

Not So Rosy

The massive expansion of intensive industrial salmon aquaculture into Chilean Patagonia is repeating the crisis that occurred only three years ago in the Chiloe archipelago

Salmon is among the most popular species of fish consumed in the United States (US), Europe and Japan. Since 1980 the demand for salmon has fuelled a 300 per cent increase in the global production of salmonids, with aquaculture accounting for 60 per cent of the annual production of 1.2 mn tonnes, of which two-thirds come from Norway and Chile.

The salmonid aquaculture industry is one of the principal sources of fish disease in temperate coastal areas. According to an article in the New York Times of 30 July, the infectious salmon anaemia virus (ISA) that ravaged the southern coasts of Chile between 2007 and 2010 was brought in by contaminated eggs from Norway. Two days later, an editorial in the same daily commented that “salmon farming is a problem everywhere”, but that the practices of the industry in Chile are both “tragic” and “unsustainable”.

The major sanitary crisis in Chilean waters was provoked by the rapid spread of the ISA virus, which occurred after a massive infestation of sea lice (*Caligus sp.*) ecto-parasites in overcrowded salmon cages. That caused the worst environmental, productive and social crisis in the history of the Los Lagos and Aysen regions, leading to the irreversible destruction of the region’s sanitary integrity and a 50 per cent decline in production of Atlantic salmon (*Salmo salar*).

The crisis resulted in losses of US\$2,000 mn and 26,000 jobs, most of which were held by women workers in local processing plants that exported mainly to markets in

the United States, Japan, Europe and Brazil.

The ISA virus crisis was the outcome of 20 years of abysmal sanitary and environmental practices in Chile’s industrial salmon aquaculture sector. Currently, 19 new viral and bacterial diseases exist in aquatic coastal ecosystems in southern Chile, where industrial monoculture has been introduced. Additionally, the cumulative effects of chemical and organic pollution have led to eutrophication of the region’s water

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bodies as well as desertification. The chronic presence of toxic blooms of microalgae has had a major impact on public health, on the marine environment and on the productive activities of small-scale fishing communities, whose economy is based on bivalve and shellfish culture.

Three decades of orthodox neoliberal policies in Chile has enabled the salmon industry to expand exponentially between 1990 and 2007, contributing to 36 per cent of global production. As a result of abundant government subsidies, and protection for foreign investments, the industry thrived.

Labour regulations

The other helpful factors were weak environmental, sanitary and labour regulations, abundant and cheap

*This article is written by **Juan Carlos Cardenas N.** (jcc@ecoceanos.cl) and **Patricio Igor Melillanca** (patricio@ecoceanos.cl) of Centro Ecocéanos, Chile*

labour force, direct access to fishmeal and oil production from Chile and Peru, and the presence of large freshwater reserves in the extreme south of Chile for the production of smolts (juvenile salmon) in lakes, rivers and estuaries.

To the above factors must be added the handing over of aquaculture concessions free of charge and in perpetuity along 3,000 km of protected and unpolluted coasts, archipelagoes, fjords and bays in the extreme south.

Before the onset of the mega-crisis in 2007, the annual production of farmed salmonids had reached 660,000 tonnes, valued at US\$2,470 mn. It is estimated that production for the 2011 season will exceed 550,000 tonnes, with exports worth \$3 bn. Along with this will begin the second phase of expansion in an industry that exports 98 per cent of its production.

This scenario is provoking optimistic announcements by large Chilean business consortiums, as well as jubilation amongst lending banks. However, it is also raising concerns in the Fisheries Subsecretariat, given that the objective is to push annual production to 1.5 mn tonnes by 2019, which would be worth \$5 bn. If that target is reached, Chile will displace

especially of those enterprises that could not raise capital on the stock market or which were unable to restructure their debts.

The Brescia group of Peru and a variety of investment firms from the US, Europe and Asia are now seeking to take control of several salmon producing and exporting companies in Chile. Cermaq and Austevoll Seafood ASA of Norway and the Cooke Aquaculture group of Canada are hoping to increase their presence in the Chilean industry, through the purchase of companies that have lost value, or through establishing strategic partnerships.

Historically, the salmon industry has not been able to grow productively in its traditional regions of Los Lagos and Aysen, where the rearing centres already occupy 60 per cent and 40 per cent, respectively, of the coastline. The post-crisis legal framework does not permit new concessions in these regions. Thus, the pristine Magallanes and Antarctica regions have become the natural choices for the government's plans to increase annual production over the next eight years from 6,000 tonnes to 80,000 tonnes—a growth of 1,300 per cent. To achieve this target, the industry has requested 1,600 new concessions, which will increase its presence along the Patagonian coast from 220 to 4,200 ha.

In parallel, the industry is seeking to expand its smolt production centres by taking advantage of the unpolluted Andean rivers and lakes of the Bio Bio, Araucania and Los Rios regions, territories that are claimed by the Mapuche people. This will add a new element to the conflict between the expansion of industrial salmon aquaculture and organizations of artisanal fishermen, indigenous peoples and the local tourism industry.

Civil society

Also contributing to the conflict will be the opposition from civil society organizations and coastal communities in Magallanes who, for over the last four years, have been raising their voices against the

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Norway as the world's leading producer of farmed salmonids.

Currently, only 10 large companies (which include Norwegian, Spanish and Japanese transnationals) account for 56 per cent of production (by volume) and 57 per cent of the revenue generated.

In the current context of accelerated expansion of production and restructuring of the salmon industry in Chile, various economic groups and fishery conglomerates linked to the fishmeal industry are pushing for access to the 'rosy gold' business. The route for such expansion is through mergers and acquisitions,

expansion of destructive industrial salmon monoculture.

