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Avinash Kumar



Avinash Kumar has completed his Ph.D. in International Investment Law from the Dept. of Law & Governance, Central University of South Bihar. His research work is on "International Investment Agreement and State's right to regulate Foreign Investment." He qualified UGC-NET and has been selected for the prestigious ICSSR Doctoral Fellowship. He is an alumnus of the Faculty of Law, University of Delhi. Formerly he has been elected as Students Union President of Law Centre-1, University of Delhi. Moreover, he completed his LL.M. from the University of Delhi (2014-16), dissertation on "Cross-border Merger & Acquisition"; LL.B. from the University of Delhi (2011-14), and B.A. (Hons.) from Maharaja Agrasen College, University of Delhi. He has also obtained P.G. Diploma in IPR from the Indian Society of International Law, New Delhi. He has qualified UGC – NET examination and has been awarded ICSSR – Doctoral Fellowship. He has published six-plus articles and presented 9 plus papers in national and international seminars/conferences. He participated in several workshops on research methodology and teaching and learning.

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MARITIME SECURITY AND ECONOMY: STUDY OF INDIA'S NEIGHBORING COUNTRIES

AUTHORED BY - RADHIKA MAHESHWARI

Research Assistant

School of Integrated Coastal and Maritime Security Studies

Rashtriya Raksha University, Gandhinagar

SRI LANKA

PIRACY AND ARMED ROBBERY

To understand the economic effects of maritime piracy in Sri Lanka, several reports and sources shed light on this issue

1. The crisis in Sri Lanka has led to significant economic challenges, including high prices, limited access to essential goods, and a collapse of the economy, prompting the country to seek a bailout from the International Monetary Fund. The impact extends beyond Sri Lanka's borders, affecting Indian Ocean security and trade ¹.
2. Maritime piracy has substantial economic implications on international trade due to increased insecurity in the delivery of goods. Studies have shown that piracy imposes significant costs on international commerce and taxpayers, hindering trade. The research focuses on the impact of piracy on intra-regional trade in Southeast Asia, highlighting the negative effects on bilateral trade flows among Southeast Asian countries. ²
3. This study delves into maritime security issues, emphasizing the importance of protecting sovereignty, maritime resources, and countering piracy, terrorism, and other illegal activities in the maritime domain. It discusses the challenges posed by maritime piracy and the need for comprehensive maritime strategies to ensure security in the region and safeguard national interests. ³
4. The waters off western India and Sri Lanka are identified as critical chokepoints in the world's maritime oil trade. Disruptions to maritime trade, including piracy incidents, can

¹ Samaranayake, N. (2022, August 22). *How has Sri Lanka's crisis impacted Indian Ocean security?* Default. <https://www.lawfaremedia.org/article/how-has-sri-lankas-crisis-impacted-indian-ocean-security>

² Morabito, G., & Sergi, B. S. (2018). HOW DID MARITIME PIRACY AFFECT TRADE IN SOUTHEAST ASIA? *Journal of East Asian Studies*, 18(2), 255–265. <https://doi.org/10.1017/jea.2018.5>

³ Wijesooriya, K. (2017). *CHURNING "HISTORIC WATERS": MARITIME AND NATIONAL SECURITY IN THE PALK BAY AND SRI LANKA* [NAVAL POSTGRADUATE SCHOOL MONTEREY, CALIFORNIA]. <https://apps.dtic.mil/sti/pdfs/AD1053524.pdf>

have significant economic implications, leading to increased insurance premiums for oil tanker companies and affecting the flow of goods through key maritime routes.⁴

Based on the provided sources, particularly the information from Sri Lanka's representative and the impact of maritime piracy on global trade, it is evident that maritime piracy has significant economic implications. The economic effects of maritime piracy can be seen in various ways:

1. **Global Trade Impact:** Maritime piracy disrupts international trade by increasing costs, hindering the flow of goods, and affecting the security of shipping lanes that are vital for global trade. This disruption can lead to economic losses for countries heavily reliant on maritime transport^{5 6 7}
2. **Insurance Costs:** One of the major economic impacts of maritime piracy is the increase in insurance premiums for oil tanker companies. This increase can be substantial, with war risk premiums potentially reaching up to 10% of the market value of the vessel. Such costs add financial strain to the shipping industry and contribute to the overall economic burden caused by piracy.⁸
3. **Regional Trade Effects:** In Southeast Asia, maritime piracy has been shown to impose considerable costs on international commerce and taxpayers, inhibiting trade flows among countries in the region. Studies have indicated that piracy attacks are associated with a decrease in exports, highlighting the negative impact on GDP and trade numbers.⁹

In conclusion, the economic effects of maritime piracy on countries like Sri Lanka and globally are significant, impacting GDP, trade numbers, insurance costs, and overall economic stability. The disruption caused by piracy not only affects individual nations but also has broader implications for international trade and economic growth.

Armed robbery at sea has had implications for Sri Lanka's GDP and economic growth. According

⁴ Morsej. (2011). textbook. *The Economic Implications of Disruptions to Maritime Oil Chokepoints*.

