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## **Disease Devastates Chile's Salmon Industry, Resulting in Massive Job Losses**

by LADB Staff

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Triggered by the outbreak in 2007 of a deadly fish disease, Chile's long buoyant farmed-salmon industry is suddenly sinking, dragging thousands of area jobs down with it. Although authorities have yet to agree on an official figure, estimates suggest the country's once-healthy salmon companies have laid off somewhere between 3,000 and 6,000 industry workers since Infectious Salmon Anemia, or ISA, was first discovered in Chilean waters.

With production levels expected to drop significantly in 2009, the number of unemployed is likely to spike, bad news indeed for southern Chile's salmon-dependent economy. "Salmon is what moves this area," said union head Doris Paredes of the Llanquihue chapter of the Central Unitaria de Trabajadores (CUT). "It's the only industry that provides widespread employment, that is able to absorb the work force. Because everything around here depends on salmon. Maybe on a national level, the layoffs taking place here aren't that significant. But in their local impact, they're huge."

For now, the burden of the industry dive is falling squarely on the shoulders of workers and their families, whose already precarious financial situations make sudden job loss an even more devastating blow. According to the Chiloe-based nongovernmental organization (NGO) Sede Canelo Sur, Chilean salmon-industry workers earn on average 220,000 pesos (US\$330) per month. In the case of a typical family of four, that means 55,000 pesos (US\$82) per person just below the 56,000 pesos (US\$83) at which the Universidad de Chile sets the poverty line. Workers find it next to impossible to save, making them all the more vulnerable to job loss.

Complicating matters are the debts accrued by many families who, especially with rising inflation, are unable to make their stagnant salaries stretch. "You have to get into debt. They pay you at the end of the month. For me, after I've paid all my bills and everything else, that money lasts maybe two or three days," said Cesar Navarro, a factory worker in an Ancud, Chiloe, salmon-processing plant owned by Cultivos Marinos. "From there until the 15th, you rely on shop credit. On the 15th you get paid again, and it maybe lasts another week. From there you get into more debt. And, at the end of the month, you spend all your money paying off those debts."

### ***Rapid expansion, an Achilles heel***

Between 1991 and 2006, Chilean salmon production expanded by a staggering 2,200%, pushing up the industry's annual earnings from US\$159 million to more than US\$2.2 billion. During that 15-year span, the industry a vital engine of growth for Regions X and, to a lesser extent, XI created thousands of jobs, earning it "star" status in Chile's much-praised export-oriented economy. At the same time, the area's economy became increasingly dependent on the surging salmon industry.

Farmed salmon's dominant influence is now proving to be an Achilles heel for the regions, which are unable to provide alternative job opportunities for the growing list of laid-off salmon workers.

"It's incredibly complicated, because before, when a worker left the industry because either the season ended or maybe he just didn't get on well with his boss, he'd go to [the Chiloe towns of] Quemchi, Chonchi, or Quellon, and there he'd find more work," said Alejandro Oyarzun of the Chiloe-based Confederacion Nacional de Trabajadores del Salmon (CONATRASAL). "Nowadays, a worker loses his job and where can he go? To his house, to wait for someone to call. Because, unfortunately, there aren't any jobs out there like there were three or four years ago."

Chonchi resident Lindor Aro had precisely that experience last June when Marine Harvest, a Norwegian-owned company that has been particularly hard hit by the ISA epidemic, shut a local processing plant, firing nearly 200 workers. Aro says he was given a letter of recommendation and the promise that he would easily find work elsewhere.

Only six months later did he finally land another job at a substantially reduced salary. "It's been really bad because there are so few jobs around," Aro said. "It affects everyone, especially the people who were laid off by Marine Harvest. It's been so hard for us, because there just aren't any jobs. They told us it wouldn't be hard to find work, but when we go to the other companies they say 'no.'"

Cesar Navarro and his colleagues at Cultivos Marinos could soon face the same scenario. Last October, the company's president, Jose Lopez, told Chile's *Diario Financiero* that production might drop 50% this year. Management said the same thing to Navarro and other members of the factory's Union es Fuerza labor group during a recent meeting, warning that output could drop from roughly 38,000 tons to 18,000 tons. The union says the factory already eliminated more than 400 jobs in 2008.

This year the cuts could be even deeper. "Right now I'm 25," said Navarro. "I started working for the company when I was 20. I started with the same idea that a lot of people have, which is to go and earn a bit of money. But the years start to pile up and you're still there. And later, once you start realizing you've gotten older, that you've given maybe 10 years of your life to that company, what happens? The company closes, and you, at 30 or 40, have to go look for another job."

### *Government to the rescue?*

The escalating labor crisis has not gone unnoticed by the central government. On Nov. 27, President Michelle Bachelet announced what is being described as a salmon-industry rescue package, promising state backing for up to US\$450 million in loans to struggling salmon companies.

Both Bachelet and Economy Minister Hugo Lavados insist the measures have a "social" objective that their aim is to stem the current wave of worker layoffs by strengthening the salmon industry as a whole. "We're going to be very attentive to what happens and ready with all types of tools from training to employment plans, as well as permanent teams that monitor the labor situation because, if there's anyone who isn't to blame for all this, it's the workers," Bachelet said.

Labor leaders are hardly convinced. Describing the loan guarantees as an ill-targeted subsidy for the very companies responsible for the current industry crisis, the CUT, CONATRASAL, and other unions say the government plan offers nothing to address the immediate needs of laid-off workers, who require direct subsidies, debt relief, and above all jobs. "We're upset that the government,

while offering unconditional support for the salmon companies, doesn't come up with any concrete measures for the workers," said CUT's Doris Paredes, who has joined other area union heads in organizing a recent series of protests. "To date the salmon industry has laid off 6,000 people. And the numbers will continue to rise gradually. We don't expect the companies to lay off a huge number at once. Instead, to avoid negative publicity, they're letting a few people go every 15 days or so."

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