

MARITIME INSTITUTE OF MALAYSIA

**THE TIDES THAT BIND :
MARITIME TRADE IN THE
INDIAN OCEAN
AND ITS GROWTH
PROSPECTS**

Advancing the Frontier of Maritime Knowledge

NAZERY KHALID

**Maritime Threats and Opportunities
in the 21st Century Conference
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Presentation outline

- **Overview of Indian Ocean (IO) as an economic region.**
- **IO as a maritime trade facilitator.**
- **IO as an energy sealane.**
- **Maritime development in IO region.**
- **Maritime trade outlook in IO region.**
- **Strengthening the ties that bind.**

Facts and features

- **IO is the third largest ocean covering one-fifth of its surface.**
- **Ancient social, cultural, economic & political ties link the IO area.**
- **Civilizations flourished in the IO region.**
- **IO provided crossroad for Spice Routes in 15th century, influencing global trade, shipping patterns and flow of people.**

IO as an economic region

- **IO region's vastness features and area with wide economic disparity.**
- **Major sub-regions : Southern & East Africa, Horn of Africa / Red Sea, South Asia, South East Asia & Australasia.**
- **Regional groupings include GCC, SAARC, SADEC & ASEAN.**
- **Many IO area economies are opening up.**
- **IOR-ARC promotes economic links.**

IO as an economic region

IO is one of the world's busiest waterways facilitating three global trade systems :

- **Regional trade between Bay of Bengal and Arabian Sea.**
- **Regional trade between Pacific & Atlantic.**
- **Energy route between West Asia and East Asia.**

Factors making IO a vital sealane

- **Location, location, location.**
- **Calm waters.**
- **Unhindered flow & freedom of navigation.**
- **Increasing global maritime trade.**
- **Growing regional trade & consumerism.**
- **Economic liberalization.**
- **Globalization.**

IO as an energy sealane

- **IO provides shipping route for West Asian oil and gas to global markets.**
- **Growing energy demand from emerging economies has increased IO's profile as an energy sealane.**
- **Energy dependence and security threat heightens strategic stake of the ocean.**

Maritime development in IO region

- **Growing global trade has boosted maritime development in IO region.**
- **Ports have been built and upgraded.**
- **Shipping services have grown across the IO arc to facilitate greater trade.**
- **Maritime ancillary services i.e. shipbuilding, logistics have also grown.**
- **Level of services is fast improving to cater to greater trade volume.**

Maritime trade outlook in IO region

- **Bullish global outlook for maritime trade augurs well for IO region's economies.**
- **Growing world energy dependence will continue to put IO in global spotlight.**
- **More economic openness and trade liberalization set to boost trade in IO arc.**
- **However, intra-regional trade is still coming off a low base.**

Strengthening the ties that bind

- **More needs to be done to boost intra-regional trade & economic integration.**
- **Changes in maritime sector demand capacity and performance improvement to ensure competitiveness.**
- **Once trade barriers are off, IO area will be able to handle greater trade volume.**
- **IO is set to be a vital trade sealane and at the center of global strategic focus.**

**In protecting multiple interests and perspective
in this mighty ocean,
let us be guided by
the wisdom of the old saying :**

***“The land divides
but
the sea unites”***

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THANK YOU

nazery@mima.gov.my
www.mima.gov.my

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