⁵ Nations, U. (2019). *High seas crime becoming more sophisticated, endangering lives, international security, speakers tell Security Council*. Meetings Coverage and Press Releases; Security Council, United Nations. <https://press.un.org/en/2019/sc13691.doc.htm>

⁶ Prins, P. B. (2021, February 13). *Hstoday How History Predicts COVID-19's Impact on Maritime Piracy, and What America Can do to Help - HS Today*. Hstoday. <https://www.hstoday.us/subject-matter-areas/transportation/how-history-predicts-covid-19s-impact-on-maritime-piracy-and-what-america-can-do-to-help/>

⁷ Melegoda, N. (2024, January 5). *Table of ConTenTs 1 sri lankan role in bay of bengal for seCuriTy CooperaTion*. Unknown.

https://www.researchgate.net/publication/377158169_Table_of_ConTenTs_1_sri_lankan_role_in_bay_of_bengal_f_or_seCuriTy_CooperaTion

⁸ Ibid

⁹ Ibid

to a report by the Naval Postgraduate School, Sri Lanka faces maritime security challenges that impact its economic stability. The report suggests that to counter transnational organized crime, Sri Lanka should establish effective security measures, implement strict maritime laws, and draft bilateral agreements with India.¹⁰ Additionally, the Carnegie Endowment for International Peace highlights the importance of regional cooperation in addressing piracy and armed robbery at sea, emphasizing the need for initiatives like joint maritime patrols and information fusion centers to enhance maritime security in the Indian Ocean region.¹¹

Furthermore, the 'United Nations Office on Drugs and Crime (UNODC)'¹² underscores the impact of piracy on the region, particularly in the Indian Ocean. The UNODC report mentions that piracy and armed robbery incidents endanger maritime navigation, leading to risks such as collisions or grounding of ships, which can have economic repercussions.¹³ Moreover, Scholar Hub Universities Indonesia discusses the seriousness of piracy in Indonesian waters and coastal areas, emphasizing that piracy is a significant crime punishable by imprisonment or even death in Indonesia. The report highlights the economic challenges associated with protecting maritime spaces and resources, indicating the need for substantial resources to combat piracy effectively.¹⁴

TERRORISM

According to the International Monetary Fund (IMF), the economic reform program in Sri Lanka has shown signs of recovery, with positive low inflation, increased revenue collection, and a build-up of external reserves following the country's economic challenges.¹⁵ The IMF emphasizes the importance of sustaining the reform momentum for stabilization to evolve into broad-based and stable growth, highlighting the need for continued progress in meeting key commitments under the IMF-supported program.¹⁶

Moreover, the Asian Development Bank (ADB) forecasts a rebound in Sri Lanka's economy, projecting economic growth to rise to 4.1% in 2021 and moderate to 3.6% in 2022. The growth is

¹⁰ Liyanagamage, B. (2018, December). *Defense Technical Information Center*. Defense Technical Information Center. <https://apps.dtic.mil/sti/citations/AD1069654>

¹¹ Baruah, D. M., Labh, N., & Greely, J. (2023, June 15). Mapping the Indian Ocean Region. *Carnegie Endowment for International Peace*. <https://carnegieendowment.org/2023/06/15/mapping-indian-ocean-region-pub-89971>

¹² UNODC. (n.d.). *United Nations Office on Drugs and Crime*. United Nations: Office on Drugs and Crime. Retrieved July 11, 2024, from <https://www.unodc.org/>

¹³ kuttig. (2010). TOCTA Report 2010_low res.pdf. *UNODC*.

¹⁴ Djalal, H. (2021). PIRACY IN SOUTH EAST ASIA: INDONESIAN AND REGIONAL RESPONSES. *Indonesian Journal of International Law*, 1(3). <https://doi.org/10.17304/ijil.vol1.3.399>

¹⁵ IMF staff concludes visit to Sri Lanka. (2024, January). IMF. <https://www.imf.org/en/News/Articles/2024/01/18/pr2414-sri-lanka-imf-staff-concludes-visit>

¹⁶ Ibid

expected to come from increased private consumption, recovery in investment, and various reforms planned by the government. The ADB also mentions that Sri Lanka's economy is showing signs of recovery after a severe recession, with an expected growth rate of 1.7% in 2024 after contracting by 3.8% in 2023.¹⁷

ILLEGAL TRAFFICKING AND WEAPONS OF MASS DESTRUCTION

These issues contribute to instability, insecurity, and hinder economic progress in the country. According to the 'United Nations Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons'¹⁸, Sri Lanka is a transit country for heroin trafficking, which is a major concern as heroin abuse is widespread in the country.¹⁹ Additionally, the illegal arms trade, extortion, and protection racketeering are prevalent in Sri Lanka, leading to economic challenges and hindering growth.²⁰

Furthermore, conventional weapons, described as "weapons of limited destruction," have caused immense suffering and loss of life globally, impacting economies and societies. The illegal arms trade, which underpins malicious actions, contributes to instability and poses a threat to economic development. The presence of these weapons, along with the trafficking of small arms, exacerbates conflicts, hampers peace efforts, and perpetuates violations of civilian rights, especially affecting young people and women.²¹

In conclusion, the illegal trafficking of drugs and weapons, along with the presence of weapons of mass destruction at sea, have adverse effects on Sri Lanka's GDP and economic growth. These activities contribute to instability, violence, and hinder the country's progress towards sustainable development.

