

Squawking like a wild fowl

In effect Argentina's Fisheries Agreement with the European Union subsidizes the collapse of Argentinean fisheries

In January this year, *Industrias Pesquerast*, a specialized fishing journal in Spanish, carried an article on Argentina's new Federal Fisheries Law. Its headline warned: "Argentina is Nationalizing its Fisheries." It went on to say that the new law would change the legal framework of the Fisheries Agreement with the European Union (EU).

The article demanded that both political and economic pressure be applied on the Argentine government to uphold the agreement. It also pointed out that 700 Spanish jobs and the profitability of boats operating in the Southwest Atlantic were at risk.

My first reaction to this article was one of surprise and shock. I wondered whether the reins of power had been seized by nationalistic forces while I had been on holiday. But no, this was not the case: I bought several papers and magazines to check the news and assure myself that we still had the same government and that the economy was still pursuing the same neoliberal course.

But then I remembered that our new Fisheries Law, which was approved in November 1977 and ratified last January, and which had been severely criticised for its shortcomings (see SAMUDRA Report No. 19), had feebly tried to address a number of abuses and introduce some changes in their place.

Last November, an important movement of fishermen, workers from the shore-based plants, and small fishery entrepreneurs succeeded in making some improvements to the preliminary draft of the Fisheries Law, so that when it was finally approved, it ruled that 75 per cent of the crew working on boats flying the Argentine flag had to be either Argentine

nationals or residents. It also prohibited the transfer of quotas (in the new system) from fresh-fish vessels (national) to freezer vessels (mostly foreign, although flying the Argentine flag).

But, most importantly, they succeeded in wresting a slight increase in the number of years for which catches would be counted in allocating vessel quotas. These were set at eight years, up to December 1996. To a certain degree, this has helped to iron out the distortions produced by the dramatic increases in freezer vessels in the last four years, thanks to the vessels coming in through the Fisheries Agreement with the EU.

Under the Fisheries Law, quotas will be allocated depending on how much national employment is generated and how much investment is made in the country. Besides, the Spanish also need to understand that their behaviour of under-reporting catches over many years—some 300 tonnes per vessel on an average—has resulted in them now being allocated some 1,500 tonnes per vessel. This seriously jeopardizes the profitability of their fishing operations. As we say in Spanish, "Go and cry to the Church, dear sirs"

Spanish boats

Until 1986, no more than 20 freezer trawlers were catching the hubbsi hake (our main fishery resource) in Argentine waters. Yet, in that year, taking into account Uruguayan and Argentine catches (around 390,000 tonnes), INIDEP (the National Institute for Fishery Research) reported that the resource was fully exploited. However, the Argentine authorities continued to allow the entry of these boats, mostly of Spanish origin. By 1989, there were at least 40. In 1993, the year before the agreement with the EU

came into force, the number of freezer trawlers had increased to 65, with reported catches of 495,000 tonnes (including 70,000 tonnes by Uruguay); that is to say, 27 per cent of the resource had been overfished.

Last year, the number of these vessels catching hubbsi hake had risen to around 100 (22 through fisheries agreements), with reported catches of around 650,000 tonnes, including those from Uruguay. This meant that 67 per cent of the resource had been overfished.

The question arises: When the agreement was signed in 1992 allocating them a quota of 120,000 tonnes, did the European experts and negotiators ignore the fact that the hubbsi hake was already overexploited?

So great is the present crisis that we no longer crack many Spanish jokes, as they have backfired on us. Before the Agreement, most of the companies operating in Argentina were Spanish, they knew about the state of the fishing grounds, and they received heavy subsidies to come and fish here (see box on Pescanova).

It could be argued that the Agreement intended to replace existing boats with new boats of an equal fishing capacity. But, how would this equal capacity be measured? The argument is itself self-deluding: boats with a capacity to catch and process 10,000-12,000 tonnes annually have had transferred to them licences to catch and process around 2,500-4,000 tonnes annually. Without any controls, who could possibly believe that these quotas would be adhered to? This only increased overfishing.

In the very act of its signing, the Agreement asserted in Article 3 that "the Parties shall co-operate to promote the conservation and rational exploitation of fish stocks on a sustainable basis, in accordance with the relevant provisions of the United Nations Convention on the Law of the Sea."

Could it be that it was thought that the entire fishery could be taken over, and all the Argentine fishworkers pushed out?