On 10 August 2011, a joint declaration was issued in Oslo, Norway, signed by Andrew Kroglund, Chairman of the Board of the Norwegian Forum for Environment and Development (ForUM), Bård Mikkelsen, Chairman of the Board of Cermaq ASA, Lars Haltbrekken, Chairman of the Board of Friends of the Earth Norway and Hans Petter Graver, Head of the Norwegian National Contact Point (NCP) for the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and Dean and Professor, Department of Private Law, University of Oslo.

The declaration was the result of a mediation process undertaken by the Norwegian NCP in response to a formal complaint presented on 19 June 2009 against Cermaq ASA, claiming that the company had acted in violation of the OECD Guidelines for Multinational Enterprises.

The Norwegian government is the majority shareholder in the multinational company Cermaq ASA, which operates in Chile under the name of Mainstream. The complaint lodged with the OECD highlighted that Cermaq ASA had not “adequately considered” in its operations the rights of indigenous peoples in Chile and Canada. In the case of Mainstream in Chile, the charge related to discrimination against women and “unfounded dismissals and attempts to prevent free organizing of employees to join labour unions.”

Throughout the mediation process, the company refuted the charges made by the citizens’ organizations. However, in the joint declaration, Cermaq ASA recognized that “the management of Chilean aquaculture sector, including its own activities, were not sustainable prior to the 2007 sanitary crisis”. It also confirms the “connection between how aquaculture was managed in Chile and the spread of the fish disease that caused the demise of the Chilean aquaculture industry in 2007”.



A protest rally in Puerto Varas, Chile, during a visit by the Norwegian prince and the Trade Minister in January 2008

The transnational Norwegian company indicated the source of the problem: “rapid growth in the industry, combined with a lack of regulation, contributed, and the national authorities did not have adequate regulation of the biological and operational conditions in Chile.

Cermaq ASA affirms that it “has integrated human rights in the company’s guidelines for social responsibility and respects human rights in line with OECD Guidelines for Multinational Enterprises Chapter. II, 10-12 and Chapter. IV”. In this way, it guarantees “not to infringe the human rights of others and to remedy violations of human rights where they occur both as a result of the company’s own operations and in its supply chain”.

It also guarantees to “respect indigenous rights in line with the International Labour Organization (ILO) Convention 169 and the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)”, through which it undertakes to ensure that its operations in areas with indigenous peoples in Chile, Canada and Norway “will be in accordance with the provisions of these agreements.”

Workers rights

It goes on to guarantee that it will respect and promote worker rights in foreign countries as in Norway “as embodied in the eight ILO core

conventions of the Declaration of Fundamental Principles and Rights at Work, including the right to freedom of association and collective bargaining.”

Finally Cermaq ASA commits itself to the further development of its qualitative and quantitative indicators “to draw on feedback from both internal and external sources, including groups who may be affected by the business.”

This corporate *mea culpa* confirms the veracity of the charges made over a decade by citizens’, artisanal fishers’, coastal communities’ and indigenous peoples’ organizations, which are still continuing their struggles to stop the abuses and bad practices that accompany the expansion of the transnational salmon aquaculture industry in the south of Chile.

It’s important to recall that all the charges made and information provided by citizens’ organizations and parliamentarians at the national level and in the Chilean and Norwegian parliaments, as well as in shareholder meetings in Oslo, were systematically rejected, both by the salmon industry and by the governments.

Centro Ecoceanos has emphasized that the joint declaration only has value if the undertakings pronounced in it by Cermaq ASA and the Norwegian government go beyond being mere promises and are transformed into concrete and verifiable actions. This depends on the NCPs of the OECD in Norway and Chile, as well as the Friends of the Earth and ForUM becoming the guarantors of these promises being fulfilled in Chile and Canada. If not, the text of the declaration will not be worth the paper it is written on.

The first challenge for Cermaq ASA will be to act transparently in respecting the rights of Chilean citizens, coastal communities, artisanal fishers, unions, working mothers and the Mapuche community. The key issue is the right of access to information that is factually correct, timely and adequate on how Cermaq ASA behaves, and the standards that it applies to its operations in Chile.

The second challenge concerns the behaviour of Cermaq ASA and its subsidiary, Mainstream, given the industrial salmon sector’s ambitions for massive expansion into Chilean Patagonia. This is vital, considering that in November 2010, the illegal practices of a local salmon company caused the first outbreak of the ISA virus in Chile’s Magallanes and Antarctic regions, which the National Fisheries Service tried to cover up.

Pressure from citizen’s organizations and evidence provided by the local news media showed that the infected rearing centre’s production was excessive, with stocking densities three times the maximum permitted levels. What is more, unauthorized floating incinerators were being used, and massive quantities of infected dead fish dumped in unauthorized urban landfills. It must also be noted that infected salmon was being processed for direct human consumption, both locally and for export.

All this goes to show that the new ‘Salmon Farming Industry 2.0’ regulatory scheme is only propaganda aimed at public relations, and that the Chilean State is abdicating its role as regulator. 3

For more

oecdwatch.org/cases/Case_166

ForUM and Friends of the Earth Norway vs Cermaq ASA

hugin.info/134455/R/1537756/469546.pdf

Joint Statement by Cermaq ASA, Norwegian Society for the Conservation of Nature/Friends of the Earth Norway and ForUM

www.regjeringen.no/en/sub/styrer-rad-utvalg/ncp_norway/klagesaker/saker/cermaq_conclusion.html?id=652229

Mediation succeeded: Complaint on salmon farming concluded in new OECD body