DRUG TRAFFICKING

The country's GDP is primarily influenced by illicit activities like drug trafficking and gold

¹⁷ *Sri Lanka's GDP growth projected to rebound amid pandemic and vaccination*. (2021). Asian Development Bank. <https://www.adb.org/news/sri-lanka-gdp-growth-projected-rebound-amid-pandemic-and-vaccination>

¹⁸ United Nations. (n.d.). *Programme of Action on small arms and its International Tracing Instrument – UNODA*. Retrieved July 11, 2024, from <https://disarmament.unoda.org/convarms/salw/programme-of-action/>

¹⁹ Twenty4. (2013, October 6). *Sri Lanka - Office for Disarmament Affairs*. Office for Disarmament Affairs - Regional Centre for Peace and Disarmament in Asia and the Pacific (UNRCPD). <https://www.unrcpd.org/region/sri-lanka/>

²⁰ *Criminality in Sri Lanka - the organized crime index*. (n.d.). The Organized Crime Index. Retrieved March 17, 2024, from https://ocindex.net/country/sri_lanka

²¹ *Conventional weapons — 'drenched in innocent blood' — inflict untold suffering, enable malicious acts to take root anywhere*. (n.d.). Meetings Coverage and Press Releases. Retrieved March 17, 2024, from <https://press.un.org/en/2022/gadis3696.doc.htm>

smuggling, leading to economic challenges. Drug trafficking, especially involving heroin from Afghanistan, Pakistan, and India, has made Sri Lanka a key destination in the global drug trade. Recent open-ocean seizures of heroin indicate a rise in maritime trafficking of drugs sourced from the Afghanistan-Pakistan region. Additionally, Sri Lanka serves as a transit country for cocaine trade, with the market being smaller compared to other criminal activities but still impacting the local economy.²²

Furthermore, the involvement of criminal actors, including state-embedded individuals and loose criminal networks, has contributed to the country's challenges. These actors collaborate with criminal networks, impacting security and economic stability. Criminal gangs have been involved in masking cocaine shipments to Australia and Europe in Sri Lankan containers,²³ highlighting the extent of organized crime in the region.²⁴

The impact of drug trafficking on Sri Lanka's economy is further emphasized by international sources. The UNODC highlights drug trafficking as a global illicit trade with significant financial and social costs, affecting communities worldwide. The campaign against transnational organized crime stresses the need for coordinated international action, education, intelligence enhancement, and assistance to combat these threats effectively.²⁵

SMUGGLING AND TRAFFICKING OF HUMANS AT SEA

According to the 'United Nations Office on Drugs and Crime (UNODC),'²⁶ Sri Lanka is a source area for people smuggling and human trafficking, with these activities posing a large-scale threat to the country. The UNODC and the US State Department label Sri Lanka as a major source country for human trafficking and people smuggling. These illegal activities involve different kinds of irregular people movements, such as smuggling foreign migrants into Sri Lanka and then onto other countries, smuggling asylum seekers and economic migrants from within Sri Lanka to developed countries or transit locations, and smuggling Sri Lankans to different locations for sex work or indentured labour.²⁷

²² Global Initiative Against Transnational Organized Crime. (2023). *SRI LANKA*. ENACT; Global Organised Crime Index. https://ocindex.net/assets/downloads/2023/english/ocindex_profile_sri_lanka_2023.pdf

²³ *Criminality in Sri Lanka - the organized crime index*. (n.d.-b). The Organized Crime Index. Retrieved March 17, 2024, from https://ocindex.net/2021/country/sri_lanka

²⁴ Ibid

²⁵ Isheeta.sumra. (n.d.). *Drug Trafficking: A \$32 billion business affecting communities globally*. Retrieved March 17, 2024, from <https://www.unodc.org/southasia/frontpage/2012/August/drug-trafficking-a-business-affecting-communities-globally.html>

²⁶ *United Nations Office on Drugs and Crime*. (n.d.). United Nations: Office on Drugs and Crime. Retrieved March 17, 2024, from <https://www.unodc.org/>

²⁷ ASPI. (n.d.-b). *Transnational crime in Sri Lanka: Future considerations for international cooperation. Special Report*.

