

The Soviets will fish cheaply in the waters of Peru

by Mark Sonnenblick

Many Peruvians are unhappy with the deal about to be signed by the Alan García government granting the Soviet Union extensive fishing rights in Peru's Pacific Ocean territory. Some think the Soviets may be paying too little for the fish they net, clean, and freeze offshore. Others fear the military potentialities the Soviets are gaining from basing large fishing fleets off Peru and building heavy-duty dry docks and other repair facilities at the Peruvian navy's shipyards in the main port of Callao. In that deal, the Soviets will build a \$65 million dry dock and the Callao shipyards will build 80 fishing vessels, worth \$500 million, for the Soviets, who will "pay" for them by writing off unpayable Peruvian debts.

Among those speaking out is Juan Rebaza, president of the Peruvian state fishing company, Pesca-Perú. On March 23, Rebaza demanded the government provide "a public report on the scope of the protocol signed with the Soviet Union." "One should not look only to the Soviet Union," Rebaza declared. He urged that Spain, Britain, and the United States also be considered for fishing contracts, noting that García had frequently stated that other countries were interested.

The next day, Rebaza gave an interview to the weekly *Solidaridad Internacional*, excerpts of which follow. In it, he argued that, even though "it is a bit more difficult," the best alternative to deals with the Soviets and Cubans would be "agreements with the Latin American countries" to gradually construct a modern deep-sea food fishing fleet. Without that, Peru will continue to lack the fish it needs for its undernourished population, and will not be able to make effective its maritime sovereignty.

Fishing Minister Javier Labarthe responded to Rebaza's and similar challenges from Peruvian congressmen by briefing the congress March 27 on the fishing accords being signed with the Soviets, Cubans, and Poland. Congressmen protested that Peru was being cheated by the Soviets, who give only 17.5% of the fish they harvest in Peruvian waters as payment for fishing rights and all taxes. The minister answered, "The Soviet Union collaborates by providing a reconnaissance plane on a permanent basis to help our boats; it will loan us four multi-purpose boats for six months, and will also put at our

disposal on a permanent basis a research ship to evaluate our biomass."

What Peru needs most is deep-sea fishing for human consumption. What Peru has achieved is the world's largest production of fishmeal for animal consumption and fertilizer.

Rebaza fears that Pesca-Perú's fishmeal capabilities will now be destroyed once again, as they were in 1976, on direct orders from then Secretary of State Henry Kissinger, to prepare Peru for IMF tutelage. Pesca-Perú was further looted during the 1980-85 regime of "free enterpriser" F. Belaunde. Its recovery began only in 1986, after García put Rebaza, then the president of the Pesca-Perú union, in charge of the company.

Rebaza's accomplishments at Pesca-Perú were recognized last October by his election as president of the International Organization of Producers and Exporters of Fishmeal and by European awards for managerial excellence.

Interview: Juan Rebaza

Excerpts from Pesca-Perú president Juan Rebaza's March 24 interview with the weekly Solidaridad Internacional:

Q: On fishing for human consumption, is Pesca-Perú still considering converting its [fishmeal] factories to use them for production for human consumption? . . .

A: Right now, Pesca-Perú is more focused on perfecting its fishmeal production, because during its years of paralysis, Chile got about 20 years ahead of us in the advancement of its technology. But that does not mean we have to wait 20 years to recover. I think that in one or two years, we could recoup the time lost; we want to perform our principal activity well. . . .

There is already a great effort to diversify production for human consumption. The government and the sector are always criticized for signing agreements with the Soviets and

the Cubans. Rather, what must be done is to bring the country to sign agreements with the Latin American countries. This is a bit more difficult, but we can do it, even by building two ships—I will pay for them—and with the same money, go ahead building two more, and go forward that way. . . .

At this moment, our problem is [lack of] ships. I do not think that the optimal thing is to sign the agreements [with the Soviets and others]. And, clearly, it could be argued that for the moment, we do not have boats and we need that support. That may be true, but the optimal thing is that we should have our own ships and we have to begin to work; if not, we will always have to depend on others. If we do not have ships which can go beyond the 200 miles [the territorial limit], how could we control, how could we know whether or not foreign flag boats are within the 200 miles?