Or perhaps, the new law almost innocently changed the plans to destroy yet another of the world's fishing grounds, by preventing the acquisition of quotas from the fresh-fishing fleet?

But does the new law alter the legal framework of the Agreement? To start with, the Agreement (and the subsidized fleet invasion prior to the Agreement) alters the biological framework of the Agreement. The spawning stock biomass of the hubbsi hake has been reduced to such low levels that INIDEP researchers estimate that a total allowable catch (TAC) of 80,000 tonnes is needed to provide the stock with a 95 per cent chance of recovery.

However, given the catastrophic socioeconomic consequences of such a low level, the Fisheries Secretariat has set a politically more acceptable TAC of 30,000 tonnes for this year. This gives the stock a 40 per cent chance of recovery.

But at this level of fishing, there will be a loss this year of around 30 per cent of fishery-dependent work places in our country. Will the EU support these 3,000 (or more) workers? And what about the Argentine companies that will be pushed to the wall?

Such a level of fishing will increase pressure on coastal, pelagic and deep-water resources beyond sustainable limits. Will the EU help reduce this pressure which threatens us with a general fishery collapse?

It would seem that such a scenario is dealt with in Article 9 of the Agreement: "If, as a result of a change in fish populations, the Argentine enforcement authority decides to adopt new conservation measures affecting the fishing activities of vessels fishing under this Agreement, discussions shall be held between the Parties with a view to amending the Annexes and Protocol I hereto and maintaining the general balance of the Agreement".

Collapsing fishery

Surely Europe or Spain will not continue trying to catch 120,000 (or more) tonnes of hake when the fishery is collapsing. Or will they? But, according to this Article, "Conservation measures adopted by the

Argentine enforcement authority shall be applied in a non-discriminatory manner to all vessels...”

Industrias Pesqueras accuses the Argentinean government and the Fisheries Law of applying “discriminatory measures”. The existing regulations are, to a certain extent, discriminatory. For example, there is a 100-mm mesh size allowed for trawls towed from the side, and 120-mm for trawls towed from the stern.

The law states that catch quotas can not be transferred from fresh- to frozen-fish vessels. In this sense, the 20 or so Argentine freezer trawlers are equally “discriminated” against.

As regards work places, we are not aware of any other foreign business activities, which have brought their own labour forces with them to operate in Argentina. For example, it seems ridiculous that McCain, a company recently established here, has brought 150 Canadians to Balcarce.

However, it seems that we have to tolerate this at sea, for vessels which have adopted our flag and which, moreover, must abide by our laws. Why? Surely, it is Spain which should change its custom of exporting its fisheries workforce to countries which are less experienced and aware.

Article 5, Clause 3 of the Agreement states, “As part of its policy for the restructuring of its fleet, the Community shall facilitate the inclusion of Community vessels in undertakings established or to be established in Argentina. To that end, and as part of its policy for the technical renovation of its fishing industry, Argentina shall facilitate the transfer of current fishing licences and issue the appropriate new licences pursuant to this Agreement.”

The EU’s policy for the restructuring of its fleet is very clear. And, no doubt, the Agreement has contributed to the success of this policy. Through it, financial support has been provided to its boatowners to set themselves up here.

No modernization

What we have not fully understood until now is how has Argentina benefited from the “technical renovation of its fishing industry”? According to a very interesting piece of work carried out by Roberto Dula for the Argentine Centre of High Seas Captains, the average age of the freezer trawler fleet is 13-17 years, while the fresh-fish fleet is aged between 14 and 18 years. Therefore, even from a simple perspective, there has been no such ‘renovation’ or ‘modernization’.

Rather, there has been a covert importation of second-hand vessels at highly subsidized prices, affecting the

Pescanova power

Pescanova, the world's largest multinational fish processing company, operates in Argentina under the names of Argenova and Pesquera Andina. Founded in 1960 and based in Vigo. Pescanova introduced onboard fish freezing to Spain. Today, it is the world's largest multinational company catching and processing fish. It owns the world's largest private fishing fleet; more than 140 vessels operated by 60 companies in over 20 different countries. In 1993, it made profits of around 2,000 million pesetas (us\$ 13 million). Of its equity, 37 per cent is controlled by the Fernandez-Souza family, and the South African conglomerate, Barlow Rand, owns a further 20 per cent.