The impact of these activities on Sri Lanka's economy is multifaceted. The involvement of corrupt elements within the Sri Lanka Navy in facilitating these trades has been noted. Additionally, the trade involving Tamil asylum seekers and economic migrants has received significant attention internationally. This trade includes direct maritime journeys to Western countries like Australia and Canada or movement via commercial airlines to third countries before a maritime crossing. There have been allegations that former members of the LTTE are involved in these activities for fundraising purposes.²⁸

Furthermore, the lack of accurate statistics on the magnitude of these phenomena in the East Asia and Pacific region contributes to challenges in fully understanding their economic impact. The absence of systems to collect data about smuggling of migrants and varying definitions of smuggling and trafficking across countries in the region hinder efforts to quantify the economic repercussions accurately.²⁹

In conclusion, while specific data linking human smuggling and trafficking at sea directly to Sri Lanka's GDP and economic growth may not be readily available from government or international sources, the broader implications on security, social stability, and potential economic ramifications are evident from reports by organizations like the UNODC and insights from various studies on transnational crime in Sri Lanka.³⁰

IUU FISHING

The lack of transparency and traceability in the tuna industry, attributed to IUU fishing, has contributed to near-shore overfishing and the threat of overfishing of some species in Sri Lanka's waters.³¹ This has led to challenges in the fisheries sector, affecting the country's economy.

The seafood industry in Sri Lanka plays a crucial role in supporting food security and livelihoods, with fish being the main source of animal protein for the population.³² However, IUU fishing practices can undermine the sustainability of fish stocks, impacting both food security and economic stability.

²⁸ Ibid

²⁹ UNITED NATIONS: United Nations Office on Drugs and Crime. (2011b). *Smuggling of migrants: A Global Review*.

³⁰ Ibid

³¹ World Bank. 2017. "Sri Lanka: Managing Coastal Natural Wealth" Washington, DC, The World Bank Group.

³² Watch, S. (2024). Tropical tuna social risk profile — Sri Lanka | Seafood Watch. *SEAFOOD SOCIAL RISK TOOL,2*.

In terms of sources, reports from the World Bank document the contribution of fish to Sri Lanka's economy and its importance in providing livelihoods for a significant number of people.³³ Additionally, the Seafood Watch report highlights the risks associated with IUU fishing in Sri Lanka and its broader implications on labor conditions and economic stability.³⁴ These sources provide valuable insights into how IUU fishing practices have affected Sri Lanka's GDP and economic growth, emphasizing the need for sustainable fisheries management practices to ensure long-term economic prosperity.

CLIMATE CHANGE

According to the World Bank, Sri Lanka is facing an unsustainable debt and severe balance of payments crisis, leading to a negative impact on growth and poverty. The real GDP of Sri Lanka is expected to fall by 9.2 % in 2022 and a further 4.2 % in 2023. The country's economic outlook is uncertain due to fiscal, external, and financial sector imbalances, with risks including slow debt restructuring, limited external financing support, and challenges in recovering from the economic crisis.³⁵

Moreover, the recent El Niño events have exacerbated the situation, affecting over 2 million people in Sri Lanka between 2016 and 2017. The impacts included flooding, landslides, and severe droughts, leading to water scarcity for agriculture, drinking, and household use. The current El Niño phase is forecasted to peak by the end of 2023, with potential impacts on water availability and communities, especially in the context of climate change and biodiversity loss.³⁶

BANGLADESH

PIRACY AND ARMED ROBBERY

According to a study published in the *Journal of East Asian Studies*, maritime piracy has affected trade in Southeast Asia, including Bangladesh, due to its strategic location for international trade.³⁷ The research highlights that maritime piracy undermines security and economic stability in the region, impacting trade volumes among Southeast Asian countries.

³³ Ibid

³⁴ Ibid

³⁵ *Overview*. (n.d.). World Bank. Retrieved March 17, 2024, from <https://www.worldbank.org/en/country/srilanka/overview>

³⁶ *Integrated Water Resources Development: The Way Forward for Sri Lanka to tackle the Climate Crisis*. (n.d.). Climate Change Adaptation. Retrieved March 17, 2024, from <https://www.adaptation-undp.org/integrated-water-resources-development-way-forward-sri-lanka-tackle-climate-crisis>

³⁷ Morabito, G., & Sergi, B. S. (2018b). HOW DID MARITIME PIRACY AFFECT TRADE IN SOUTHEAST ASIA? *Journal of East Asian Studies*, 18(2), 255–265. <https://doi.org/10.1017/jea.2018.5>

Furthermore, an article from *The Diplomat* emphasizes the global implications of piracy, noting that Southeast Asia had the second-highest incidence of piracy globally in 2016, with Indonesia being the state with the highest incidence.³⁸ This poses a direct threat to maritime trade routes crucial for Bangladesh's economy.

These sources underscore the importance of addressing piracy and armed robbery at sea to safeguard Bangladesh's economic interests. The impact on GDP and economic growth is evident through disruptions to trade routes and increased security risks associated with maritime criminal activities.

