

# Chilled Out

Chile's fisheries development model, which follows a neoliberal paradigm, is in danger of triggering a political, environmental and social crisis

Chile borders the southeast Pacific Ocean, one of the five most productive marine areas in the world. The country has 4,200 km of open coastline and 30,000 km of sheltered coastline, consisting of several islands clusters and the Patagonian fjords, next to the subAntarctic region. In addition to this, Chile's territorial seas and exclusive economic zone cover 3.6 mn sq km, five times the size of the country's mainland.

All along this diverse coastline, there are 455 communities where 91,632 small-scale fishermen and women (77 per cent men and 23 per cent women) live and work, engaged in fisheries, aquaculture and

Chile's second largest export, with a production of 895,000 tonnes worth US\$4.361 bn in 2014.

## An experimental ground for savage neoliberal policies in the southeast Pacific Ocean

In the last 40 years, Chile has been an experimental ground for neoliberal policies. Eighty-three per cent of the national economy relies on exports of natural resources with low added value, the result of implementing the extraction-export system imposed by the military dictatorship since 1973. Subsequent democratic governments helped deepen and refine this destructive, undemocratic model.

## Privatization, sea grabbing and corruption stifle small-scale fisheries

Over four decades, both the military junta and subsequent democratic governments failed in their attempts to privatize small-scale fisheries, due to the strong and cohesive opposition displayed by artisanal fishermen, coastal communities, indigenous peoples and civil society organizations from 1985 to 2012.

In 1998, after a series of failed privatization attempts, Eduardo Frei's Christian Democrat government divided the National Confederation of Small-scale Fishermen (Confederación Nacional de Pescadores Artesanales de Chile, CONAPACH) by creating a parallel organization, the Confederation of Small-scale Fishermen (Confederación de Pescadores Artesanales de Chile, CONFEPACH) that supports free-market policies and agreements with industrial fisheries.

## Division in the Movement

The division of the small-scale fisheries movement led to a partial

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seaweed harvesting, and shellfish gathering, with a total production of 1.5 mn tonnes per year.

Chile is the world's eighth largest fishing nation, with total landings reaching 3.8 mn tonnes per year. Of these, 1.2 mn come from industrial fisheries, 1.5 mn from small-scale fisheries, and 872,000 tonnes from aquaculture.

This South American country is the second largest fishmeal producer, after Peru; the first largest exporter of seaweed for human consumption; the largest producer of farmed trout; and the second largest producer of farmed salmon, after Norway.

Farmed salmonidae (introduced species of carnivorous fish) represent

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privatization of the sector for 10 years by setting up a system of individual, non-transferable fishing quotas, based on “maximum catch limit per vessel owner” (LMCA).

Before the end of the LMCA system, political and business elites, together with CONAPACH and CONFEPACH, entered into a corrupt political agreement under the guise of an “advisory board”, created in 2011, which supported the Parliament to pass a fisheries privatization law that entered into force in 2013. In the framework of this agreement, small-scale vessel owners received, in return, fishing quotas worth US\$34mn, transferred from the industrial sector.

At the present time, the National Office of Economic Crimes has pressed charges of bribery, defrauding of the State, and illegal political funding against 17 fishing companies, two transnational corporations, four associations of fishing companies and 16 members of the Parliament. All of them, including a former small-scale fisheries leader, are currently facing trial in Court.

### Chile’s neoliberal fisheries and aquaculture system’s theoretical framework

The privatization process of coastal areas (in 2010) and fisheries (in 2013) is underpinned by a strategic agenda promoted by international financial institutions and multilateral organizations, aimed at imposing Chile’s neoliberal fisheries and aquaculture systems as the model for the future, especially for small-scale fisheries in Latin America and the Caribbean.

The main characteristics of this orthodox model are:

a) removal of the absolute, exclusive and inalienable control of the State over all water resources under its jurisdiction, and of its exclusive competence to grant property rights, access rights and use rights to national fishery resources;

b) transfer of the competence to grant property rights, access rights and use rights to national ecosystems, biodiversity and water resources to market forces;

c) full economic liberalization of fisheries and aquaculture in order to facilitate international and national investments in maritime and coastal territories, inland waters and natural resources, in order to direct production towards meeting international market needs;

d) transformation of biodiversity and natural resources into fully tradeable financial assets and, therefore, subject to stockmarket speculation and economic concentration;

e) full marketability of fishing licences, individual fishing quotas and aquaculture concessions, further facilitating economic concentration and transnationalization of national fisheries and aquaculture;

f) absolute legal certainty ensured for property rights in fisheries and aquaculture through national laws or international free-trade agreements, pre-empting expropriation attempts from the State or recovery by civil society;

g) phasing out of the “small-scale fishermen” professional category and removal of traditional income-distribution modalities and collective and customary rights. The ultimate goal is to eradicate small-scale fishermen as independent producers and turn them into cheap seasonal labour (as they only work a few months in a year).