Q: On March 20, the Panorama [TV] program contrasted the supposed “disastrous” Peruvian fishing policy with the success and rise of fishing in Chile, implying that this was due to bad management. . . .

A: In Peru, we have a private fishmeal industry and a state fishmeal industry. What I don’t like about the Panorama program, is that it tried to present a bad image of the public sector, without in the least touching the private fishmeal sector. I can demonstrate that Pesca-Perú uses 4.5 tons of fish to obtain a ton of fishmeal, while the private fishmeal sector uses 7 to 8 tons of fish to produce 1 ton of fishmeal, resulting in wasting more than 2 tons. . . .

It is true that in 1980, Chile took the lead in fishmeal production, because the populist [Belaunde] government [of Peru] encouraged the disappearance of Pesca-Perú, even decreeing a fishing ban in the southern zone, which let the sardines and anchovies go to that country and in that way make it into a power. In addition, assets were sold. There were Pesca-Perú ships sold to the private sector during the Morales Bermúdez administration [1975-80]. Some of the best ships we had in Pesca-Perú were transferred to the private sector, and then, after a few years, sold abroad.

In 1974, Pesca-Perú received 1,500 ships, of which 514 were sold in the year 1976, apparently destined for the fishermen. The real owners, however, were a group of private businessmen. In addition to this, what was known as the so-called “Peruvian-Chilean integration” in the year 1979 stimulated the export of the best ships to Chile. That is, Chile now not only had some factories but also ships which had at one time belonged to Pesca-Perú. In practice, Chile was equipped, destroying our capacities. . . .

In 1985, Pesca-Perú’s fishmeal production merely approached 100,000 metric tons. We have begun to reactivate the factories almost without investing anything. And, up to now, we have reopened 15 factories. We have a total of 36 factories [for fishmeal], but I think that it is not best for all 36 to function. Because, if our government has improving nutrition as an objective . . . fishmeal production has to be

rational. If I were, wrongly, to defend putting the 36 factories to work, even if we had the ships, that would mean a great amount of fish each year, which would imply depredation. And we can’t do that.

During last year, we produced 372,000 metric tons of fishmeal, which permits Pesca-Perú to take first place in fishmeal production in the world and earn a total of \$126 million in foreign exchange for the country. That is more than the \$95 million reached in 1986, and the \$45 million we obtained in 1985.

Q: Do you think there is a deliberate campaign against Pesca-Perú? Is it on the list of those companies which are going to be reprivatized?

A: What is certain is that some businessmen who for years have sought to make Pesca-Perú disappear have tried to take advantage of this. If we were a deficient company, nobody would pay attention. But, this is a company which generates a lot of foreign exchange for the country, one which is called upon, in effect, to give more support to EPSEP [state fish distributing company] in feeding the population. Pesca-Perú concerns itself with promoting the building of new ships and implementing our own maritime fleet, adequate to our reality.

Thus, they see Pesca-Perú as a problem. In the face of this, I could say there are some private companies which are totally deficient, which do not want to invest and which want the government to provide them with money or to hand over their factories to Pesca-Perú. That is, they put in nothing from their own pocket. We are not opposed to private participation, but they must be efficient and they have to show it.

Even, if we compare the prices fishmeal is sold at, we can see that while we sell at \$448 per metric ton, the private sector is selling for \$20 less. I don’t think we are more capable than private businessmen. I think some of them might be leaving dollars outside the country; that is my fear.

We hope that further along in the debate which is being stimulated, a number of irregularities will be investigated. When we took over Pesca-Perú’s management, we proved that previously its fishmeal sale prices had been lower than those of the private sector. That brought us the malignant idea that the former functionaries also left dollars outside the country. The fact that the workers themselves now run their company shows that with will and honesty, we can make our fishmeal worth its true value. . . .

Many of the businessmen who now participate in the private sector were Pesca-Perú functionaries. If we analyze, we will appreciate that these ex-functionaries now are owners of canneries, of factories which previously belonged to Pesca-Perú. How did they get ownership of these factories? That must be investigated. Perhaps they encouraged the sale and used intermediaries. Thus, we could see in whose hands the company’s management was: people who wanted it to disappear. . . .

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