TERRORISM AT SEA

The country has faced challenges due to maritime security issues, impacting its economic stability. The effects of terrorism on Bangladesh's economy have been significant, with concerns raised about dwindling foreign reserves and the need for an International Monetary Fund loan to address financial difficulties. The government's efforts to combat terrorism through a "zero tolerance policy" have aimed to create a peaceful environment conducive to economic development.³⁹

Bangladesh's economic stability has been questioned following terrorism-related challenges. These sources highlight the country's transition from a war-hit poor economy to one of the fastest-growing economies, emphasizing the importance of political stability in attracting foreign investments and fostering economic growth.⁴⁰ Additionally, reports from reputable international organizations like the Asian Development Bank can offer further analysis on how terrorism at sea has impacted Bangladesh's GDP and economic performance.^{41 42}

ILLEGAL TRAFFICKING OF WEAPONS OF MASS DESTRUCTION

According to sources, Bangladesh is affected by illicit financial transfers, including the smuggling of goods, small arms sales, drugs, counterfeit currency, and money laundering, which contribute

³⁸ Page, N. (2017, July 5). Piracy in Australia's neighbors. *The Diplomat*. <https://thediplomat.com/2017/07/piracy-in-australia-neighbors/>

³⁹ Giulia Mucciarelli. (2018). *The Cost of Terror: The Effects of Terrorism on Stock Market Performance*. <https://arno.uvt.nl/show.cgi?fid=146173>

⁴⁰ *Bangladesh*. (n.d.). The World Factbook. Retrieved March 17, 2024, from <https://www.cia.gov/the-world-factbook/countries/bangladesh/>

⁴¹ *Continuity and change in Bangladesh's Indo-pacific outlook: Deliberating post-election scenarios*. (n.d.). Orfonline.Org. Retrieved March 17, 2024, from <https://www.orfonline.org/research/continuity-and-change-in-bangladesh-s-indo-pacific-outlook-deliberating-post-election-scenarios>

⁴² Ziauddin, M. (2019, November 2). Bangladesh booms in a sluggish world economy. *The Diplomat*. <https://thediplomat.com/2019/11/bangladesh-booms-in-a-sluggish-world-economy/>

to funding terrorist activities within the country.⁴³ These activities, which are linked to the trafficking of weapons of mass destruction, impact the country's economy negatively.

The funding methods of Bangladeshi terrorist groups involve tapping into illegal money flows, with an estimated \$1 billion in taxable goods smuggled into the country from India, some of which ends up financing terrorist organizations.⁴⁴ Money laundering, accounting for a significant portion of the country's GDP, along with remittances from expatriates and illegal financial transactions, further exacerbate the issue.⁴⁵

Moreover, the 1540 Resolution emphasizes the importance of controlling exports and borders to prevent weapons of mass destruction from falling into the hands of terrorists. Bangladesh, as part of its commitment to implementing this resolution, faces challenges in curbing illicit activities that impact its economic stability.⁴⁶

These findings are supported by various sources, including the State Department's South and Central Asia Regional Overview, which highlights the impact of illicit financial flows on governance and economic development in the region, and reports on Bangladesh's struggle with terrorist financing. Additionally, insights from the Asian Export Control Seminar shed light on the economic implications of trafficking weapons of mass destruction and the need for stringent measures to address these challenges.

DRUG TRAFFICKING

Drug trafficking at sea has had a significant impact on Bangladesh's GDP and economic growth in recent times. According to the 'United Nations Office on Drugs and Crime (UNODC)', drug trafficking is a global illicit trade estimated to be a \$32 billion industry, affecting communities globally.⁴⁷ Bangladesh serves as a transit point for heroin and cocaine trafficking, with international cartels using the country's ports for smuggling drugs into Europe and Southeast Asia.

⁴³ Section 22 - CBJ section VIII - SCA.rtf. (2009). 12–16.

⁴⁴ *The funding methods of Bangladeshi terrorist groups – combating terrorism center at West Point*. (2009, May 15). Combating Terrorism Center at West Point. <https://ctc.westpoint.edu/the-funding-methods-of-bangladeshi-terrorist-groups/>

⁴⁵ Government of Bangladesh. (2017). *National Strategy for Preventing Money Laundering and Combating Financial Terrorism*. GOB. <https://www.bb.org.bd/pub/special/amlstrategy/introduction.pdf>

⁴⁶ MOFA, Japan. (2024). *The 30th Asian Export Control Seminar*. Ministry of Foreign Affairs of Japan. https://www.mofa.go.jp/dns/n_s_ne/pageite_000001_00207.html

⁴⁷ isheeta.sumra. (n.d.). *Drug Trafficking: A \$32 billion business affecting communities globally*. Retrieved March 17, 2024, from <https://www.unodc.org/southasia/frontpage/2012/August/drug-trafficking-a-business-affecting-communities-globally.html>

⁴⁸ This illegal activity contributes to corruption among border security and law enforcement officials, further fueling the drug trade's profitability in the region.

The impact of drug trafficking on Bangladesh's economy is multifaceted. The illicit drug trade not only poses risks to public health and safety but also undermines economic and social development, contributing to crime, instability, insecurity, and the spread of HIV. The 'UNODC' emphasizes the need for coordinated international action to combat transnational organized crime like drug trafficking, highlighting the importance of intelligence, technology, education, awareness-raising, and assistance to counter these threats effectively.⁴⁹

In terms of government and international sources, the reports from the 'United Nations Office on Drugs and Crime (UNODC)' provide detailed insights into the impact of drug trafficking on Bangladesh's economy and society. Additionally, reports from organizations like the OECD (Organization for Economic Co-operation and Development) can offer valuable information on economic transformations and challenges faced by countries like Bangladesh due to illicit activities such as drug trafficking.⁵⁰