Controlling more than 13 per cent of the market for frozen fish and about 40 per cent of the market for processed fish products, Pescanova is Spain's most important freezing firm. It enjoys a 40 per cent share of the market for fishery products and boasts a competitive edge over rival fishing companies by maintaining a presence on fishing grounds worldwide. It is assured of increasingly scarce raw material supplies through its long-standing policy establishing joint ventures in countries with rich fishing grounds. Thus the group controls organizations in Argentina (where Argenova operates 15 freezer trawlers out of Port Deseado in Patagonia), Australia, Chile,

Scotland, Spain, France, Equatorial Guinea, Ireland, Italy, Falkland Islands, Mozambique, Namibia, New Zealand, Portugal, South Africa, San Pierre-and Miquelon (Canada) and Uruguay. This enables Pescanova to corner 20 per cent of the world catch of hake.

The success of Pescanova has only been possible Thanks to the generous subsidies it has received from the Regional Council of Galicia, the Spanish Government and the EU.

In 1992, a year in which the company suffered severely from the crash in hake prices, it received us\$ 9 million worth of subsidies from these three sources, at a time when its profits were only us\$ 3.3 million, that is to say, the subsidies received were thrice its profits. Most of these were invested in the construction of new vessels.

Pescanova's policy for expansion has been responsible for debts totalling over us\$ 265 million at the beginning of 1993. It was only an increase in the capital provided by the Regional Council of Galicia that saved the firm from being bought up by the multinational, Unilever.

—This piece has been translated from material submitted by Ernesto Godelman

development of the Argentine marine industry, while allowing the Spanish boatyards to continue building boats, in the meantime, also with the help of subsidies.

A case in point is that of the vessel *Mar del Cabo*, a 76-in trawler, constructed in 1964 by Astilleros Barrera of Spain, brought in to catch a quota of 4,614 tonnes of a surplus species (i.e. not hake). Another argument used to justify the signing of the Agreement in Argentina is that better access for our fisheries products has been secured to the European market, thanks to a reduction in tariffs from 15 per cent to 5 per cent. Although, significantly, highly processed fishery products remain excluded from this reduction, the benefit is conditional on Argentina fulfilling the catch quotas allocated to Europe.

In 1994, Europe, with tariff rates of 15 per cent, was already taking half of

Argentina's fish exports. It sounds strange to claim that if we give our clients direct access to catch the resources, they will increase their purchases of fishery products. Statistics show that, while exports have increased, Argentine companies have lost clients and unit prices for fishery products have reduced, something which is bound to happen when one buys from oneself. On the other hand, within the framework of GATT and WTO, Europe has ended up providing the same reduced tariffs to the rest- of the world.

Alarm bells

The boss of European fisheries, Emma Bonino, along with her Euro-Hispanic deputy, has sounded the alarm bell because the Argentine fishery law proposes to introduce conservation measures for straddling stocks and highly migratory stocks outside of the EEZ. Frightened by the Canadian ghost of the

turbot war, Bonino has acted not unlike one of our local wild fowls, named *tent*. This interesting bird from the pampas, lays its eggs in one place but gives an alarm call from another to distract predators. Canone seriously imagine that, on the high seas, Argentine patrol ships will use force to capture European fishing boats in international waters?

Evidently, within the framework of the New York Agreement on Straddling Stocks and Highly Migratory Stocks, Argentina is allowed to intervene in the regulation of waters adjacent to its EEZ, seeking to establish agreements with third countries to ensure the - rational management of its resources and associated food chain. This is the spirit of the law.

But, worried by the imminent breakdown of the irresponsible second-generation fishery agreement with Argentina, Bonino is squawking from the other side.

On 6 November, Argentina will decide whether or not to reject these fishery agreements. Whatever the outcome, institutionally, the agreement with the EU has completed a process of irresponsibly increasing fishing pressure, where subsidized European boatowners and the Argentine government have both contributed to reducing our main fishery resource to a state of collapse. The least that can be said is that the world's greatest

fishing power has acted in a highly irresponsible manner by placing such high expectations on exploiting an already overfished species through this fisheries agreement.

Taking into account all its shortcomings, the new Argentine fisheries law, to a certain extent, at least, makes an attempt to correct these abuses and the damage they have caused to our fishing grounds. However, the spokespersons for European fisheries (including Emma Bonino) have only shown, us their worst sides. With friends like these, who needs enemies?

This article by Ernesto Godelman, Chairman, CeDePesca, Mar del Plata, has been translated by Brian O'Riordan of Intermediate Technology