:** 75% private, unaccountable

# Marine Energy - The J-Curve Opportunity



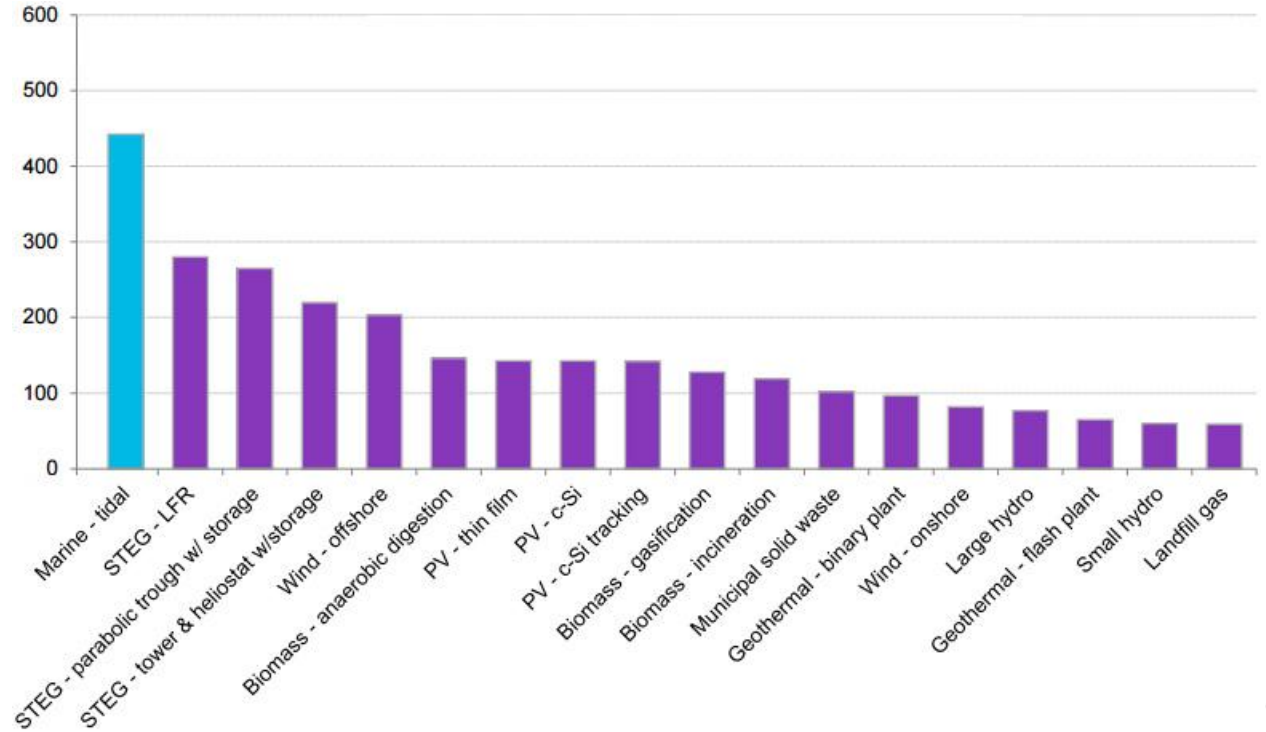
- Globally: 240GW of marine energy possible by 2050
- Tidal technologies are now proven and being deployed
- Most wave technologies are still at the proving stage
- UK Game Changers: Meygen & Swansea projects
- Tidal is forecast to continue growing at 20%+
- Remember solar 20 years ago?

# ... and the Challenge: LCoE in \$MWh

How to Reduce  
Marine Energy's  
Levelised Cost of  
Energy (LCoE) ?

*Answer:*  
*Public + OEM +*  
*VC Funding*

**Projects in UK,  
US/CA & France  
reducing cost**



# Shipping & Ports - *Why Invest*

- **Maritime Shipping** carries 90% of global trade
- **Asia play:** China invests in shipping (16 of 20 top ports in Asia)
- **European, US, Brazil & Japanese** shipping & ports improving
- **Consolidation** drives the industry to bigger ships & ports
- **Diversification:** Containers, Tankers, Servicing Platforms
- **Port Infrastructure continues** as major asset play. Green Bond opportunity
- **Technology** favors sustainability leaders on Fuel & Waste Mgt
- **Banks limit** financing, making room for other capital players

## ...*And Why Not*

- **Regulatory & Stakeholder Pressure** limits expansion
- **Cyclical Industry** depends on economic growth & trade
- **Volatility** of commodities & Chinese equities
- **Carbon Emissions** are high due to low-grade bunker fuels
- **Large Company Dominance** squeezes those “stuck in the middle”
- **Leverage** creates risk when trade slows as rates rise
- **Falling Scrap Prices** slow transition from old to new ships
- **Slow growth** due to oversupply
- **Reduced credit** from banks = balance sheet risk & capital shortages

# OAI's BlueCapital Initiative

## Project revenues:

**Fishing licenses:** Catch shares

**Eco-Tourism fees:** Divers, hotels

**Offset credits & Carbon storage**

**Protection:** Mangroves & reefs

**Recycling:** Ocean plastics & debris

## BlueCapital.org

1. **Investable Conservation**
2. **Asset-backed:** MPAs & FIPs
3. **Blue Bonds** with equity kicker
4. **Pipeline** \$100mn, FR & UK seas
5. **Governance:** DFIs, Sovereigns
6. **Measurable E & S Impacts**
7. **Custom** vehicles structured

*Launch: Q2 2017*

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