SMUGGLING AND TRAFFICKING OF HUMANS AT SEA

The smuggling and trafficking of humans at sea have had significant implications for Bangladesh's GDP and economic growth in recent times. These activities, particularly affecting vulnerable populations like women, children, and refugees, have led to various economic challenges in the country. According sources:

The 'United Nations Office on Drugs and Crime (UNODC)' has highlighted that human trafficking poses a significant challenge to Bangladesh's economy and security, impacting both the source and transit country dynamics.⁵¹

The Global Organized Crime Index report emphasizes that Bangladesh is a source and destination country for human trafficking, with a focus on sex trafficking. It mentions how these criminal

⁴⁸ Global Initiative Against Transnational Organized Crime. (2023). *BANGLADESH*. Global Organized Crime Index; ENACT. https://ocindex.net/assets/downloads/2023/english/ocindex_profile_bangladesh_2023.pdf

⁴⁹ Ibid

⁵⁰ OECD. (n.d.). *Home*. OECD iLibrary. Retrieved March 17, 2024, from <https://www.oecd-ilibrary.org/sites/7fc6b374-en/index.html?itemId=%2Fcontent%2Fcomponent%2F7fc6b374-en>

⁵¹ samarth.pathak. (n.d.). *Bangladesh: UNODC enhances responses against Trafficking in Persons with Data-Driven Approaches*. Retrieved March 17, 2024, from https://www.unodc.org/southasia/en/frontpage/2023/December/bangladesh_-unodc-enhances-responses-against-trafficking-in-persons-with-data-driven-approaches.html

activities exploit men, women, and children seeking work in other regions, affecting the country's economic landscape.⁵²

The USAID Bangladesh Country Development Cooperation Strategy report points out that human trafficking and child marriage occur at high rates within vulnerable populations like the Rohingya refugee community, further complicating economic development efforts in Bangladesh.⁵³

These sources collectively underscore the detrimental effects of smuggling and trafficking on Bangladesh's GDP and economic growth, highlighting the urgent need for comprehensive interventions to address these issues.

IUU FISHING

The practice of Illegal, Unreported, and Unregulated (IUU) fishing not only affects the marine ecosystem but also has detrimental effects on the economy. According to the FAO, IUU fishing across the world's oceans amounts to around 11–26 million tonnes of fish annually, with a value of \$26 to 35 billion. This practice leads to overfishing, the collapse of vulnerable fisheries, exploitation of developing countries, seafood fraud, criminal activities, and endangered seafood safety.⁵⁴

In the context of Bangladesh, IUU fishing has been a pressing issue. The Department of Fisheries in Bangladesh has been actively working to combat IUU fishing within its Exclusive Economic Zone (EEZ). The FAO has highlighted that IUU fishing in Bangladesh's waters can have a direct impact on the country's GDP and economic growth. The FAO emphasizes the importance of avoiding subsidies to companies, vessels, or persons engaged in IUU fishing to prevent further economic losses and environmental damage.⁵⁵

CLIMATE CHANGE

According to a report by the World Bank, the average tropical cyclones cost Bangladesh about \$1 billion annually, and by 2050, one-third of agricultural GDP may be lost due to climate variability

⁵² Ibid

⁵³ Bangladesh, U. (2023). *USAID bangladesh country development cooperation strategy - 2020-2027*.

⁵⁴ Ababouch, L. (2019). *Advancing Sustainable Development Goal 14: Sustainable fish and seafood value chains, trade and climate*.

⁵⁵ Ministry of Fishes and Livestock. (2017). *Annual Report*. Dept. of Fisheries, Bangladesh. http://fisheries.portal.gov.bd/sites/default/files/files/fisheries.portal.gov.bd/annual_reports/64428d1f_dccc_486c_9b77_a15d25b1b927/Annual%20Report%202017.pdf

and extreme events.⁵⁶ Additionally, a study published in the International Journal of Water Resources Development highlights that climate change has led to a decrease in Bangladesh's average GDP by -6.17% and a decline in investment by -7.76%. The impacts of climate change on the rice sector have been particularly intense, with prices increasing by 5.82% and 8.11%, and output decreasing by -3.08% and -3.7% collectively in 2030 and 2050.⁵⁷

These findings underscore the severe economic consequences of climate change on Bangladesh, affecting various sectors and leading to significant declines in GDP, investment, and agricultural output. The sources from the World Bank and the International Journal of Water Resources Development provide credible insights into how climate change has affected Bangladesh's economy, highlighting the urgent need for climate action and adaptation measures to mitigate these adverse effects.

MAURITIUS

PIRACY AND ARMED ROBBERY AT SEA

According to the 'United Nations Conference on Trade and Development (UNCTAD)', the impact of piracy and armed robbery at sea has been significant, affecting the maritime security and trade routes of African nations, including Mauritius.⁵⁸ This has led to concerns about the safety and security of sea lanes, impacting the region's economy due to the disruption of key maritime routes.

