

Tuna fisheries

Cashing in on tuna

A pioneer's "social accountability" programme has developed a new generation of entrepreneurs in the Philippine tuna handline industry

The Philippines is a net exporter of fish, both in terms of value and volume. At the forefront of the fisheries export industry is tuna. The Philippines tuna industry is ranked second in the production of canned tuna and seventh in fresh/frozen tuna worldwide. Tuna exports crossed US\$150 mn in 2004, and tuna accounts over 200,000 tonnes of fish protein in the domestic market.

The tuna industry in the southern Mindanao region has an annual value of about US\$250 mn. Ninety per cent of the fishing and ancillary companies are based in General Santos City. The average daily landing is 1,000 tonnes. The tuna industry employs around 100,000 fishers and fishworkers.

With a fleet of 2,500 traditional handline fishing boats, the tuna handline sector is one of the biggest employers of the city. The 30,000-40,000 handline fishermen support a total of 200,000 family members. Tuna handline fishers land an estimated 30,000 tonnes of tuna annually, earning US\$ 80 mn.

Each tuna handline fishing boat has a gross tonnage of 15-60 tonnes. The boats operate in the fishing grounds of Mindanao Sea, Sulu Sea, Moro Gulf and Tawi-Tawi islands and in international waters. Fishing operations can last as long as 25-45 days, depending on the distance of the fishing ground.

The sector still employs the traditional passive fishing gear of single hook-and-line, making it labour-intensive. Each fishing boat, depending upon the size, can accommodate 10 to 23 crew. Starting operational expenses per trip can be as high as PhP100,000-250,000 (US\$2,000-5,000), besides the cost of the

fishing boat of around PhP2.5-3.5 mn (US\$50,000-70,000).

The tuna handline sector supports the fresh-tuna export and processing industry of the city. The catch is mostly composed of high-value large and matured yellowfin tuna and marlins. They, in turn, are exported as fresh/chilled whole round *sashimi*-grade yellowfin tuna (for the United States and Japanese markets), frozen smoked *sashimi*-grade yellowfin tuna (for Europe and US), vacuum-packed frozen *sashimi* (Japan) and other value-added products such as tuna sausage, tuna hotdogs, tuna nuggets, and tuna cold cuts. The latter is intended for US, Europe, Japan and the Islamic country markets. The finished steak and *sashimi* blocks bring in annually more than PhP2.5 bn (US\$50 mn) to the tuna processing industry.

The key players in the tuna handline fishing operation are the fisher-crew or *pasaheeros*, operators, boatowners and financiers. At the lowest rung are the fisher-crews. Practically all of them are undereducated if not uneducated. Most are migrants from other provinces, who have no prospects of landing formal jobs because of lack of credentials.

Pasaheeros usually earn through the sharing system. The share of the fisher is equivalent to 20-25 per cent of the actual gross sale of the captured tuna. The income would vary from season to season due to the uncertainty of weather conditions.

Old and weak

The majority will remain crew until they are too old and weak to fish. They can at best aspire to become fishing boat operators. Fishing boat operators act as master fishermen and boat captains. They

usually rise to the rank after years of experience and efficiency as fisher-crew. Only a few of these operators are able to save enough to start their own fishing businesses as owners.

Boatowners, on the other hand, are generally under the mercy of financiers since the capital requirements for each fishing expedition are extremely high. As with the other sectors of fisheries, financiers usually control the selling price and market of the catch. This kind of relationship disempowers the fishing boatowners.

In the early 1970s, fresh from college, Roger Lim, Sr. was recruited for the Development Academy of the Philippines-Medium and Small Scale Industries Co-ordinated Action Program (DAPMASICAP). After his stint, Lim started his own handline fishing operations. Handline fishing of large tuna was then in the early stage, making Lim one of the pioneers. As his business venture grew, after two or three years, Lim or “Manong” Roger, as most of his employees, friends and associates call him—“Manong” is a Visayan-Filipino term of respect and endearment, meaning “elder”—started giving out handline fishing boats to qualified fishermen of his company as a sort of “social accountability” programme to let his fisher-employees realize their dream of becoming fishing entrepreneurs themselves.

Lim distributes handline-fishing boats to deserving fishermen-operators, without investigating the personal background of his fisher-crews and fishermen-operators, most of whom are from Mindanao and the Visayas islands. These operators rose from the ranks of fisher-crews. Most of the fishermen-operators were the same crew who developed their efficiency and fishing skills through their long experience in tuna handline fishing operations. Based on their fishing records and their inter-personal relations with other fisher-crews, they would get elevated to fishermen-operators. Interpersonal relationship skills are very important for the management of tuna fishing boats since there are 15-20 fishers as crew under each fisherman-operator.

Lim’s handline fishing boat distribution is not a dole-out programme. Beneficiaries under the “pay-when-able” scheme would slowly pay back the cost of fishing boat, without interest. This allows funds to be ploughed back for the distribution of additional fishing boats. Performance is the basis for promoting operators to owners of handline fishing boats.

Entrepreneurs

Besides the enterprise to catch and earn more, operators must show that they can manage their fisher-crews in each fishing expedition. By owning the boats, the fishermen-operators become entrepreneurs and industrial partners in

The Case of Francisco Herda

Francisco Herda could not believe that he was one of the winners of the first Karagatan Awards (literally, "Fishermen and Ocean" Awards) of General Santos City. The Karagatan Awards recognize the handline fishers who helped the city's tuna industry grow to what it is today. The common characteristic among all the ten awardees was that, as beneficiaries of Lim's programme, they all rose to become fishing boatowners from being mere fisher-crews of handline fishing.

