

Peru rebuilds idled fishing industry, while Russian net catches Argentina

by Mark Sonnenblick

The Peruvian government of President Alan García has made dramatic progress in raising the population's nutritional standards by increasing fish consumption. Fisheries' production through September was 29% above last year's levels and will increase as idle boats are being sent back to the sea. "What is revolutionary, is to make the Peruvian sea truly feed its people, and not foreign profits," García proclaimed on Oct. 31, 1985.

Argentina, in contrast, has triaged its national fishing industry, while awarding the Soviets freedom to fish in its waters. Argentine President Raúl Alfonsín is permitting 18 Soviet and 8 Bulgarian trawler factory ships to exploit Argentina's maritime resources, without paying a penny for the privilege. Nor, from all available evidence, will the Soviets turn over any of the catch to Argentina.

Such largesse toward the Soviets prevailed in Peru during the International Monetary Fund (IMF) governments that preceded García, although none went so far as Alfonsín. Even the sell-out government of Fernando Belaúnde taxed the Soviets 6% of the catch for the state fish company, Epsep, and 3% for the Navy. That was a far cry from the 50% granted Epsep for local distribution in 1971, when fleets from Poland and Cuba were first given rights to harvest the deep waters off Peru by Gen. Juan Velasco Alvarado. Epsep opened up stands in coastal cities and ran refrigerated trucks up into the barren highlands, to provide fresh fish at reasonable prices.

Velasco's priority on feeding the population was terminated when the IMF took over Peru with the 1975 coup against him. Velasco had nationalized the fishmeal industry in 1971, after over-fishing and a dramatic change in ocean currents had killed off the anchovy stock. The state company Pescaperu took over the huge bankrupt industry, to prevent its chaotic collapse from bringing down the banking structure and creating mass unemployment. In 1976, the IMF forces sought to dismantle the fledgling Pescaperu as a precedent for smashing state companies owning most of Peru's petro-

leum, copper, iron, lead, and zinc. In all cases, the argument was that the companies were losing money. The motive was to permit unrestricted looting of the country's natural resources.

It was precisely for providing data to Peru's fishermen's unions on what IMF policies would mean, that one of *EIR's* correspondents was jailed and others were expelled from Peru in 1976 on orders of then-Secretary of State Henry Kissinger.

EIR's predictions were on the mark. Shortly after Kissinger's move, most fishing workers were laid off, paid severance in boats which they could not afford to operate. Other boats were sold abroad or just left to rot. Of the 100 fishmeal plants, all but 37 were closed in 1977, and all but 5 in 1983.

A few of the boats were converted to fishing for human consumption. However, the bulk of their catch was exported. Peru paid its debts during the early 1980s by exporting canned tuna, bonito, and mackerel. The Belaúnde government in 1983 and 1984 permitted 20 of the big Soviet trawlers to fish within Peru's 200-mile limits. Those ships hauled in mackerel by the ton, cleaned it, froze it, and transferred it at sea onto Soviet freighters bound for Angola. Although the Soviet production never touched Peru's shores, it was included in the Fishing Ministry's statistics for "maritime products unloaded."

The Russian fishing fleet, *Sovrybflot*, won fishing rights through corrupt elements of Belaúnde's party. For paying bribes and other fees to the Peruvian government, Soviet frontmen received 6% of the catch, equal to the token payment given the Peruvian state. One of their frontmen, Rómulo Parodi, is the cousin of the Belaundista owner of a jungle plantation which exports coca paste and serves as a training camp for Shining Path narco-terrorists, according to Ayacucho journalist Luis Morales. Another, Augusto Angeles Ulloa, is a relative of Belaúnde's prime and finance minister, Manuel Ulloa, one of those responsible for opening

the country to the cocaine mafia. Reports documenting that Soviet fishing operations are part of their cut into Peruvian-Soviet cocaine traffic, are alleged to have been prepared by Peruvian intelligence agencies.

The monthly *Andean Report* noted in June 1985, "According to fishing sources, *Sovrybflot* prefers to arrange fishing contracts through private companies rather than directly with the State in order to keep often touchy fishing deals on a business, rather than a political basis. 'The Russians have learned from experience to look for a local group who have good connections with the government and who will come to terms on business,' says the fishing source. 'The people running the companies are not necessarily the real shareholders.'"