Furthermore, the European Parliamentary Research Service (EPRS) highlights that maritime piracy and armed robbery at sea pose a threat not only to regional but also to the global economy. Over 80% of world trade is conducted through maritime transport, and Africa heavily relies on sea transport for imports and exports. The cost of piracy globally is estimated to be around US\$24.5 billion annually, affecting various sectors such as fisheries, food security, and tourism.⁵⁹

In the context of Southeast Asia, The Diplomat reports that armed robbery incidents have been on the rise, particularly in the Straits of Malacca and Singapore, Indonesia, and the Philippines. These

⁵⁶ World Bank Group. (2022, October 31). Key highlights: Country climate and development report for Bangladesh. *World Bank Group*. <https://www.worldbank.org/en/news/feature/2022/10/31/key-highlights-country-climate-and-development-report-for-bangladesh>

⁵⁷ Hossain, S. S., Delin, H., & Mingying, M. (n.d.). Aftermath of climate change on Bangladesh economy: An analysis of the dynamic computable general equilibrium model. *Journal of Water and Climate Change*, 13(7), 2597–2609. <https://doi.org/10.2166/wcc.2022.412>

⁵⁸ UNCTAD. (2014). *Maritime piracy (part I): An overview of trends, costs and trade-related implications*.

⁵⁹ European Parliament. (2019). *Piracy and armed robbery off the coast of Africa*. https://www.europarl.europa.eu/RegData/etudes/IDAN/2019/635590/EPRS_IDA%282019%29635590_EN.pdf

incidents, although involving the theft of relatively minor items, have raised concerns about the safety of sea lanes and the need for enhanced security measures in the region.⁶⁰

TERRORISM

According to a study analyzing the effects of terrorism on tourism demand in Mauritius, it was discovered that because of travellers' reactive psychological perceptions about travel, terrorist acts had a short-term effect on the demand for tourism. Long-term effects on tourism demand are, however, lessened because Mauritius is seen as a safe location with no significant history of terrorist occurrences.⁶¹

Furthermore, the World Bank's assessment of Mauritius highlights that the country's economic outlook remains subject to downside risks, including competition from other destinations, potential negative effects from global conditions, and the impact of events like the war in Ukraine. The report emphasizes the importance of strengthening macroeconomic resilience by rebuilding fiscal buffers, raising revenue, and lowering the public debt-to-GDP ratio to support economic growth and stability.⁶²

ILLEGAL TRAFFICKING OF ARMS AND WEAPONS OF MASS DESTRUCTION

According to the 'United Nations Office on Drugs and Crime (UNODC)', the illicit trade of firearms is a global issue with significant variations between countries, impacting peace and security globally. The UNODC's Global Study on Firearms Trafficking in 2020 highlighted that pistols are the most seized type of firearm globally, with wide variations in quantities seized among countries, ranging from less than 10 to over 300,000 firearms.⁶³

Furthermore, Control Arms, an organization focusing on arms control in Africa, emphasizes efforts to combat illicit arms trafficking in the region. The AU-EU project aimed at fighting the illicit accumulation and trafficking of small arms and light weapons resulted in the establishment of National Commissions on SALW in several African countries like Congo, Central African

⁶⁰ Panneerselvam, P., & Ramkumar, K. G. (2023, May 15). Piracy and armed robbery in Southeast Asia: The need for a fresh approach. *The Diplomat*. <https://thediplomat.com/2023/05/piracy-and-armed-robbery-in-southeast-asia-the-need-for-a-fresh-approach/>

⁶¹ Darshana Boojhawon, & Boopen Seetanah. (2015). *THE IMPACT OF TERRORISM ON TOURISM DEMAND IN MAURITIUS*. <https://wtochairs.org/sites/default/files/5%20paper%20terrorism%20and%20tourism.pdf>

⁶² MAURITIUS MPO. (2023).

⁶³ UNODC. (2020). *Global Study on Firearms Trafficking 2020*. UNODC Research. https://www.unodc.org/documents/data-and-analysis/Firearms/2020_REPORT_Global_Study_on_Firearms_Trafficking_2020_web.pdf

Republic, Chad, and Cameroon. These initiatives demonstrate a concerted effort to address the challenges posed by illegal arms trafficking.⁶⁴

DRUG TRAFFICKING

According to the World Drug Report 2023 by UNODC, the presence of drug trafficking has led to the laundering of profits into various sectors, including land speculation and infrastructure, posing a growing danger to the environment and communities. This convergence of crimes, such as money laundering and corruption, has created violent hotspots in tri-border areas, affecting indigenous peoples and minorities disproportionately.⁶⁵

Furthermore, the CIA World Factbook highlights that Mauritius faces challenges in combating drug trafficking, leading to negative consequences on its economy. The country's efforts in expanding its anti-trafficking capacity have been minimal, with officials not prosecuting suspected traffickers or initiating investigations effectively. This has resulted in Mauritius being downgraded to Tier 2 Watch List for trafficking in persons.⁶⁶

The 'Prime Minister of Mauritius, Mr. Pravind Kumar Jugnauth', has reiterated the government's determination to fight drug trafficking and ensure maritime security. This commitment underscores the recognition of the detrimental effects of drug trafficking on the country's security and economic well-being.⁶⁷

SMUGGLING AND TRAFFICKING OF HUMANS AT SEA

According to the '2023 Trafficking in Persons Report by the State Department'⁶⁸, Mauritius faces challenges in securing its extensive coastline and ports, with drug smuggling being a major concern due to its coastal position and proximity to major drug trafficking routes. The report highlights that the lack of prior knowledge of the sea among many recruits in the coast guard service and the suspected involvement of local fishermen in drug transportation intensify this

⁶⁴ Ababouch, L. (2019). *Advancing Sustainable Development Goal 14: Sustainable fish and seafood value chains, trade and climate*.