Herda never dreamt of becoming a fisherman or an entrepreneur. In 1977, he migrated to General Santos City from the neighbouring province to try to get work with a multinational company. However, due to lack of education and contacts, he failed in his efforts. He managed as a construction worker but found the take-home pay inadequate. He also tried his luck as a *bira-bira* (a small-time trader who "pulls" baskets of fish from the boats to the markets) in the old fish-landing site for two years. In the early 1980s, he was earning PhP70-120 (us\$1.4-2.4) per day doing this work. He entered into Lim's employment as a fisher-crew in the late 1980s, encouraged by the experience of his brothers-in-law who were earning well as fisher-crew on tuna handline boats.

Herda rose to the rank of operator in 1992. Lim entrusted him with the responsibilities of both captain and master fisherman on the handline fishing boat. After four years, Lim registered the fishing boat in Herda's name.

"I could not believe it. We did not even sign any agreement for the transfer of ownership," Herda recounts. It took three fishing expeditions before he realized that he was now

the owner of the fishing boat under his command. "No time frame for repayment was asked of me. It's 'pay when able'."

The first boat was fully paid for in two years. Even before completing the repayment, Herda requested for another boat. And the rest is history. The 11 boats that he now owns employ around 230 fisher-crews, supporting over 700 dependents. Most of these are neighbours who cannot find any work. Herda's children have already earned college degrees. The family is now financially stable, a stark contrast to when they were still starting out in the tuna business.

Herda considers the "social accountability" programme of Roger Lim, Sr. as manna from heaven. "I put together this fleet with not even a single peso and without any collateral. Without this programme, I might have still been a fisher-crew," he says. "There is no chance that I would have grown as well since the fishing business entails such large capital outlays."

In the past, Herda used to be out at sea most of the time. But after owning two fishing boats, he started staying on shore to manage them. This gave him more time for his family and his community. At present, he is the chairperson of Purok Bayanihan. Herda has also given one handline fishing boat each to his brother and brother-in-law.

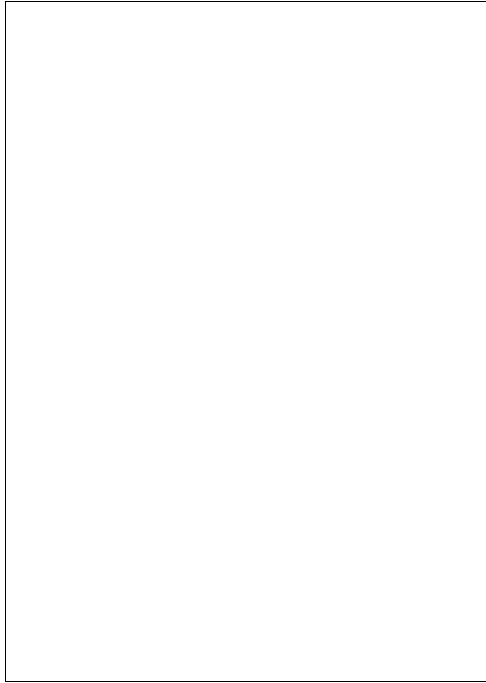
Following Lim's advice of concentrating on human resources, Herda has focused more on the management needs of his fishermen crew and their families. It helps a lot that he knows both sides of the labour process—what it is like to be a fisher-crew and a boat operator.

Lim's company, GenSan Aqua Traders. As industrial partners, they provide the effort and the tuna for the company's processing and export ventures.

Lim also supports owners who want to grow their fishing fleet. Under this programme, Lim reserves the option to buy back the fishing unit if ever mismanagement occurs. He would compensate for the owner's contribution and hand over the fishing unit to another beneficiary. Lim believes that some owners have limitations. "Some can

manage three fishing boats well, but if another one is added, they would have a hard time," he says.

Lim has also tried to make his fisher-crews socially responsible citizens. In the late 1990s, he started requiring his industrial partners to pay one per cent of their gross income as tax to the local and national governments. As a result, what was once considered an informal sector became one of the prime movers of the city's economy. Unknown to many, these handline fishermen are the ones who made General



Santos City the tuna capital of the Philippines.

As financier, Lim provides for the operational expenses of his industrial partners such as diesel, ice, food provisions for the crew, repairs, maintenance and marketing of the tuna produce. He also functions as a sort of informal social welfare officer for his industrial partners and their crew. Fisher-crews run to him during times of dire need, for medication, hospitalization, children's education or household emergencies. Advances for these are, in turn, deducted from the share of the fisher-crew or operators. There is no established term for the repayment for these cash advances. Lim says he always tries to ensure that his partners have sufficient take-home income.

Under Lim's programme, the boatowners and operators can decide whom to sell their catch to. The owner/operator oversees the selling of the catch, so as to ensure transparency of sale and the best price for the tuna.

Unfortunately, Lim's programme has remained largely undocumented and low-profile. Though many changes in in-house policies, rules and regulations were made in the course of the programme's implementation, most remain as Lim's personal learning and insights. This is worrisome, since it

hampers replication of the programme by other interested parties.

In a span of 20 years, the programme has been able to develop over 120 fisher-crews into entrepreneurs. These beneficiaries were able to improve their socioeconomic and political status in the community. From being unknown and marginalized, some went on to become leaders in their own communities. All the beneficiaries were able to send their children to school, ensuring a more certain future and helping break the cycle of poverty in their families.

The new entrepreneurs, in turn, employ hundreds of fisher-crew, like the fishing boatowner in Purok Bayanihan, Calumpang, who was able to employ more than 200, mostly the unemployed from the neighborhood. (*A purok is a political-physical division of a village or barangay, with its own chairperson and set of councillors.*)

Thus, by developing new Filipino fishing-entrepreneurs and generating jobs at the grass roots, Lim's programme brings hope to the economically marginalized and uneducated fishing communities.

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