The nature of the contracts only caught the public eye when, in April 1985, Epsep seized one Soviet boat after months in which the Soviets or their frontmen failed to pay the token 6% fee to Epsep. The Soviets then pulled all of their factory ships beyond Peru's 200-mile limit.

García challenged Moscow's sweetheart contracts, "We are not going to be pragmatic, realistic, and tough only in dealing with Western capital. . . . How could it be that for fish which belong to Peru, our share is only 15%, and 85% is for the foreign company that doesn't even pay taxes? And we don't know anything about it?"

Feed people before banks

From the start, García saw the sea as a means of feeding the Peruvian people, rather than of paying debt. As President-elect, he told Chile's *La Tercera de la Hora* on April 27, 1985, "We can't apply colonialist prescriptions in our economies. . . . Peru needs to consume food. A Peruvian eats 12 kilos of fish per year, when he should eat 60-70 kilos, like a Japanese. He consumes 29 kilos of rice, when he could eat 50, or like a Chinese who eats 150 kilos. Our agriculture is underutilized; therefore, we will not follow the IMF demands."

His government immediately provided credit to Epsep for it to eliminate speculators by buying fish on the beach for

retail sale throughout the country. The next step was to can Pacific pilchard, an edible sardine, to feed the majority of Peruvians who are undernourished. The government reduced tariffs on imported tinplate for cans to a token 1%. It made deals with 30 private canners for them to supply Epsep with 2.7 million one-pound cans of sardines monthly. Epsep sold the cans in slum neighborhoods at 35¢ apiece and used them as part of wages for the 200,000 Peruvians in the government's emergency employment plan.

The private canneries balked, accustomed to the good old days when they would either can expensive export-oriented products like tuna or bonito. The Belaúnde government had turned a blind eye to their making a fast buck by grinding into fishmeal for export close to 2 millions tons a year of sardines. They kept on grinding sardines at such a rapid pace, that the García government had to order a stop to such degradation of human food in March 1986; it fined 36 canneries for abusive grinding.

Balking by the canneries led to 26% less fish being used for canning in the first quarter than in the same period of 1985 (Table 1). But, García's crackdown, combined with positive incentives such as tax exemptions for food fish industries, brought a dramatic turn around in the second quarter, when more than double the amount of fish went into cans than during the same quarter under Belaúnde.

As can be seen in Table 2, showing fish sales for the first half of the year, Peru put priority on feeding itself, shifting every category of fish product from export to meeting local needs. The reduction shown in frozen fish output reflects the cancellation of Soviet fishing contracts.

García has done everything possible to build up a national fishing fleet to harvest the seas previously left to the Russians. Under the Belaúnde government, almost all of Peru's mechanized fishing fleet ended up repossessed by banks and rotting at moorings. The only two craft operating were fishing off the Malvinas Islands with none of the catch returned to Peru. On Jan. 9, 1986, García declared the fish supply system to

TABLE 1
Use made of fish catch
(in thousand metric tons)

	January-March 85	January-March 86	January-June 85	January-June 86
Canned fish	39	29	60.6	77
Fresh fish	59	59	91.5	119.1
Frozen fish	58	12	109.4	25.7
Dry, salted	11	10	15.3	17.7

Source: Peruvian Fishing Ministry

TABLE 2
Peru: fish sales
(January-June, in metric tons)

Type	Local Consumption		For Exportation	
	1985	1986	1985	1986
Canned fish	10,400	15,400	9,300	5,000
Fresh fish	91,500	119,100	0	0
Frozen fish	8,400	15,100	78,100	3,100
Dry, salted	4,200	3,900	0	0
Fish oil	23,300	79,200	32,500	17,600

Source: Peruvian Fishing Ministry

be in a state of emergency, paid off all the state fishing company's old debts, authorized setting up a state fleet, and ordered state banks to hand over to it 23 boats and provide credit for their rehabilitation. The vessels were in bad shape, and it was not until Oct. 10 that the first catch from them came in. The government also eliminated all taxes and all red tape for private investors to import medium-sized trawlers, motors, nets, and other equipment not made in Peru.