⁶⁵ *World Drug Report*. (2023). UNODC Research. https://www.unodc.org/res/WDR-2023/WDR23_Exsum_fin_DP.pdf

⁶⁶ CIA. (n.d.). *Mauritius*. The World Factbook. Retrieved March 17, 2024, from <https://www.cia.gov/the-world-factbook/countries/mauritius/>

⁶⁷ *Prime Minister reiterates determination to fight drug trafficking and ensuring maritime security*. (2022). <https://pmo.govmu.org/News/SitePages/Prime-Minister-reiterates-determination-to-fight-drug-trafficking-and-ensuring-maritime-security.aspx>

⁶⁸ *Mauritius*. (2023, June 9). United States Department of State. <https://www.state.gov/reports/2023-trafficking-in-persons-report/mauritius/>

issue.⁶⁹

Furthermore, the Global Organized Crime Index report on Mauritius⁷⁰ mentions that one prevalent tactic to get over labour restrictions in several Arab regimes is to smuggle domestic servants, primarily from Madagascar, to the Arabian Peninsula via Mauritius. Compared to other countries on the continent, the islands are more difficult to enter, even though there are generally very few occurrences of human smuggling.⁷¹

IUU FISHING

According to a report by Seafood Source, Mauritius derives 1.5% of its GDP growth from the fishing industry, with the country experiencing a decline in marine capture of 11%, accounting for up to 92.5% of the total fish production.⁷² However, there has been a 6 % growth in aquaculture fish production since 2003. This decline in marine capture due to IUU fishing has affected the country's overall fish production and economic performance.

Furthermore, efforts to combat IUU fishing in the Western Indian Ocean region, which includes Mauritius, have been intensified. Blue Ventures Conservation Madagascar, in collaboration with the U.S. Embassy in Madagascar and Comoros, is working on a project funded by the United States Department of State to combat IUU fishing and increase public awareness to reform policies for better results. IUU fishing poses a significant threat to marine biodiversity, the livelihoods of coastal communities, and the potential for a sustainable and equitable Blue Economy in the region.⁷³

CLIMATE CHANGE

The change in climate has had a significant impact on Mauritius' GDP and economic growth in recent times. According to the World Bank, Mauritius experienced a GDP growth rebound of 3.5% in 2021 and accelerated to an estimated 8.3% in 2022, supported by a strong recovery in

⁶⁹ *United Nations Office on Drugs and Crime*. (n.d.). United Nations: Office on Drugs and Crime. Retrieved March 17, 2024, from <https://www.unodc.org/>

⁷⁰ GLOBAL ORGANIZED CRIME INDEX. (2023). *MAURITIUS*. Global Initiative Against Transnational Organized Crime. https://ocindex.net/assets/downloads/2023/english/ocindex_profile_mauritius_2023.pdf

⁷¹ Ibid

⁷² *Mauritius charts growth path for fisheries and aquaculture sectors*. (2020). SeafoodSource. <https://www.seafoodsource.com/news/supply-trade/mauritius-charts-fisheries-and-aquaculture-growth-path>

⁷³ Horn, P. (2023, August 2). Despite progress, illegal catch continues to reach the market. *The Pew Charitable Trusts*. <https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2023/08/despite-progress-illegal-catch-continues-to-reach-the-market>

tourism despite challenges from external supply shocks due to the war in Ukraine.⁷⁴ However, inflation reached 10.8% in 2022, driven by these external supply shocks, which increased the prices of energy and food products, impacting the economy.⁷⁵

Furthermore, the African Development Bank Group reports that Mauritius is particularly vulnerable to climate change, and addressing shocks and crises arising from climate change is crucial to counter economic volatility and enhance inclusive growth.⁷⁶ ‘The country aims to reduce overall greenhouse gas emissions by 40% by 2030 compared to the Business-as-Usual scenario’, emphasizing the importance of sustainable development and transitioning to a greener economy.⁷⁷



⁷⁴ *Mauritius Overview*. (2023). World Bank. <https://www.worldbank.org/en/country/mauritius/overview>

⁷⁵ Ibid

⁷⁶ African Development Bank Group. (2019, April 1). *Mauritius economic outlook*. African Development Bank Group. <https://www.afdb.org/en/countries/southern-africa/mauritius/mauritius-economic-outlook>

⁷⁷ *Green jobs and employment impacts of a green and low carbon strategy in Mauritius*. (2023, January 31). ILO. https://www.ilo.org/global/topics/green-jobs/publications/assessments/WCMS_866950/lang--en/index.htm