PATRICIO IGOR MELILLANCA / WWW.ECOCEANOS.CL

Fish vendor, Chile. All along Chile’s diverse coastline, there are 455 communities where small-scale fishermen and fisherwomen live and work

### **Fisheries privatization's main impact**

#### a) Constitutional rights infringement

Fisheries Law No. 20,657 is the most contested and least legitimate piece of legislation approved in Chile since the end of the military dictatorship in 1990, as it enshrines abuse from political and business elites, and infringes the constitutional principles of economic freedom and non-discrimination, by granting exclusive property rights (a monopoly) over fishing resources to seven big families.

#### b) Imposition of a fishing system based on a speculative rentier economy

Setting up a system of individual and fully marketable fishing quotas and licences, valid for a period of 20 years and automatically renewed, is the cornerstone of the Fisheries Law.

Fishing licences, individual catch quotas and aquaculture concessions were granted free of charge, in perpetuity and for exclusive use, to a small group of industrial companies. This meant that industrial fisheries companies gained “historical rights” recognition. Incidentally, the law also established restricted and highly precise tendering mechanisms to allocate small fractions of the fishing quotas to specific industrial fisheries.

All this represents a move towards “speculative fisheries”, by putting some distance between the physical reality of aquatic resources and their marketability, turning resources into intangible assets that may be traded in national and international markets, financial systems and stockmarkets.

The application of this neoliberal logic has led to the emergence of a group of small-scale vessel owners operating on a “rentier” basis, selling or leasing their fishing quotas to other small-scale fishermen, industrial fleets and/or processing plants.

#### c) Overexploitation and collapse

Since the entry into force of Law 20,657 in Chile, fisheries in a status of “collapse”—“overexploitation” has increased from 48 per cent in 2012 to 72 per cent in 2015.

#### d) Illegal and non-selective fishing increase

As a direct consequence of privatization processes denying right of access to fish to indigenous peoples and to 90 per cent of small-scale fishermen, illegal catches currently exceed legal quotas by 300 per cent and are worth US\$30mn a year.

On the other hand, trawling operations have intensified, as trawlers can legally enter the five-mile area intended to protect biodiversity and small-scale fishing.

#### e) Racism and infringement of international treaties

In 2011 and 2012, Chile's government and Parliament refused to obtain the mandatory, prior and informed consent from the indigenous peoples potentially affected by the fisheries privatization law, as required by the International Labour Organization (ILO) Convention No. 169, ratified by Chile in 2010.

Law 20,657 denied property, access and use rights to fishery resources to indigenous peoples, taking them out of the picture. It seems paradoxical that Chile has recognized “historical rights” to companies that started operating in its waters 30 or 50 years ago, while denying those very same rights to native communities that have been living in the eastern south Pacific region for 6,000 or 10,000 years.

#### f) Loss of fishing rights for 90 per cent of small-scale fishermen

Bona fide small-scale fishermen—that is, 90 per cent of all artisanal fishermen—were also denied their rights to access, and use of, fishery resources.

#### g) Fisheries privatization and food sovereignty

Historically, 90 per cent of artisanal fishing production was destined to domestic consumption. Since privatization started, it has shifted towards export and processing in industrial plants for fishmeal or fresh, frozen, smoked and canned products.

Currently, 35 per cent of the catch goes to direct human consumption, mostly exported to third countries. The remaining 65 per cent is processed into fishmeal and fish oil.





Shellfish divers from the community of Calata Pudeto Bajo in Chile's Los Lagos Region protest against quota allocations. The Los Lagos region produces most of Chile's shellfish (65 per cent)

Only 3 per cent of total fish catches are currently destined to domestic markets. This explains the low fish consumption levels in Chile. Chileans obtain only 7 per cent of their total protein intake from fish, with an average consumption of 6.9 kg of fish per capita per year. This level of consumption is well below world average figures (19.7 kg) and the minimum recommended by the World Health Organization (12 kg).

At the same time, 49 per cent of the country's population is overweight or obese and Chile is the sixth country in the world and the first in Latin America for child obesity.

#### **People's resistance against abuse and corruption in political and business circles**

After the adoption of Law 20,657, a civil-society campaign was launched, asking for its repeal and the cancellation of all compensation to fishing business clans—an unprecedented initiative in the political and legislative history of the country.

The campaign is led by a broad coalition of regional social movements, small-scale fishing associations, organized civil society, students and indigenous peoples, who have held days of public protests in eight regions of the country and in the capital, gathering 300,000 signatures in support of the initiative.

In January 2016, the campaign, with the support of 93 per cent of all citizens, managed to introduce a bill in Parliament to overturn the previous fisheries and aquaculture law.

This will be a long struggle against the abuse and corruption of the political, bureaucratic and business elites, and the first steps in the process will be establishing a new balance of power for democratic forces and setting up a Citizens' Assembly that will prepare a new democratic Constitution for the people. 3

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