Peru obtained from Holland a promise to donate seven trawlers, and from the United States Naval Reserve two obsolete cargo ships which will be refitted to turn anchovies into powdered fish milk, to be used as a high-protein additive to fruit juices and other foods.

Peru's plan is to raise per capita consumption from 12 to 20 kilos annually by 1990, which requires increasing production from 360,000 to 750,000 tons.

Soviets swallow Argentine fishing

Fishing agreements with the Soviet Union and Bulgaria, signed by the Alfonsín government in July, now face a tough ratification fight in the Argentine Congress. Opposition to the blatant give-away is mounting from labor, industry, the Navy, and from all political parties except Alfonsín's Radical Party and Moscow's Communist Party. The only benefit for Argentina named by government officials defending the accords, are Soviet purchases of supplies and repairs in Argentine ports. The Russians will set up their own colony of repairmen, it was announced during Alfonsín's mid-October visit to Moscow.

On Oct. 13, Argentina's main fishing port, Mar del Plata, was closed down by a civic strike organized jointly by the Peronist General Confederation of Labor and the fishing industry. Fishing boat owner association president Hector Fernández Blanco announced that the strike would be by "fishing industry workers in defense of their jobs. The Soviets will be allowed to catch resources that Argentine operators are not allowed to catch." Argentine fishermen, who hauled in 550,000 tons in 1979, are now effectively limited to a 450,000-ton catch.

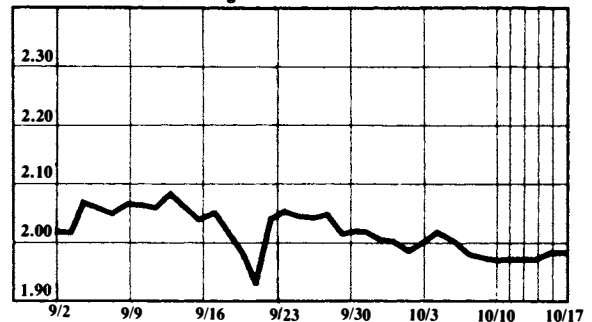
In a joint advertisement published on Sept. 23, labor and industry asked, "On the basis of what scientific data . . . does the fishing subsecretariat intend to negotiate quotas in favor of foreign fleets at the same time it systematically denies and restricts permission for local contractors to incorporate new boats under the Argentine flag? National shipyards are being prevented from building fishing ships because the applications authorities deny them fishing permits." The 30,000 unionized fisheries workers and 80,000 workers in related industries ask, "Should the failure of the fishing subsecretariat [to promote the domestic industry] oblige the country to give in to foreign pressures?"

As in the tragic experience of Belaúnde's Peru, an Argentine government which puts the interests of foreign creditors first, is wantonly undermining its own national economy and national interest.

Currency Rates

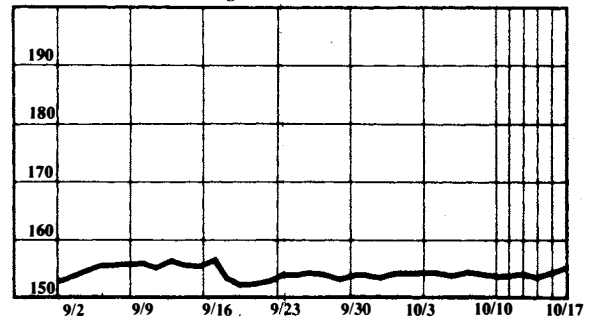
The dollar in deutschemarks

New York late afternoon fixing



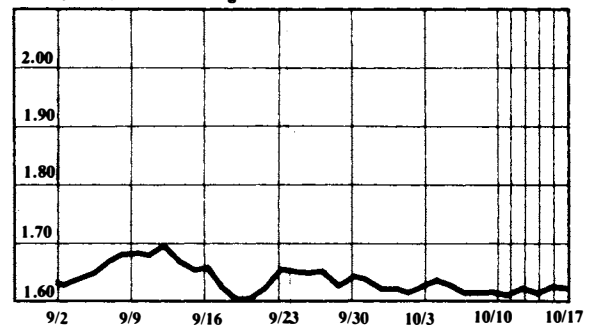
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing

