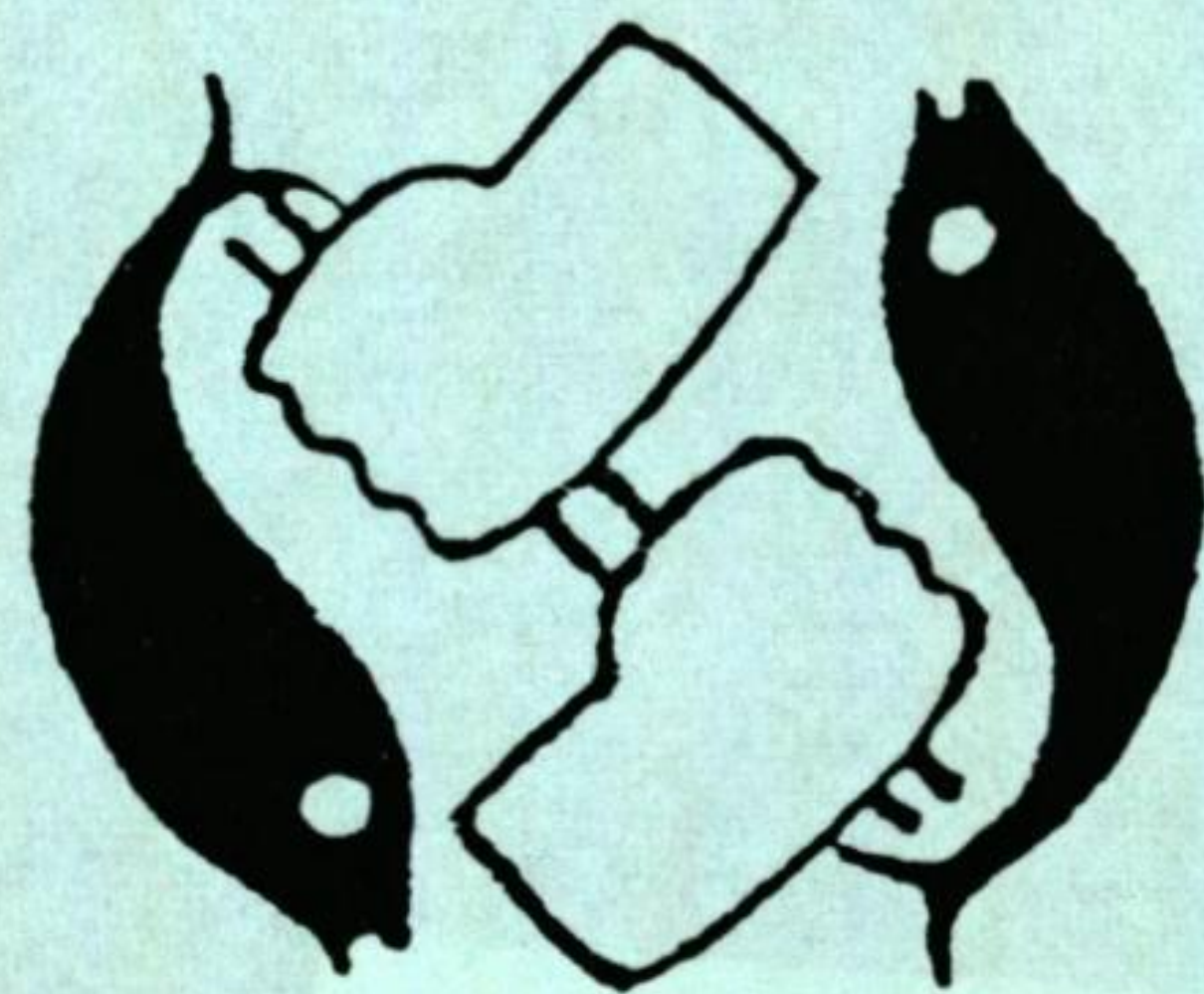
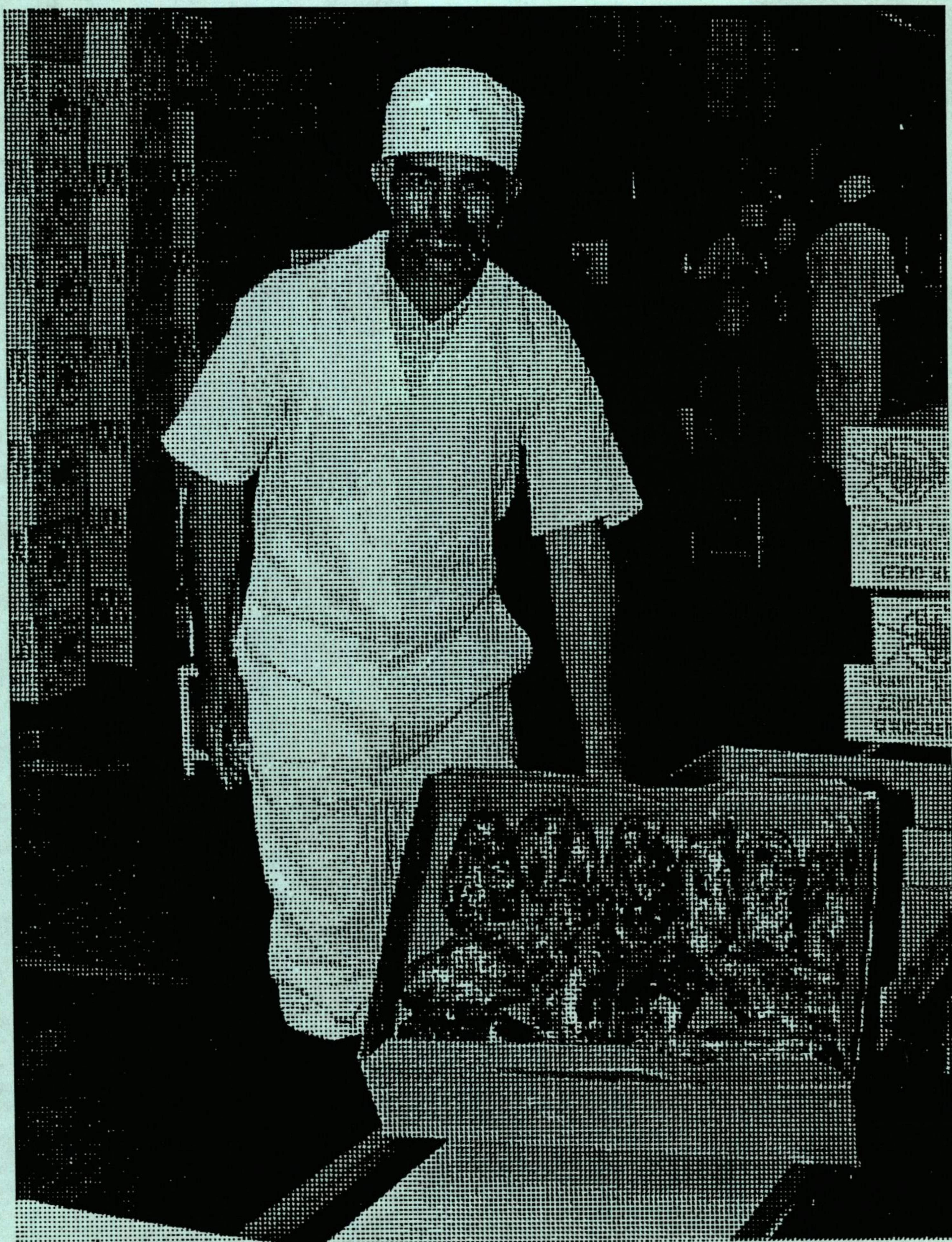


# The State of EC - Namibia Relations



## Cooperation in the Fisheries Sector



Report of the fact finding mission of David Morris (MEP) to  
Namibia, October 1992

Compiled by Inge Van Den Bussche, Researcher



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## PREFACE

This is the second part of a report on the state of EC-Namibia relations arising from a visit to Namibia in October 1992 by myself and Inge Van Den Bussche, Research Assistant to Janey Buchan (MEP).

The purpose of the visit was to take an in-depth look at issues in EC-Namibia relations, with a view to identifying how the EC could more effectively support the economic development of newly-independent Namibia. Particular attention was paid to the question of EC-Namibia relations in the fisheries sector, given the importance of this sector to Namibia's overall economic future.

The visit was made after an intensive period of preparatory work which involved consultations with all relevant Commission divisions and the Namibian Embassy in Brussels. During this time, extensive assistance was provided by the European Research Office (ERO), and I would like to express my appreciation for this, as well as my support for the ongoing work of the ERO.

In Namibia, we received considerable assistance from various companies involved in the development of the fisheries sector. We also received assistance from the Namibian government, the Commission services and the President in Office of the EC Council of Ministers. I would like to express sincere thanks to all of those who gave their time. I would like also to express my personal thanks to the Minister of Fisheries and Marine Resources, the Hon. Helmut Angula, for taking the time to meet with us and inform us of current Namibian perspectives on the fisheries issue.

I can only express my admiration for the Namibian Sea Fisheries Inspectorate who are at the present time seeking to undertake an enormous task under extremely difficult and at times hazardous circumstances.

From our discussions, we have ventured to suggest certain tentative recommendations with a view to improving EC-Namibia cooperation in the fisheries sector. We believe these recommendations constitute a starting point for future mutually beneficial cooperation.

The views expressed in the report are those of myself and Inge Van Den Bussche, who carried the heavy burden of writing up the report.

**David Morris (MEP)**

**June 1993**



## 1. LEARNING THE LESSONS

### 1.1 The History of Exploitation

Namibia enjoys potentially one of the richest fishing grounds in the world, as a consequence of the upwelling of the nutrient-rich Benguela current off its coast. Indeed these were once the most productive in the world. However, the post-war history of both the in-shore fishery and the off-shore fishery has been one of almost terminal stock depletion of the principal commercial fish stocks. While the depletion of the in-shore fish stocks can be largely attributed to appalling management practices under pressure from South African commercial interests<sup>1</sup>, EC vessels (mainly from Spain) played a significant role in the depletion of the high value off-shore hake stock. It is the off-shore hake stock in which EC fishing enterprises continue to have a high interest which remains a contentious issue in EC-Namibia fisheries relations.

In 1964 a mere 47,600 tonnes of hake were caught by foreign vessels in Namibian waters. By 1968 this had risen to 629,100 tonnes. The rapid growth of commercial fishing interest in the off-shore waters of Namibia led in 1969 to the establishment of the International Commission for Southeast Atlantic Fisheries (ICSEAF). In the 20 years between the establishment of ICSEAF and its dissolution in 1990, over 8,585,000 tonnes of hake were swept out of Namibia's waters, leaving the hake biomass at only 20% of its 1969 level. The value of this fish was put at over R14 billion. From this Namibia received a meagre US \$180,000 from a Trust Fund created by ICSEAF in 1981 for a future independent Namibia. Over ICSEAF's lifetime the direct financial benefit to Namibia from the foreign activity in its deep-sea fishery amounted to a mere 0.004% of the value of the fish taken. Even this appallingly low level of financial benefit was overshadowed by the damage done to the hake stocks.

The over-exploitation of Namibia's hake stock has bequeathed an enormous task to the independent government in developing its fisheries policy: to ensure, for a ten year period, such stringent monitoring and control of its Exclusive Economic Zone (EEZ) as to enable a rebuilding of its hake fishery to a level which will be able to sustain a yield of a mere 42% of the peak yield taken from Namibia's waters under ICSEAF's regulation.

### 1.2 The Challenge of Independence

Even prior to independence, the duly-elected government of Namibia sought to respond to the desperate state of the hake stock. President-elect Nujoma requested all foreign fishing fleets to depart from Namibia's as-yet-undeclared EEZ. While this request was initially complied with, within a few months of independence foreign vessels returned within Namibia's EEZ to fish for hake. At first this illegal fishing by exclusively Spanish-registered vessels appears to have been undertaken en route to

or from another fishing zone. The captains of these vessels appeared to have been aware of the illicit nature of their activities, for the Namibian Ministry of Sea Fisheries surveillance flights discovered the common practice for vessels to obscure their names, call-signs and registration numbers, in order to prevent identification. As early as June 1990 the Frio Pesca Dos was observed fishing in Namibia's EEZ en route from the Argentinian fishing zone to its home port of Vigo in northern Spain. The Frio Pesca Dos arrived back in Vigo with an estimated 400 tonnes of Namibian fish.

Word of the success of the Frio Pesca Dos in Namibia's EEZ quickly spread around Vigo. As a result, the number of Spanish vessels which sailed from port with the sole intention of fishing in Namibia's unprotected waters increased dramatically. These were joined by other Spanish vessels which had crossed the Atlantic from Argentinian waters to complete their holds. By October 1990 the Ministry of Sea Fisheries estimated that between 30 and 35 Spanish vessels were fishing illegally in Namibian waters on any given day. These vessels were capable of catching between 18 and 20 tonnes of processed fish per day, with a value of R10,000 per tonne. At its height, the illegal fishing took over 600 tonnes of processed fish, valued at over R6 million, daily from Namibian waters.

Estimates are that from the time the first boats were observed illegally fishing in Namibian waters to the end of 1990, over 45,000 tonnes of the high value hake stock had been illegally caught by Spanish fishermen - a collective market value of over R200 million. By October the scale of illegal fishing was seriously undermining the credibility of the government's conservation and stock management policy, and its ability to establish national control in the fisheries sector.

During our discussions with locally-based operators in Namibia (both Namibian and Spanish), considerable resentment was expressed at the operations of illegal vessels<sup>2</sup>, these operators having put substantial pressure on the government to act against the poachers. Local fishermen assisted government to seize illegal vessels by providing up-to-date information on where vessels were poaching.

From October 1990 the Namibian government repeatedly requested the assistance of the Spanish authorities in putting an end to illegal fishing by its nationals in Namibia's EEZ. By November, the Namibian government's frustrations were mounting. With some 30 Spanish vessels still in Namibian waters, the Permanent Secretary of Foreign Affairs, Andries Guibeb noted that:

"The government could impound these ships and impose a fine of R1 million on each. We may have to do that now because there is considerable public anger<sup>3</sup>."

When the government did act it did so dramatically. On November 25th 1990 the Namibian Ministry of Sea Fisheries arrested five Spanish fishing vessels in a daring helicopter-borne seizure. Had the operation proceeded smoothly it is estimated



that 11 illegal vessels could have been apprehended during this operation. Two of the Spanish vessels which escaped were clearly identified and details of their activities forwarded to the Spanish government, with a request that appropriate action be taken. However, no action was taken by the Spanish authorities and from January 1991 there were again increased incidents reported of unlicensed vessels fishing in Namibia's EEZ. On March 21st 1991, whilst the first five Spanish Captains were awaiting sentence for illegal fishing activities, a further three Spanish vessels observed fishing illegally in Namibian waters for at least two months were boarded by Namibian personnel. It took three days for the Namibian authorities to bring the arrested vessels into port, in the face of considerable hostility from the crew.

Again, despite further representations, no effective action was taken by the Spanish authorities to curtail illegal fishing by its nationals. The spotting and photographing of two more illegal vessels, the *Hermanos Garrido* and the *Egunsentia*, fishing in Namibia's Northern EEZ in July 1991 led to a strong protest by the Namibian government. Yet this merely resulted in The *Hermanos Garrido* being fined R700,000 when the Spanish Ministry of Fisheries found the vessel's documents to be irregular<sup>4</sup>.

In September 1991 Vice President of the European Commission, Manuel Marin, announced during the ACP-EC Joint Assembly in Amsterdam that the European Community intended to:

"end the granting of fishing licences and structural aid to Community fishing vessels for which clear evidence is received of illegal fishing in third country waters."

As yet it is unclear whether the Commission took any action on the evidence supplied by the Namibian government on the activities of Spanish vessels operating illegally in its EEZ.

In the meantime although the level of poaching by unlicensed vessels decreased substantially (from on average 30 vessels at the end of 1990 to between three and five by the end of 1991), confrontations between the Namibian authorities and illegal vessels still operating in Namibia's EEZ became increasingly dangerous.

On March 10th 1992 the *Egunsentia* was caught once again fishing illegally inside Namibia's EEZ by the new patrol vessel *Globe*. The *Globe* tried to prevent the vessel from fleeing back into Angolan waters but it was decided that boarding the pirate at 13 knots was too dangerous. This incident led to the *Globe* being fitted with a 20mm canon and the issuing of a stern warning to the pirates by Foreign Minister Theo Ben Gurirab:

"We inform the public and especially the fishermen poaching in our waters that our patrol vessels are armed and these weapons will be put to use<sup>5</sup>."

Events escalated further when the *Hermanos Garrido* also returned to poach in Namibian waters. Discovered and confront-

ed by the *Globe*, the *Hermanos Garrido* tried to ram the patrol vessel. This attempt to resist arrest forced the Namibian authorities to open fire, following which the *Hermanos Garrido* fled. It is believed that the captain of the vessel was injured during this confrontation<sup>6</sup>.

Several sources in Walvis Bay claimed that the Spanish government has now effectively revoked the fishing licence of the *Hermanos Garrido* and the boat has not returned to Vigo for fear of being impounded. If this is indeed the case then this would be the first effective action the Spanish authorities have taken to support Namibia in its increasingly dangerous battle for control over its EEZ.

We firmly believe that closer collaboration, based on effective preventive action by the Spanish and EC authorities in coordination with Namibia, is necessary if unlicensed fishing by European vessels is to be effectively deterred without loss of life.

### 1.3 Namibian Government Policy

The Namibian government in formulating its fisheries policy has sought to learn from the pre-independence experience. The experience in the pelagic in-shore fishery highlighted the need for national control. Equally the experience in the demersal off-shore fishery highlighted the need for effective monitoring and control. Both have ensured that in the context of a newly-and hard-won independence, the Namibian government fiercely guards its sovereignty in setting the terms and conditions under which fishing activities can take place in its EEZ.

The importance of continued efforts for ensuring the use of Namibia's fisheries resources on a sustainable basis was emphasized to us throughout discussions with Minister for Fisheries, Helmut Angula, who explained that:

"We need to develop our fisheries industry so that it ensures a lasting contribution to the economy and development of the country<sup>7</sup>."

Apart from the conservation of stocks through a programme of catch restrictions and other regulations over an extended time period of 5-10 years, Namibia's Fisheries Policy includes:

- the creation of employment and income through the encouragement of local fishing and processing, and the establishment of support industries;
- optimising revenues from profits of the industry through the encouragement of reinvestment of surpluses within Namibia;
- earning foreign exchange through encouraging value added to exports of processed fish and the development of new markets;
- improving domestic food supplies and enhancing food security and self-sufficiency through the promotion of local supplies and consumption of fish products.

The underlying approach of the government towards the management and development of its fisheries sector is to ensure that



catching capacity of the indigenous fleet will never exceed the Total Allowable Catch (TAC) even in years of poor stock recruitment. This will ensure that in all but the worst years of stock recruitment the availability of surplus fish will allow a place for foreign fishing fleets in the Namibian fishery.

One of the main factors in the Namibian government being able to enforce these objectives will be its capacity to effectively monitor and control its fisheries resources and the activities of its fishing industry. Experience to date has demonstrated this to be the main challenge to the success of government policies.

## 2. FROM POLICY TO IMPLEMENTATION

### 2.1 Asserting National Control

The issue of monitoring and control can be divided into two distinct components:

- establishing effective control over the fishing activities of licensed and chartered vessels;
- ending illegal fishing by unlicensed vessels;

These two problems are quite different. Although ending illegal fishing by unlicensed vessels could be considered an immediate short term problem, it significantly undermined the government's efforts to develop the fisheries sector in the first two years of independence. However in the long term, establishing effective control over the fishing activities of licensed and chartered vessels will be the most serious challenge facing the Namibian authorities. They will need constantly to enhance their capacity to control fishing activities, as licensed vessels struggle to obtain the maximum financial yield from the capital invested in fishing activities.

Whilst this requires procurement of the necessary equipment (patrol boats, surveillance aircraft, etc), the development of a cadre of trained and motivated fisheries inspectors is central to effective monitoring and control.

Alongside the gradual development of a fisheries inspectorate the Namibian government is trying to establish a sound basis on which inspection and monitoring can take place. This includes:

- the regulation of fishing gear to be used;
- close regulation of transshipment;
- terms and conditions for inspection at sea;
- terms and conditions for shore-based inspection.

In order to support the monitoring and control activities of the fisheries inspectorate Namibia is looking to establish a package of punitive sanctions for infringement of fisheries regulations; which will act as an effective financial disincentive to those licensed vessels currently engaging in illicit fishing activities.

### 2.2 Difficult Beginnings

In October 1991 the Auditor-General of Namibia presented his report to the National Assembly "An investigation into possible irregularities in levy payments and overfishing in the Namibian fishing industry<sup>8</sup>".

The main findings of the report were that:

- due to inefficiencies in the administration of the Ministry, quota holders had been allowed to exceed their fishing quotas (in one case by 18.6%) with no apparent action being taken;
- the calculation of levies was highly problematic as they are based on the size of fish caught. Given the processing being undertaken, quota holders were often able to make false statements of fish size;
- full revenues from fishing licences were not being collected, resulting in the loss of approximately R10,062,000 in revenue;
- in addition to the need for improved control over catches landed on Namibian territory (including Walvis Bay), further control over discharges at foreign ports seems necessary.

A number of specific recommendations were made by the Auditor-General on the implementation of licensing, quota and levy rebate systems and on necessary legislation for effective control.

At the same time as the Auditor-General's investigation the President ordered a "Commission of Inquiry into the procedures and practices applied in the allocation and utilisation of existing fishing rights". The public hearings of the Commission were held between September 1991 and January 1992, chaired by Judge Bryan O'Linn<sup>9</sup>.

The Inquiry highlighted several rumoured malpractices. But without substantive evidence to support these alleged malpractices, the government found it difficult to take either legal or administrative actions against those involved. The convening of the Commission of Inquiry provided instead a forum where suspected culprits were called to account publicly for their actions. Many allegations at the Inquiry seemed to be a consequence of rivalry between the established companies, each seeking to get a larger share of the available small quota. During our meeting with Minister Angula he explained that at the time there was a lot of jealousy and backbiting by those who wanted to maintain monopolies. The allocation of a portion of the 1991 quota<sup>10</sup> to newcomers exacerbated these rivalries, as established companies sought to forge cooperation with the new Namibian licencees. These new licencees, an important element of the 'Namibianisation' of the fishing industry, arose from government's use of fishing quotas to encourage Namibian businessmen, both black and white, to invest in the fishing industry.

The increase in the 1992 TAC quota by 50% for hake and 25% for pilchards, together with the publication of Namibia's Fisheries Policy favouring Namibian companies<sup>11</sup> changed the mood in the industry. This was shown during our meetings with them, when none of the companies who had provided evidence mentioned the Commission of Inquiry or repeated their allega-



tions about their competitors or government officials. Companies appeared to have settled in, meeting on a regular basis and being far more concerned about exploiting opportunities for the development of Namibia's fishing industry.

The Auditor-General's report and the Commission of Inquiry have enabled the government to get a clearer view of events in the fishing industry and the impact and effectiveness of the early policy measures it adopted, particularly, according to Minister Angula, since they had allowed government to close the loopholes<sup>12</sup>. There was at first no law in place by which government could require companies to pay outstanding levies; now companies are required to pay their quotas in advance.

However, it is important to note the main conclusion of the Auditor-General's report, that:

"the effective exploitation of this natural resource in the national interest lies beyond the reaches of legislation per se. It requires sound long term policy strategy and sustained quality administration, supported by adequate means of physical surveillance of the fishing zone. Within this framework the quality of manpower applied seems to be the deciding factor."

We can only endorse the view that Human Resource development will be central to the successful implementation of the Namibian Government's Fisheries Policy. Accompanying the Sea Fisheries Inspectorate during their daily activities brought this forcefully home to us during our visit.

## 2.3 The Sea Fisheries Inspectorate

### 2.3.1 Constraints

Namibia's Sea Fisheries Inspectorate during its operations in the past two years has faced three major challenges:

- the enormous area of Namibia's EEZ (160,000 sq. nautical miles);
- the lack of adequate surveillance and fisheries control equipment;
- the lack of trained and skilled personnel.

The first two points were determining factors in Namibia's initial inability to react against illegal fishing by unlicensed foreign vessels. Not only was the Namibian Patrol ship the Oryx substantially slower than the modern fishing vessels it was seeking to control, but the size of Namibia's EEZ is such that even when using helicopters, once one vessel was caught, the others (having been tipped off by the first) had ample time to pull up their nets and flee. Apart from this, the airborne operations were very expensive and dangerous to the Namibian personnel involved. The problem of securing adequate surveillance equipment is now being progressively addressed.

The major task for the Fisheries Inspectorate, however, consists of establishing effective control over the fishing activities of licensed and chartered vessels. As seen from the Auditor-General's report, a major factor is the quality of manpower. The

Namibian government has recognised this need and has been actively looking for ways for its inspectors to obtain the necessary qualifications. Since the beginning of 1992 the Rossing Maritime centre in Luderitz has offered the first course for Sea Fishery Inspectors as part of a 10-year training programme. This project is currently receiving EC funding. The EC has also financed the training in Italy of 15 inspectors. However, the inspectors who had been on this course expressed doubts about its value. The course had comprised three months of Italian language training and three months of marine training which in the words of one inspector was "teaching people how to become an Italian fisherman".

It was felt that very little was transferred or even available on: surveillance techniques, catch report mechanisms, the monitoring and protection of resources, or the specific characteristics of Namibia's fishery. Overall the trainee inspectors felt that, given the size of the fish being landed in Europe, the EC fisheries conservation policy was not to be emulated. Few felt encouraged to go back for the one year course which the EC had financed to further train inspectors.

Apart from skilled personnel, establishing terms and conditions of service for fisheries inspectors which encourage a professional and honest performance of the tasks at hand will be central to the effectiveness of the Inspectorate, and its ability to retain experienced staff<sup>13</sup>. Its current inability to do so means there is a serious lack of experienced fisheries inspectors in Namibia. In fact our guide to the Inspectorate, a person with two years experience, was one of the small core of most experienced inspectors<sup>14</sup>.

### 2.3.2 Activities

The Fisheries Inspectorate activities can be divided into land and sea operations. The 200-strong Inspectorate consists of 80 Special Inspectors who do on-board monitoring of licensed vessels, and 120 Inspectors who monitor the landing of fish in Luderitz and Walvis Bay. Landing and inspection of fish landings are done either in the cold storage facilities in the commercial harbour or at the landing jetties of the factories themselves.

With the Inspectorate we went to look at the landing and processing of wet hake in one of the local fish processing factories at Walvis Bay. The fish was brought in chilled on ice in a wet fish trawler<sup>15</sup>, and were unloaded on ice in plastic containers from the trawler. One inspector monitoring the unloading of the vessel was keeping count of the amount of plastic containers brought onshore. Once the vessel unloaded he gave it a final inspection. On-board inspection of the vessel includes the inspection of fishing gear.

Once in the factory the fish is headed and gutted and then sorted into containers according to size and then weighed. At this stage an inspector notes down the weight of the container under the relevant size of fish, 0-5. Fish were being caught in all sizes which, according to one of the inspectors, was a marked change from the previous two years when most hake caught were of the



smallest 0-2 grades. A record was also kept of by-catch and spoiled (damaged) fish.

Wet fish landings are very straightforward in terms of the size and quantities of fish caught unlike fish processed and frozen on board. Here the Inspectorate has to deal with packed frozen boxes of fillets and has to determine sizes and quantities through a system of conversion. Seeing the inspectors in action during the monitoring of this wet fish landing underlined to us the need for inspectors to have quick and accurate numeracy and literacy skills.

The off-shore tasks of the Inspectorate include the monitoring of transshipment at sea. During our visit we observed transshipment from a Russian trawler which had been fishing horse mackerel for a local Namibian company under a charter agreement. The vessel had a capacity of 800 tonnes and had on board 120 tonnes of whole frozen horse mackerel and 150 tonnes of fish meal. Whole frozen horse mackerel and bags of fish meal were being unloaded on to a reefer on its way to West Africa, the main market for these products.

Fishing activities of these vessels in Namibia's waters are monitored on a daily basis by two resident inspectors. Special inspectors stay on board these vessels for a maximum of two months. Although they are paid about four times the wage of their land-based colleagues, the task they face is very difficult indeed.

Although living conditions on the vessels appeared acceptable, working conditions in the hold of the ship were reminiscent of the Dark Ages. Apart from this, hostile attitudes and racism towards inspectors operating on the vessels were obvious even during our short visit. When the inspector on board the trawler (two others were monitoring the loading on to the reefer) asked to inspect one of the frozen boxes the surrounding Russian crew expressed their clear dismay. A box was smacked down at the inspector's feet and the hostility was tangible as he opened the box and inspected all layers of fish to see whether any other fish were amongst the horse mackerel.

That this situation was not limited to Russian vessels was illustrated by an incident on board a Pescanova vessel, the Ribadeo, during June/July 1991 when inspector Gregory Makinza was kept on board for 41 days longer than agreed when the captain refused to return to Luderitz harbour by the agreed date. Mr Makinza was also hit over the head with a box of packed fish by a crew member when he tried to prevent the dumping of fish within Namibia's EEZ<sup>16</sup>.

The question of the hake by-catch of these Russian mid-water trawlers remains contentious between both the Inspectorate and the captains of these vessels, and additionally between the government and the companies that charter the vessels. The by-catches of the trawler we visited were declared to be 1 tonne of hake and 1 tonne of angel - a statement which was met with fury and disbelief by the inspector.

Under Namibia's fisheries regulations by-catches of hake during

targeted fishing for horse mackerel are the property of the Namibian government and the trawlers are required to freeze the hake, pack it and store it separately until such time as it is transhipped to Walvis Bay. In Walvis Bay local agents for the companies concerned sell the hake with 40% of sales revenue being retained by the company and 60% being transferred to the government.

However, according to inspectors, the captains prefer to turn hake into fish meal, claiming that freezing, packing and storing it separately is a hassle and takes up storage space. In addition, the quality of the hake caught is low and therefore worth little. Overall the captains consider hake by-catches are simply not worth their while. The special inspectors on board thus have a tough time trying to ensure that hake is not being dumped, mis-marked or turned into fish meal.

This situation has in the past led to government action against Russian trawlers. In August 1991 an anonymous tip led to the Andrey Andreyev being boarded whilst it was discharging its cargo outside harbour limits. Twenty tonnes of hake were found marked 'horse mackerel'. The fish was impounded and legal action instituted.

Non-reporting of hake by-catches costs Namibia money. During targeted fishing for horse mackerel the by-catch has been found to be up to 15% of the fish caught. However as we ourselves saw, only a 1% by-catch is routinely declared. Since commonly two-thirds of the by-catch is hake, from which the government should derive 60% of the sales revenue, substantial revenue losses are occurring. According to the Auditor-General's report some R19.6 million is being lost as a result of under-reporting of by-catches from the horse mackerel fishery.

The Namibian government is well aware of this problem, but as pointed out to us by Minister Angula, only Russian boats are interested in fishing the low value horse mackerel. According to the Minister, Namibia would welcome anybody wanting to fish horse mackerel but nobody, including the EC, is interested. Furthermore, the local fleet is not fishing horse mackerel to any major extent. The government has therefore to weigh up the question of by-catch against the need for Namibia to exploit its resources to the maximum benefit of the country<sup>17</sup>.

The Ministry is however looking at the future advantages of asking for a minimal by-catch rate percentage payment (for example 6%) on the catches of all vessels.

### 3. THE NAMIBIAN FISHING INDUSTRY

#### 3.1 Introduction

Fishing activities off the coast of Namibia have always been organised into two quite separate in-shore and off-shore industries. A highly integrated fish processing industry based on the in-shore pilchard has been built up at Walvis Bay, whilst off-shore long distance foreign fleets with few links to Walvis Bay



dominated the industry. A Namibian-based processing industry for white fish is only now emerging.

During our visit to Namibia we were mainly concerned with the organisation of the white fish industry and the pelagic industry whose products are exported to European markets.

### 3.2 Present Outlook

Pelagic fish have been the mainstay of Namibian commercial fisheries, although the large fluctuations in catch leave both fleet and factories underutilised in poor years. At the beginning of 1992 there were 38 purse seiners, which catch and land all the pilchard and anchovy and varying quantities of smaller horse mackerel. They are mostly owned by the five Walvis Bay factories, all of which have meal/oil reduction plants and three of which also operate canning plants. Nearly all the landed pilchard goes for canning, anchovy and horse mackerel for reduction, with small quantities of dried horse mackerel destined for the Central and West African market. Foreign mid-water trawlers chartered by local companies dominate the off-shore fishery for horse mackerel, the bulk of which is processed into meal and oil at sea or sold frozen, much of it in Eastern Europe and West Africa.

The white fish processing industry in Namibia is small, but is expanding rapidly as a result of government policies. Before independence some 90% of the economically important hake catch was taken by the large foreign freezer trawler fleet. These distant water fleets were ordered to withdraw at independence and a number of these, mainly Spanish and South African vessels, are now operating under charter arrangements with local Namibian companies. In the past two years, some 26 trawlers, most of them large Spanish freezer vessels, have under a variety of arrangements, fished nearly all the hake quotas allocated to Namibian concessionaires. Their catches were landed and inspected, but mostly exported unprocessed as in the pre-independence period.

At present there are four white fish packing plants at Walvis Bay and two at Luderitz, all small except for the new Pescanova factory.

All pelagic products are sold through the industry's marketing pool, Atlantic Canned Fish Sales. White fish is marketed by the concessionaires, either through their overseas partners or directly. Because of low local fish consumption, the major part of production is exported, most pelagic products to South Africa, most white fish to Europe, predominantly Spain.

Despite the devastating impact of previous overfishing and off-shore domination by distant water fleets, the fish processing industry is by far Namibia's largest manufacturing sub-sector.

### 3.3 The Role of Government

From the outset the Namibian government has promoted the 'Namibianisation' of ownership in the fishing industry by using the distribution of fishing quotas to encourage Namibian businessmen (black and white) to invest in the fishing industry. This investment is circumscribed by the terms under which the quotas are allocated, which, for example, require all new companies to put forward a business plan for the acquisition of a fishing capacity commensurate with the quota allocated. It also requires the immediate reinvestment of all profits (i.e. no dividends can be declared) in the fishing industry over a given number of years in line with the business plan put forward. If these various business plans are fulfilled then the companies will be eligible for future quota allocations. If not, quotas will not be renewed. According to Minister Angula the 20 new licensees appear to be performing well.

Although this policy is to some extent the cornerstone of the government's approach towards the development of a truly Namibian-based industry, the government recognises that:

"Due to the dimensions of the fisheries sector even today, and the future needs for capital, technical and managerial manpower, etc, it will not be possible for Namibia to develop this sector on its own, without some form of collaboration and cooperation with foreign fishing companies. To facilitate foreign participation in fisheries, the government plans to consider a mix of policies including joint ventures, chartering and management contracts and participation by wholly owned subsidiaries."

During our stay we sought to visit the different types of operations in the fisheries sector, from 100% Namibian-owned fishing enterprises through joint ventures which charter foreign vessels, to wholly-owned subsidiaries of multinational fishing companies. During the course of the visit we met:

- United Fishing Enterprises
- Freddie Visserye
- Cadilu
- Tunacor
- Overberg
- Pescanova-Namibia
- Atlantic Canned Fish Sales

All companies were positive about their future and expressed their confidence in the development of the Namibian fisheries sector under present government policies. All were supportive of the conservation policy and recognised the need for stock recovery. However, they claimed stocks are recovering quickly and the general feeling was that the government should not set such conservative quotas for next year. In this regard one company suggested that it would be useful to have researchers on board.

Companies based in Walvis Bay found the signing of the Joint Administration Agreement for Walvis Bay<sup>18</sup> was of little consequence to them. All stressed they and their businesses are Namibian and as such said they would like to see a quicker agreement between the Namibian and South African govern-



ments.

All are looking towards expanding their capacity for catching, landing and processing of fish in anticipation of continued stock recovery. Government policies, especially the recent decision to aim for 60% of all catches being landed as wet fish by 1995, have stimulated the drive for investment and expansion of capacity.

Apart from these private enterprises, the Namibian government has established a parastatal fishing company, the National Fishing Corporation (FISCOR), incorporated in October 1992. The company, based in Luderitz, will be run as a financially viable concern as the development organisation for the industry. 51% of FISCOR's equity funds will be held by government and the rest will be made available to the private sector and some to foreign investors. FISCOR will run two of the confiscated Spanish vessels, the *Isla de Tambo* and the *Puente Belasar* now renamed respectively the *Agostinho Neto* and the *Jacob Morenga*<sup>19</sup>. A quota of 3,739 tonnes has been allocated to the company for the remainder of 1992. The boats will be operated by Pescanova under a bare-boat charter party arrangement until the time that FISCOR itself is fully operational, planned for the beginning of 1993.

### 3.4 Development of the Fisheries Industry

#### 3.4.1 Pelagic

The pilchard canning plants are all designed for simple, high volume, low added value processing, with little major investment since the 1960s. Lines are geared to two types of round can in sauce (tomato and chilli), in brine and minced. Since the 1970s pilchard collapse, both canning and reduction plants have been running at far below full capacity. Cannery product development has been limited in recent years to only two new initiatives, a Namibian label and hot sauce, although some small scale diversification has been attempted over the last year with canning and salting horse mackerel. As pelagic fishing operates on a seasonal basis, all the canneries we visited had finished their season, which runs from February to September.

An expansion of the pilchard quota to 120,000 tonnes would allow the 1991 production of 4.5 million cartons to be doubled, keeping the three canneries on double-shift working for most of the six-month season. However, if the pilchard stock recovers to a maximum sustainable yield of 400,000 tonnes per annum and new markets were opened up, much larger quantities would be available for canning, perhaps as much as 300,000 tonnes per annum (22-23 million cartons). The existing canning lines could produce about 50% more (a total of 13-14 million cartons from 180,000 tonnes of pilchard) by extending the season or by freezing pilchard for closed-season processing, or both. Beyond that threshold, investment in new capacity would be needed.

We met two of the companies operating canneries and both were planning the expansion of production lines and, more importantly, the introduction of new flat can production lines.

Round cans, it appears, are acceptable only to the South African and UK market but not on other European markets for example. At present about 10% of the canned pilchard goes to the UK. One cannery had already installed a line for canning tuna<sup>20</sup>. Equally the canneries are looking to develop different dressing and saucing of the basic product.

The further development of the production lines and products will also to some extent depend upon the opening up of new markets. Although both companies said they had ample space to install new production lines, companies are hampered by the lack of investment capital and high interest rates. In recent years all companies have concentrated on survival strategies rather than product development.

For the latter, access to the European market under the terms of the Lomé Convention which provides duty free access for Namibian fish products, was seen as crucial. Serious concern was expressed over the present difficulties in exporting canned pilchards duty-free into the UK market<sup>21</sup>. Furthermore the availability of cheap loans from the European Investment Bank's own resources could greatly assist these companies in attaining the necessary investment for the development of their enterprises.

#### 3.4.2 Demersal

In contrast to the pelagic sub-sector, white fish catching and processing is still in its infancy; boat and plant operators are small scale, undercapitalised, lacking international experience and short of managerial and technical expertise.

With the exception of the Pescanova-Namibia factory at Luderitz and to a lesser extent the two larger factories in Walvis Bay, processing of white fish is at present limited to small-scale grading and pre-packaging activity, using simple, labour-intensive equipment. Despite the small size of the Walvis Bay plants, irregular supply has left capacity utilisation at less than 50%. Some of the established firms are now, however, looking to invest in plant development, in anticipation of the white fish boom.

In the small-scale fish processing plants, capacity is generally limited to first stage products, and equipment is far from up to date. Thus, apart from freezing and grading, little value can be added.

The companies we visited, however, all have substantial plans for expanding their capacity. One company is planning to build its own processing plant, and of the established white fish factories all but one company was in the process of installing production lines for fish fingers and buttering.

There is nevertheless a difference between companies of how expansion is envisaged. One was primarily interested in a massive expansion of cold storage space, with the processing of the fish being left at the level of filleting. Another company was looking mainly to expand and increase the variety of processed products from hake and examining the possibility of supplying finished consumer products for an international frozen food chain.



The gap in capacity, technology and product variety between these Walvis Bay-based processing companies and Pescanova-Namibia (the 100% owned subsidiary of Pescanova International based in Luderitz) was enormous. Pescanova-Namibia represents the only substantial foreign investment in the Namibian fish processing sector since independence. During our tour of the factory, management explained that the company is planning a total of 24 production lines producing no less than 400 different white fish products. The expansion and variety of production presently envisaged by even the most advanced processing plant in Walvis Bay represents less than one tenth of this.

A question mark can thus be placed against the government's target of 60% of wet fish landed and processed on-shore by 1995. According to government predictions, if the present increase in stock recovery continues, then quotas in 1995 could be up to 200,000 - 300,000 tonnes per year. This means that 120,000 - 180,000 tonnes of fish will need to be processed on land. If we take the capacity (35 tonnes a day) of one of the larger processing factories we visited in Walvis Bay as an average of the total capacity of the five processing plants (excluding Pescanova) this would amount to a joint annual capacity of 63,875 tonnes (on the basis of one shift per day for 365 days). Unless these companies are able to increase their capacity substantially over the next two years, they will need to rethink their work organisation - for example, by switching to two-shift operations - if they are to be able to fulfil their targets in processing white fish.

Whether the necessary capacity will be in place by 1995 and in whose hands, are questions which urgently need to be addressed if policy objectives of 'Namibianisation' and of a sound and sustainable development of the industry are to be achieved.

A second issue raised by the policy of wet fish landing is the question of appropriate technology. At present the bulk of white fish is caught by freezer trawlers. Wet fish landings however require a different type of vessel. Companies are therefore already looking to acquire smaller ice trawlers which stay out for a limited period and store the fish on ice. Several companies had already bought or were looking at purchasing wet fish ice trawlers from Scandinavia and Poland, where this technology is common.

Pescanova-Namibia plans to convert two of its freezer trawlers into ice vessels. The FISCOR vessels which Pescanova-Namibia presently operates under charter are also large freezer vessels which they also want to convert into ice trawlers.

It is unlikely, however, that many other companies will be able to afford to convert their freezer trawlers. This shift in the type of fishing technology will have important implications for the charter arrangements currently entered into by Namibian companies and for joint ventures established by Namibian companies, especially with Spanish fishing enterprises that have traditionally operated in Namibian waters using large freezer trawlers.

Again the question arises: which companies will have the capacity to land wet fish to the extent envisaged by 1995?

The type of vessel used was also the subject of some controversy during our visit. One of the companies, which had established a joint venture with a Dutch company, had just been refused a government licence for a beam trawler, following strong opposition from the other white fish companies on the grounds that past experience has shown that beam trawlers are damaging to Namibia's fishing grounds.

In conclusion, the development of the white fish fleet in terms of size, quality and technology needs to be urgently addressed by the government, with clarification as to what type of vessel is using which type of technology. The guidelines and criteria which the government will apply in determining the development of its fleet and industry will assist companies in acquiring appropriate types of technology and vessels. The establishment of a Fisheries Development Unit would be useful here.

Finally, here as in the pelagic industry the expansion of the white fish industry will be dependent on increased access to markets, financing and investment. Foreign investors, technology partners and marketing agreements will therefore play a leading role in the development of a competitive white fish industry.

#### 3.4.3 Markets

Current domestic consumption of fish is small in terms both of total quantity and per capita average consumption. Even after a substantial increase in per capita consumption, the Namibian market will only be able to absorb a small part of the supply from a fully-developed fishery. The traditional Southern Africa Customs Union (SACU) market is near to saturation and faces limitations on further expansion. It is therefore evident that large scale expansion of both the pelagic and the white fish sub-sectors will hinge upon finding reliable overseas export markets. The importance of the European market was stressed in our discussions by all companies, especially those operating in the white fish sector which exports up to 95% of the hake catch to Europe.

The global concentration amongst manufacturers, suppliers and distributors is making it increasingly difficult for food industries to introduce new products and brands on their own. The successful key for Namibian producers to obtain shelf space is access to distribution, largely controlled by the already-established brands, by large retailers or by international packers. The rising demand in industrial countries, especially for white fish, is a strong long-term trend which is unlikely to be matched by supply. Real unit prices may therefore continue to rise. However, the premiums on freshness, hygiene, freedom from pollution and humane exploitation are changing consumer preferences<sup>22</sup>. Namibia stands to gain by promoting its waters as pollution-free, but may have to work hard to gain credibility for its shore-based white fish processing. The Namibian industry will need to look carefully at hygiene and quality requirements for prepared food products for exports to, for example, the



European market.

Product presentation is important in promoting sales, but has been largely neglected in the Namibian industry illustrated by the fact that the industry is still using round tins only. Other aspects of product presentation which will need to be addressed include: ease of opening (for example ring pull cans) attractive presentation when opened, transparent vacuum-packs, glass jars and properly designed labelling and product information. All these would not only enhance unit value of Namibian products but would also facilitate their entry into new markets.

The capacity for companies to address these issues varies substantially. Pescanova-Namibia as the subsidiary of a multinational operating in 17 different countries and with a global marketing network will not face problems in exporting and marketing its various products to different world markets<sup>23</sup>. Equally, securing investment funds and access to modern technology should not pose any major difficulties for this company. In its brochure we read that Pescanova applies "the highest technology available in world fishing and processing". According to its Managing Director, Mr Tordesillas, investment is already paying off. Whilst in its first years of operation in Namibia Pescanova had counted on working at a loss, it was already - even in the context of small quotas and large investments - making a profit<sup>24</sup>.

Other companies are not so fortunate, although joint ventures or companies with a large foreign shareholding are in a better position in both market access and investment backing. One of the Walvis Bay processing companies that was most advanced in terms of product development had used its European partners to undertake substantive market research. The advantages of this were obvious: a possible contract with a frozen food distributor with an established brand name; clear identification of markets according to product and the innovative approach of flying fresh Namibian white fish to European markets<sup>25</sup>.

Those least well placed to break into European markets are the wholly-owned Namibian companies, some of which have even encountered problems in selling hake into the temporarily depressed Spanish market.

Support in terms of accessing markets and investment for these companies should thus be a priority. The EC could provide targeted support within the framework of an integrated Fisheries Sector Export Promotion Programme and help the deployment of EIB Own Resource Loans in the fish processing sector. During our discussions, the Minister for Fisheries expressed his regret that so far the EIB had not supported either the project for the expansion of a white fish processing factory or the cannery project in Walvis Bay.

## 4. THE IMPORTANCE OF FISHERIES TO THE DEVELOPMENT OF NAMIBIA

### 4.1 The Fisheries Sector in Context

With the processes of stock recovery and the development of an indigenous fish processing industry well under way, the fisheries sector is once more becoming a significant contributor to the national economy. The value of the contribution of fishing and fish processing to Gross Domestic Product (GDP) in 1991 was officially estimated as R460 million, or 8.6% of GDP, excluding the additional contribution to GDP from other sectors serving the fishing industry. The fisheries sector is also one of the fastest growing sectors of the Namibian economy, contributing an estimated 70% of growth. By 1992 the value of fisheries output was officially projected to reach 60% of the value of output of the mineral sector.

During his speech to the Fisheries Committee of the European Parliament on June 24 1992, the then Permanent Secretary for Fisheries, Calle Schlettwein, gave major attention to the potential contribution of fisheries to development in Namibia:

"Fisheries is the major prospect for contributing to medium term growth in employment, output and incomes in Namibia. This is essential in a country where, according to World Bank estimates, 70% of the national income is received by 5% of the population while much of the rural population live in poverty, without opportunities at hand for employment and income, and without access to basic services. Reducing these disparities requires a major expansion of resources. Growth of and through the fisheries sector needs to be sustained so that government programmes aimed at poverty alleviation can address disparities without painful redistributive measures."

The Namibian government has made clear its commitment to maximising employment and foreign exchange earnings through the development of an integrated fish processing industry and is currently defining relevant policy measures. If successful, what would be the impact on employment, foreign exchange earnings and nutrition?

#### 4.1.1 Employment

Potentially, employment in the fishing industry could expand from the present 6,500 (many only seasonal workers) to a total of over 18,000 full-time formal sector jobs. This would be equivalent to nearly 10% of the present level of formal sector employment.

Employment growth in the fisheries sector could come from five areas:

- employment in artisanal fishing activities;
- employment on industrial fishing vessels;
- employment in the pelagic canning industry;
- employment in white fish processing industry;
- employment in associated activities.



All these carry important implications for EC-Namibia relations in the fisheries sector. Since the Namibian coast is composed entirely of desert there is no indigenous tradition of artisanal fishing, although some people may gain an income from various fishing activities. In addition, there are a number of small companies, largely based in Walvis Bay and owned by Namibians, operating single fishing boats. Employment growth in the artisanal sector as distinct from the industrial fishing industry is therefore likely to be limited, unlike a number of other ACP states.

While traditionally few Namibians were employed on board fishing vessels during the fishing boom, the establishment of the pre-independence administration's 'Namibianisation' policy increased by more than 50% the number of Namibians employed directly in industrial fishing activities. The Namibian government is actively encouraging further 'Namibianisation' of the crews employed on boats fishing in Namibia's EEZ from the current 1,200 to 5,000 by the year 2002. Of these it is envisaged that 500 will need to be trained as skippers and ship's mates, and 500 as engine operators or engineers. For this to happen an indigenous off-shore fishing fleet will need to be developed which will have implications for the level of access accorded to foreign-registered and foreign-crewed fishing vessels.

The high levels of employment before stocks collapsed were largely based on the labour-intensive canneries. During the height of the pilchard season a factory labour force of around 7,500 would have been employed in the canneries, with a further 500-750 in directly-related employment.

The collapse of the pilchard stock led to a massive reduction in employment, even though the factories substantially improved the canned yield per tonne of pilchard caught. In the very worst years following the collapse all the canneries were forced to close.

Since those dark days for employment, the pilchard canning industry has made a slight recovery, with some 3,000 workers currently being employed. As we saw during our visit to Namibia the majority of these workers, some 2,300 unskilled labourers, are employed for only a few months per year. Employment and capacity utilisation has however recently been enhanced through the canning for export of imported tuna.

Nevertheless given the underutilised capacity and the underemployment of the existing workforce, even with a full pilchard stock recovery, bringing sustainable yield to over 5 times its present level, the employment consequences will be limited. Since such a stock recovery would allow an extended season which would greatly improve the utilisation of the available capital equipment, its employment impact would be limited to the creation of a better paid, more permanently-settled workforce with greater provision of housing and social services. Overall numbers employed would not therefore increase substantially, with or without major new investment.

However, the expansion of canning operations is crucially

dependent on securing overseas markets, since without them the major expansion in pilchard yields would be fed into the lower value reduction plants which utilise little labour. The difficulties currently being encountered in exporting canned pilchards to the UK market is thus a particular source of concern and one which needs to be urgently resolved<sup>26</sup>.

The effective exploitation of the hake resource is potentially the linchpin of the future fishing industry and by far the largest generator of both employment and value added. This is in part because the starting point is so small.

Yet only if the present trend towards the establishment of a land-based export-orientated white fish processing industry can be continued, will the envisaged substantial expansion of employment opportunities take place. The government is seeking to establish in Namibia the complete processing cycle, from whole fish to final consumer product, thereby creating considerable employment both in the fish processing industry and the auxiliary industries.

The development of greater processing of fish inside Namibia would also have important employment effects in auxiliary activities, which in various ways feed into the fishing and fish processing industry. While Walvis Bay has nearly all the infrastructure it needs to service the fishing fleet and associated fishing industry in its present form and structure, facilities to service a deep sea fleet will need to be developed as Namibia's own white fish fleet expands. A firm basis exists for this expansion in that Walvis Bay is virtually self-sufficient in terms of servicing the needs of the in-shore fleet.

The collapse of the pilchard stock led to a substantial reduction in associated activities, principally the output of the can production unit and the output of the corrugated cardboard box unit. At the height of the pilchard boom some 10.8 million cartons of canned pilchards were produced. This is now down to between 3.5 million and 4.5 million, depending on the availability of markets. A recovery of the pilchard stocks feeding into the canning plants will allow an expansion of these associated industries, particularly if production of 12-13 million cartons can be achieved. As the company producing corrugated cardboard is already operating at 100% capacity, expansion would lead to at least a doubling of employment in both the corrugated cardboard industry and the can production unit.

With the expansion of pilchard canning and the introduction of tuna canning the demand will hopefully be created for a widening range of direct production inputs; these would include vegetable oils, tomato puree, chilli puree and other mixes, spices and salts. With a number of these inputs e.g. tomato puree, it should be possible to establish linkages through processing plants to small farmer projects. Already a farm in the south of Namibia is producing tomatoes specifically for puree production for the canning industry.

These possibilities will be further extended as the on-shore white fish processing industry is expanded. Expansion of pro-



duction into prepared fish foods (which is already envisaged by some of the existing companies) would require flour, oil, bread crumbs, sauces, spices and vegetables, if progressively more sophisticated ready meals were attempted. Movement into the production of prepared foods would of course further stimulate the cardboard industry.

Once stock levels recover there is a real prospect of thousands of jobs being created in associated industries.

#### **4.1.2 Foreign Exchange**

At its peak the fisheries sector accounted for 25% of foreign exchange earnings although 70% of the value of the fish taken within 200 nautical miles of the Namibian coast brought the country no financial benefit.

At independence the gross value of output of the in-shore fishery was approximately R280 million, contributing between 5% and 10% to foreign exchange earnings. The estimated value of catches landed in the late 1980s<sup>27</sup> from the off-shore fishery was R500 million, but this made no contribution to the Namibian economy.

It is estimated that in the long term the Namibian fishery will yield between 1.3 and 1.5 million tonnes of fish. Such a yield at today's prices would fetch, unprocessed, approximately R1,000 million (equivalent to 41% of total export earnings in 1990 or 62% of the total mineral export earnings). If, as planned, a major part of this fish were processed internally, the value of export earnings would increase to R2,000 million (equivalent to 81% of total export earnings in 1990 and 124% of the value of mineral export earnings), with fisheries having replaced mining as the foreign exchange cornerstone of the economy.

As in the employment contribution of the fisheries sector, maximising the foreign exchange earning potential of the fisheries sector hinges on an expansion of shore-based fish processing for export to overseas markets, both in pilchards and white fish.

#### **4.1.3 Food Security**

Fish consumption in Namibia is relatively low, as there are few coastal communities, due to the desert. Seasonal fresh water fish is consumed in the north, when rains flood the "oshanas" (dry river beds) of northern Namibia and bring fish down from the rivers of southern Angola.

Canned pilchards are presently the principal form in which processed fish is consumed, largely by the urban population. Some 160,000 cans of pilchards are consumed per annum in Namibia, accounting for 4.6% of current production. The affluent sections of the population also consume 3,000 tonnes of white fish. White fish is normally frozen for human consumption, although a certain proportion is also smoked or salted.

The marketing of fish is largely undertaken by large formal sector enterprises and there are no coastal communities where trade in fish products constitutes an important source of income, which would indirectly contribute to nutritional levels.

The government's policy is to develop cheap forms of preserving fish (salting and drying) in order to supply a cheap source of protein to the population, particularly in the rural areas.

Fish consumption in Namibia is 4KG per capita. In the medium term fish consumption could be increased to 10KG per capita, whilst in the long term it could be expanded to 34 KG per capita and still only account for some 3-4% of expected long term fish production. Thus, supplying the nutritional needs of the Namibian population can be easily met within the available resources and the method of delivery of this nutrition will have little negative impact on employment since there is virtually no artisanal fisheries industry.

Because of the then drought in Southern Africa the government reserved 75,000 tonnes of the 1992 horse mackerel quota for drought relief in the country.

## **5. EC-NAMIBIA COOPERATION IN THE FISHERIES SECTOR**

### **5.1 The Role of EC Private Sector Enterprises**

#### **5.1.1 Current Involvement**

The involvement of the Spanish fishing fleet in the hake fishery off Namibia is apparent in the fishing industry based in Walvis Bay. A number of Namibians owning fishing companies were born in Spain or Portugal, but have been working in Walvis Bay for decades. Many of the service industries in Walvis Bay - restaurants, shops, bars - are geared towards Spanish customers. More important though is the fact that many Namibian companies charter Spanish vessels to fish their quotas, and many have joint ventures with Spanish counterparts. Furthermore Spain provides ready access to a major hake-consuming market.

During our visit we met Namibian companies who were chartering EC fishing vessels (exclusively Spanish). We also met Namibian companies who had entered joint ventures with EC fisheries sector enterprises (predominantly Spanish), with a view to securing fishing capacity and knowledge of and access to major overseas markets. We also met with a 100% owned subsidiary of a major EC fisheries sector enterprise (Spanish-based). We were informed that this year the hake quota had been caught almost exclusively by Spanish registered vessels operating under these various arrangements.

This involvement of EC-based fishing enterprises in the development of the Namibian off-shore fishing industry and export-oriented white fish processing industry has been overshadowed by the activities of a relatively small number of Spanish-registered trawlers who persist in fishing without a licence within Namibia's EEZ. This is unfortunate, for there are many important questions which need to be addressed if EC-based fishing sector enterprises are to play a full and constructive role in the development of the Namibian fisheries sector.

It proved very difficult for the Spanish freezer trawler industry, which had been exploiting fish stocks off Namibia's coast since



1964 to adjust to the situation created by the establishment of an internationally-recognised Namibian government. Even as the hake stock went into decline the Spanish private sector fishing fleet continued to exploit the hake fishery, where it took on a dominant role. Between 1981 and 1988 Spanish-registered trawlers reported catching over 1 million tonnes of hake in Namibian waters, valued at some R4.25 billion<sup>28</sup>. By the time Namibia began the final leg of its road to independence some 173 Spanish-registered trawlers were dependent on access to the Namibian hake fishery, in order to sustain the livelihood of 6,200 seamen and on-shore employment for 40,000 fish processing workers<sup>29</sup>.

Although Spanish operations have contributed relatively little in the past to the broader economic and social development of Namibia, Spanish-based fishing enterprises play a large role in the current development of the Namibian off-shore fishing industry. In the past EC-based fishing enterprises entered Namibian waters, caught and processed fish for direct transshipment back to the EC market. Now the aim of the Namibian government is to harness the involvement of EC-based fisheries enterprises to the development of a Namibian-based fishing and fish processing industry, with extensive backward and forward linkages to the wider Namibian economy. This admirable and attainable goal will, however, require a significant change in the involvement of EC-based fisheries enterprises in the Namibian off-shore fishery.

#### 5.1.2 The Scope for Future Involvement

It is hoped that EC-based fisheries enterprises will increasingly bring in capital, technology and management expertise to develop the shore-based white fish processing industry. It is also hoped that they will bring in knowledge of the market, expertise in product development and access to established marketing infrastructure in major overseas markets. This agenda would mark a radical change from the past involvement of EC-based fishing enterprises.

During our trip we saw the extent to which this transition is underway. Investment by Pescanova-Namibia, once fully implemented, will generate a diverse range of prepared fish export products. The collaboration between Cadilu and its Spanish partners, is similarly encouraging product development targeted at specific overseas markets. However, for the smaller Namibian enterprises, the development of successful cooperation with small and medium sized EC-based enterprises is more problematic. Yet, if the policy of 'Namibianisation' is to be successful in progressively developing human resources for efficient management of an expanded fisheries sector, then this type of skills transfer will need to be encouraged at all levels of the fishing industry. While this could open up possibilities for the development of cooperation between small and medium sized Namibian and EC enterprises, targeted support and assistance may well be needed, if oligopolistic practices are not to emerge in the fisheries sector.

## 5.2 The Role of a Fisheries Agreement

### 5.2.1 The EC's Approach to Fisheries Agreements

For the EC, fisheries agreements are concerned with two basic issues:

- the level of fisheries access to be allowed EC fishermen;
- the levels of financial remuneration to be granted to ACP states for this access.

Traditionally the Commission of the European Community in attempting to negotiate fisheries agreements bases its requests for future access on past or existing fishing activities of EC member states' fleets in the territorial waters of the country concerned.

Over recent years criticism of the impact of fisheries agreements has led the Commission to introduce certain developmental aspects into fisheries agreements. These include provisions on:

- transfer of technology and know-how;
- provision of capital and capital goods;
- vocational training;
- development of distribution networks in the associated countries;
- closer scientific and technical cooperation.

However these aspects are an afterthought to the central concern of maximising the level of fishing access to be secured for EC fishermen.

In a context of serious stock depletion where the responsible national government is committed to a strict policy of conservation, coupled with the development of an indigenous fishing fleet and fish processing industry, this emphasis on maximising the level of access for EC fleets generates tension in the negotiation of a fisheries agreement.

It is this inherent tension arising from Namibia's pursuit of internationally responsible objectives coupled with a mis-perception of its approach to fisheries agreement negotiations which has hampered progress in EC-Namibia fisheries negotiations.

### 5.2.2 Namibia's Approach To Fisheries Agreements

The Namibian government's approach to fisheries agreements, which it refers to as "umbrella agreements", falls within the framework of its general approach towards access agreements with external interests.

In the Namibian government's view:

"Access agreements could take different forms, such as bilateral agreements between Namibia and distant-water fishing nations, unilateral licensing arrangements by Namibia or a combination of both umbrella bilateral agreements and vessel licensing arrangements under those agreements. For most coastal states, and in particular developing coastal states, a combination of umbrella agreements and individual vessel licensing presents certain advantages."



The Fisheries Policy document makes explicit the advantages arising from umbrella agreements:

"Umbrella agreements provide an opportunity to bring the force of the flag state itself behind the access arrangements and to enlist the responsibility and positive support of the flag state in ensuring compliance by its vessels with the terms of the agreements. Such agreements also provide an opportunity for obtaining additional benefits on an intergovernmental level from the distant-water fishing nations concerned, such as training programmes, additional financial aid to the fisheries sector or research programmes that might not otherwise be obtainable from the individual fishing boat owners or operators."

Thus, given the over-riding Namibian concern with conservation and stock recovery as the necessary prerequisite for the development of the full potential of the Namibian fisheries sector, a fisheries agreement with the EC is of interest to the extent to which it enhances Namibia's capacity to monitor and control the activities of EC vessels fishing in Namibia's waters.

This has been reflected in the Namibian approach to fisheries negotiations to date. The Namibian authorities made it quite clear that what they were willing to discuss with the EC was access to the surplus of the TAC which could not be fished by Namibian-registered fishing companies.

The Namibians also made it clear that they were interested in a fisheries agreement which would, through enlisting the support of the EC, enhance Namibia's capacity to regulate the fishing activities of EC vessels in their EEZ. To this end Namibia proposed revisions to the draft fisheries agreement which the EC submitted during the first round of negotiations in March 1991.

### 5.3 Fisheries Agreement Negotiations To Date

In the run up to the first formal round of negotiations in March 1991 the Namibian government indicated that it would look carefully at the role any fisheries agreement with the EC could play in promoting stock recovery and maximising the long term sustainable yield. The emphasis was placed on the contribution of a fisheries agreement to the long term management of the resource, rather than on the immediate financial gains to be made through granting access to EC vessels.

At the end of February 1991 it became apparent to the Namibian authorities that expectations at a senior level in the Commission as to the level of access under discussion were unrealistically high. As a consequence of this, the Namibian Charge d'Affaires was instructed to meet with senior Commission personnel, with a view to dampening down their expectations as to the likely outcome of the March 1991 fisheries negotiations. This was duly acknowledged in the undated Commission Note To The File, which was distributed by the Commission at the April 25th Fisheries Sub-Committee meeting:

"Although the [Namibian] government had not yet concluded its

considerations on the new Fisheries Policy, it had, however, taken a decision on the 25th February 1991 concerning the Total Allowable Catches (TACs) which would be permitted in 1991 and the way in which these would be distributed. For hake a TAC of 60,000 tonnes was set, of which only 15% would be available for all third parties including the Community. We were, in fact, informed of this decision prior to the negotiations by the Namibian Charge d'Affaires in Brussels who had been specifically authorised to inform the Commission of this decision in order to ensure that the Community would not have false expectations going into the negotiations<sup>30</sup>."

What this Commission Note brings out is that, despite the fact that the national fisheries policy had not yet been finalised, the Namibian authorities were willing to allocate a portion of the unutilised TAC to the European Community. This provided a clear indication of the extent to which the Namibian authorities were willing to try and accommodate the EC. However the level of access on offer was far below the level of access being sought by the Spanish fleet which had traditionally fished in Namibia's EEZ.

During the formal negotiations from 10th-12th March 1991 the EC negotiating team sought to persuade the Namibian authorities to either increase the size of the TAC or fundamentally review its policy of according priority in the allocation of hake quotas to local concessionaires.

The Namibian authorities were unwilling to give way in either of these areas, for both went to the heart of its emerging fisheries policy. Instead the Namibian authorities sought to establish the basis for a longer term framework fisheries agreement to take into account its programme for the development of the Namibian fisheries sector. From this perspective a fisheries agreement would only be signed if it was consistent with the national fisheries policy. Although this policy had not been finalised by March 1991, the basic elements were well known: a strong commitment to conservation and stock recovery; a strong commitment to the development of an in-shore and off-shore Namibian fishing industry, with all that this entails (see annex 4).

It was against this background that the Namibian authorities tabled their own draft Fisheries Agreement. After two days of discussion, and despite the fact that "many parts of the new Namibian text were unacceptable to the Community as expressed by representatives of Member States who attended the meetings<sup>31</sup>", it was felt that a further round of negotiations should be held. It was on this understanding that the first formal negotiating session was adjourned.

In a statement issued after this first round, the Namibian Ministry of Fisheries and Marine Resources made public what it believed the basis for future cooperation with the EC in the fisheries sector should be:

"The Namibian government recognises that in the granting of fishing opportunities it is necessary to ensure that fishing capacity, in terms of fishing effort expended, corresponds to the vol-



ume of authorised catches, if conservation measures are to be effective.

The Namibian government wishes to make known its strong commitment to effective monitoring and control measures designed to ensure the full observance of fisheries conservation measures.

The Namibian government wishes to make known its commitment to developing in Namibia a fully integrated fishing industry, and feels that European Community fishing enterprises can and should play a mutually beneficial role in this process.

The Namibian government wishes to restate its commitment to negotiate with the Community a fisheries agreement aimed at mutually satisfactory conditions based on:

- the recognition of the need for immediate and effective fisheries conservation measures;
- the priority to be accorded to locally-based fishing enterprises in the allocation of fishing opportunities;
- the understanding that fishing opportunities afforded to the Community consist of the surplus of the allowable catch in respect of which Namibia does not have the capacity to utilise it."

It is our view that this statement remains the basis on which Namibia would conclude a fisheries agreement with the EC. It is equally our view that the Commission has yet to take on board the full implications of the Namibian position.

### **5.3.1 A Breakdown in Negotiations**

Negotiations over a fisheries agreement reached an impasse when - apart from failing to take up Namibia's offer of 9,000 tonnes - the EC decided to unilaterally suspend negotiations in April 1992<sup>32</sup>.

In Namibia - and indeed in Europe itself - there was considerable confusion as to why the CEC should choose to suspend negotiations with Namibia in order to put pressure on the Spanish government to prevent further illegal fishing by its nationals in Namibia's EEZ. Since then many discussions have taken place and many explanations have been given in order to clarify these "misunderstandings", but regardless of the motivation behind the Commission's action, it was misunderstood and a consequent deterioration in EC-Namibia relations occurred.

Nevertheless, when the Commission in a press release no more than a month later on May 15 1992 announced that it was willing to re-open negotiations, the Namibian government responded indicating that it was willing to continue the dialogue on a possible fisheries agreement.

In the meantime, however, it had become apparent to the Namibian government that the EC had no intention of availing itself of a portion of the 9,000 tonnes surplus which local Namibian companies had not taken up. As a result, before the end of the year, all of this 9,000 tonnes was allocated to new Namibian companies wishing to enter the white fish industry.

During our visit the view was expressed that the Commission had made a serious blunder in declining to take up any or all of the 9,000 tonnes which were on offer at that time. By not taking up this 9,000 tonnes the EC effectively ruled itself out of future allocations arising from an expansion of the Total Allowable Catch. Having granted quotas to new Namibian companies in 1991 who were then in line with government policy, required to establish business plans for the development of their enterprises, the Namibian government could scarcely be expected to withdraw or limit future quota allocations to these companies, if they met the stipulated requirements, in order to provide fishing access for EC vessels under a Fisheries Agreement. Such a course of action would have been in direct contradiction to the government's strong commitment to the development of a Namibian fishing industry.

Several of those we spoke to therefore expressed the view that the EC had foregone a unique opportunity - since no similar offer had been made to other foreign parties - of exploiting its privileged position to get a foot in the door of Namibia's fishing sector.

This view has been publicly expressed by the Managing Director of Pescanova-Namibia to the press in both Spain and Namibia. Mr Tordesillas said he felt the EC should have adopted the strategy held by his own company in this regard :

"We are here and the important point is that we are now part of developments here in Namibia's fisheries industry."

Despite the misunderstandings which have arisen, the Namibian government has remained committed to maintaining a dialogue with the Commission over the type of fisheries agreement which it would find appropriate within the framework of its national fisheries policy<sup>33</sup>.

### **5.4 Future Prospects**

Any fisheries agreement with the EC which the Namibian government would be likely to sign would be limited to those fishing opportunities which Namibian fisheries sector enterprises were not able to utilise. The view from the Namibian fisheries sector is that for the foreseeable future, locally-registered enterprises should be more than capable of fishing the available hake quota using the variety of methods currently being employed (locally-registered vessels, chartered vessels, vessels made available through joint venture arrangements). ALL the companies we spoke to said they had no interest in EC vessels coming to fish in Namibia's EEZ under a fisheries agreement.

The Namibian government is, however, committed to restricting the locally-registered fishing effort to below the maximum sustainable catch level, even when the stock has been fully restored. This policy in all but the worst years of stock recruitment will leave available fishing opportunities for foreign fleets. These fishing opportunities will however be nowhere near the level of fishing opportunities which EC vessels previously



enjoyed off the Namibian coast.

If however the EC were to look beyond the type of access agreement which it has traditionally concluded to a type of fisheries agreement which stimulated broader cooperation in the fisheries sector then greater prospects of securing access under an EC-Namibia fisheries agreement would probably exist.

Already there has been talk from the EC side of bringing joint ventures under the auspices of a fisheries agreement. But this is only likely to be attractive to the Namibian government if bringing joint ventures under a fisheries agreement results in additional benefits in terms of access to capital, technology, management and marketing expertise. It should be stressed that at the present time there is little in the EC's approach to fisheries agreements which would encourage the Namibian government to bring joint ventures under a fisheries agreement. Furthermore there is little indication that the EC is contemplating broadening the coverage of fisheries agreements beyond simple access agreements.

It does seem likely that whilst considerable opportunities for cooperation between the EC and Namibia exist in the fisheries sector the vast majority of these opportunities will be developed outside the framework of a fisheries agreement. These opportunities will increasingly lie not in fishing per se but in the downstream processing and marketing of fish products.

In conclusion, during our discussions with the Minister for Fisheries, Helmut Angula, he wished us to convey the following message to the European Community:

"Now Namibia has its Fisheries Policy and Act in place, we are ready as from the beginning of 1993 to start looking at possible fisheries agreements with interested parties. We will also invite the EC for preliminary discussions on the possibilities of an agreement.

Namibia is looking for support in building up an appropriate and modern fleet, support to building the capacities of its canneries and white fish factories for processing, and looking for markets and investments geared to exporting final products. We look at any agreement with regard to its merits in assisting us to achieve this. Namibia will approach any discussion on fisheries agreements on the basis of a broad agenda and there should therefore be no unrealistic expectations on the quick outcome of any of these negotiations."

## RECOMMENDATIONS

### *Continued Unlicensed Fishing*

In the light of the continued escalation of the level of confrontation resulting from unlicensed fishing by EC vessels in Namibia's Economic Exclusion Zone (EEZ):

- we call for closer collaboration between the Namibian, Spanish and EC authorities to take effective preventive action to put a final end to unlicensed fishing;

### *Training*

In view of the centrality of human resource development to effective monitoring and control:

- we call on the EC to ensure that the training it provides is appropriate to the requirements of Namibia's Fisheries Inspectorate;
- we call for EC support to the establishment in Namibia of a regional training facility for Sea Fisheries Inspectors;

### *Trade*

In the light of the provisions of the Lomé Convention and in recognition of the fact that Walvis Bay forms an integral part of the Republic of Namibia:

- we call upon the UK government to immediately review the position adopted by the UK Customs and Excise Service in order to allow Namibian canned pilchard exports into the UK market duty free<sup>34</sup>;

### *Development of the Industry*

In the light of the investment needs of the Namibian fish processing industry:

- we call upon the European Investment Bank (EIB) to make Own Resource Loans available to both the pelagic and demersal fish processing industries;
- we call upon the EIB to make more information available to Namibian enterprises on the terms, conditions and procedures under which EIB Own Resource Loans are extended;

In the light of the lack of international exposure of many indigenous Namibian fisheries sector enterprises:

- we suggest that guidelines and criteria be drawn up relating to fleet development, consistent with the stated government policy objectives for the fisheries sector;
- we suggest that a Fisheries Development Advisory Service be established to assist small and medium sized Namibian fisheries sector enterprises in their consolidation and development;
- we suggest that, within the framework of an integrated Fisheries Sector Export Promotion Programme, the EC look towards providing targeted support to the development of fisheries sector exports;
- we suggest that any development assistance-financed support extended to the fisheries sector should be targeted to the development of indigenous small and medium sized fisheries sector enterprises;

### *Fisheries Agreement Negotiations*

With regard to the conclusion of an EC-Namibia Fisheries Agreement, we recommend that the EC's approach to the negotiation of a Fisheries Agreement with Namibia be based on:

- the recognition of the need for immediate and effective fisheries conservation measures;
- according priority to locally-based fishing enterprises in the allocation of fishing opportunities;
- the understanding that fishing opportunities afforded to the Community consist of the surplus of the allowable catch which Namibia does not have the capacity to utilise.



## ANNEXES

### ANNEX I

#### Vessels Reported by Namibian Authorities for Illegal Fishing

|     | OWNER                       | NAME OF VESSEL         | PORT |
|-----|-----------------------------|------------------------|------|
| 1.  | CONGELADORES CIES           | HERMANOS GARRIDO       | VIGO |
| 2.  | MANUEL NORES GONZALEZ       | PATRICIA NORES         | VIGO |
|     |                             | MARIA TERESA RODRIGUEZ | VIGO |
|     |                             | ANGUIACHO              | VIGO |
|     |                             | JOSE A NORES           |      |
|     |                             | VILLA DE MARIN         | VIGO |
|     |                             | ANTONIA NORES          |      |
| 3.  | FRIEREMAR S.A.              | FRESCACHON             | VIGO |
| 4.  | COOPERATIVE ARMADORES       | EGUSENTIA              | VIGO |
|     |                             | EL GRECO               | VIGO |
| 5.  | JOSE PEREIRA E HIJOS, S.A.  | PUENTE PEREIRAS        | VIGO |
|     |                             | PUENTE ELESAR          | VIGO |
|     |                             | PUENTE SABERIS         | VIGO |
|     |                             | PUENTE LADEIRA         | VIGO |
| 6.  | FRIOPESCO, S.A.             | FRIOPESCO UNO          |      |
|     |                             | FRIOPESCO DOS          |      |
| 7.  | PESMAR, S.A.                | PLAYA GALICIA          |      |
| 8.  | PESQUERIAS MARINENSES, S.A. | PLAYA DE MOGOR         | VIGO |
| 9.  | GURE AMETSA, S.A.           | GURE AMETSA II         | VIGO |
| 10. | COALSA, S.A.                | COALSA SEGUNDO         |      |
| 11. | NUGAGO-PESCA, S.A.          | COSTA DEL CABO         |      |
| 12. | JUGAMAR, S.A.               | JUGAMAR                |      |
| 13. | CHIMAR, S.A.                | CHICHA TUOZA           | VIGO |
| 14. | GARSA                       | ISLA DE TAMBO          |      |



|     |                     |                 |      |
|-----|---------------------|-----------------|------|
| 15. | PESQUERA AUSTRAL    | VERDEL          |      |
| 16. | COALSA, S.A.        | COALSA TERCERO  |      |
| 17. | PESQUERA CIES, S.A. | PERCA           | VIGO |
| 18. | VIGADES, S.A.       | AMABLE MARQUEZ  | VIGO |
| 19. | FARPESCA, S.A.      | FARPESCA CUARTO | VIGO |
|     | ?                   | TENERO          |      |
|     | ?                   | DORISEDA        |      |
|     | ?                   | CURNA           |      |



## ANNEX 2

### OVERVIEW OF COMPANIES MET

#### UNITED FISHING

Owens one of the Walvis Bay canneries and runs a fleet of eight pelagic vessels. Is a Namibian company with Norwegian investments (Norwegian-based group of architects). United fishing has acquired shares in a white fish company based in Luderitz.

#### FREDDIE VISSERY

Was established as one of the first white fish processing factories in 1980. Freddie Vissery is a 100% Namibian company which at present runs seven small vessels, which also catch quotas for some of the new licensees.

#### CADILU

Is a Namibian company with substantial Spanish interests, also involved in Tunacor. Cadilu and Tunacor operate in both the pelagic and white fish sectors, running a cannery and the largest fish meal reduction plant south of the Equator. Furthermore, they operate a white fish processing plant supplied by wet fish ice trawlers and also charter freezer vessels from Spain. They fish and process quotas of other companies as well as those involved in their group of companies.

#### OVERBERG

Overberg is a joint venture with a Spanish company which uses its counterpart's vessels to fish its quota. It has recently also formed a joint venture 'Overberg Island' with a Dutch company and was in the process of procuring a beam trawler vessel from its Dutch counterpart.

#### TUNACOR

See Cadilu.

#### PESCANOVA

Pescanova Namibia is a wholly-owned subsidiary of the Pescanova International Organisation based in Spain. Pescanova Namibia was registered as a Namibian company in 1978. In 1990 the company purchased a 30,000 square metres industrial site in Luderitz and began building its white fish processing factory which today is operating with a capacity of 40 tonnes per working day. Eventually it is envisaged that the plant will be able to process 100-125 tonnes per working day.

## ANNEX 3

### POTENTIAL OF NAMIBIA'S FISH RESOURCES

Based on up-to-date research, status of the various stocks, and keeping in view variability, a well-known feature of marine fish stocks, guideline figures for TACs (in tonnes) for the short, medium and long term are as follows:

#### Short-term, 1 to 5 years

|                |                                |
|----------------|--------------------------------|
| Hake           | 60,000 - 150,000               |
| Horse Mackerel | 450,000                        |
| Chub Mackerel  | 20,000                         |
| Pilchard       | 0 or 40,000 - 50,000 (canning) |
| Anchovy        | 0 increasing to 100,000        |

#### Medium-term, 5 to 10 years

|                |                   |
|----------------|-------------------|
| Hake           | 200,000 - 300,000 |
| Horse Mackerel | 400,000 - 300,000 |
| Chub Mackerel  | 30,000            |
| Pilchard       | 50,000 - 100,000  |
| Anchovy        | 100,000           |

#### Long-term

|                |                   |
|----------------|-------------------|
| Hake           | 300,000 - 350,000 |
| Horse Mackerel | 300,000           |
| Chub Mackerel  | 40,000            |
| Pilchard       | 300,000 - 500,000 |
| Anchovy        | 100,000 - 200,000 |

**Source:** Towards Responsible Development of the Fisheries Sector, Namibia Government Policy Document, p. 22



## ANNEX 4

### **A Brief Comparison of the Draft Fisheries Agreements Tabled by the EC and the Namibian Government**

The Namibian version of the proposed Fisheries Agreement sought to accommodate as much of the original EC draft as possible, but there were some significant differences, which arose from the fact that the fisheries negotiations with the EC were subordinated to the broader national fisheries policy. This makes the Namibian draft not only more detailed but far more explicit in terms of what is expected from both parties and what will happen when vessels violate either the fisheries agreement or any of the laws and regulations governing the fisheries sector.

Running throughout the Namibian draft is the over-riding concern with ensuring effective conservation and recovery of the hake stock. Certain articles call upon the EC to take all necessary measures to ensure that EC vessels operating in Namibia's EEZ comply with fisheries laws and regulations. The Namibian provisions were far more detailed than the EC provisions, reflecting the view that in other ACP waters the general provisions were honoured more in the breach than in the observance.

It was expected that the EC negotiating team would have problems with the Namibian proposals. Firstly, accepting the Namibian proposals would have involved recognising that ACP states are dissatisfied with the Community's role in support of monitoring and control efforts. Secondly, it would have reopened the debate over the powers of the Commission to control or even influence the behaviour of EC vessels operating in third country waters. It is furthermore maintained in the Commission legal service that the extra-territorial extension of Community powers to vessels operating in third country waters would set a damaging precedent. There is thus, on the part of the Commission, a reluctance both to acknowledge the general shortcomings of existing fisheries agreements, and to commit itself to a more extensive role in trying to control the activities of individual fishing vessels operating in third country waters.

Mindful of the limited powers of the Commission to enforce compliance with the Fisheries Agreement provisions and the laws and regulations applied in coastal ACP states, the Namibian authorities sought to incorporate specific punitive provisions in the agreement which would provide an incentive for self-regulation by the EC fishing fleet. In this regard the Namibians were building on their own experience in combating illegal fishing. The dialogue established between the Ministry of Fisheries and the fishing industry in Walvis Bay over the negative impact of illegal fishing on the level of access granted to licensed vessels, encouraged those vessels operating legally to report the presence of unlicensed vessels. Intelligence provided from within the industry enabled the Namibian authorities to launch diplomatic efforts to end illegal fishing and the successful operation to seize vessels in November 1990.

The Namibian authorities sought to include a provision specifying the consequences of licensed vessels violating Namibian fish-

eries laws and regulations. This would cover loss of access for the vessel concerned, which could not be transferred to any other EC vessel under the fisheries agreement. Not only would violation lead to the vessel losing its rights to fish in the Namibian zone but it would also lead to the EC as a whole forfeiting the access rights previously held by that vessel. Thus violations of the regulatory framework by EC vessels would no longer result in a mere fine for the vessel concerned, but would lead to a loss of access for the whole EC fleet. Furthermore, it was envisaged that any vessels and owners caught violating the fisheries laws and regulations could be "listed" and thereby disqualified from future access for a specified number of years.

The inclusion of this provision was again based on the Namibian experience of illegal fishing. Despite vessel owners' repeated denials of any knowledge of illegal fishing activities within Namibia's EEZ by their vessels, they knew exactly where their vessels were when threatened with arrest in November 1990. The Namibian authorities considered the vessel owners to be full and consenting participants in the unlicensed fishing which plagued Namibia's first year of independence. On the basis of this experience the Namibian authorities wanted to encourage, through the provisions of the EC Fisheries Agreement, a greater sense of responsibility amongst vessel owners for the activities of captains in their employ. If owners could be encouraged to support the government's efforts to ensure compliance with Namibia's fisheries laws and regulations, then the prospects for the government achieving its objectives in the fisheries sector would be greatly enhanced.

From an EC perspective these provisions would hardly have been welcomed. Indeed, the legal service of the Commission may well have been compelled to question the legality of holding vessel owners responsible for the actions of their captains once vessels were at sea. However, the Namibian authorities were seeking administrative rather than legal means to encourage more responsible behaviour on the part of vessel owners.

Given their over-riding commitment to conservation, the Namibian government included two proposals which met with strong resistance from the EC negotiating team. The first of these sought to qualify the access levels to be accorded the EC under the Protocol to the agreement in line with stock levels. From an EC perspective, this undermined the *raison d'être* of a Fisheries Agreement, which is to provide a guaranteed level of fishing opportunities to EC vessels. These provisions clearly indicated that the Namibian approach was distinctive, regarding a Fisheries Agreement as a framework agreement subordinate to the wider Namibian fisheries policy, particularly in relation to conservation and stock recovery. It was always envisaged by the Namibian government that the framework Fisheries Agreement with the EC would allow a flexible response to changes in the state of the fisheries resource. The priority was to look after the resource rather than the EC fleet.

The second of these provisions challenged the basis for determining access to the fishery used in EC-ACP fisheries agreements. It sought to shift the basis for calculating fisheries access



away from Gross Registered Tonnage (GRT) to one which took into account the actual fishing effort which could be deployed by the individual vessels licensed to fish under the agreement.

This provision reflected the lessons of the EC's own experience of fisheries management. Increasingly in the EC, given the over-capacity which had been built up in the combined Community fishing fleet, it has been acknowledged that it is necessary: "to adjust fishing capacity to the volume of authorised catches<sup>35</sup>."

This principle underlies not only the Namibian government's approach to a Fisheries Agreement with the EC but also its own policy for the development of the industry. Mindful of the natural fluctuations in stock levels, even after full recovery of the hake stock, the government intends to restrict the Namibian fishing fleet to a level below the estimated maximum sustainable yield, so that the indigenous industry will easily be able to accept reduced levels in years of bad recruitment. It is hoped this will avoid the over-capacity which has been so important in the depletion of the EC's own fisheries resources. If this principle is applied to the local fishing industry, nothing less could be applied to the access accorded to the EC fleet.

These provisions threatened to fundamentally shift the basis upon which fisheries access is calculated under EC-ACP Fisheries Agreements.

Despite the fact that this proposal was fully in line with the broad principles articulated by the Commission in December 1990 as an integral part of the future of the Common Fisheries Policy, it was always likely to meet with strong resistance from the EC negotiators as it threatened to undermine the safety valve function of the EC-ACP Fisheries Agreements.

From an ACP perspective the principal problem with using GRT as the basis for calculating access is that, as fishing techniques and equipment have improved, then what can be caught with a given level of GRT access has increased dramatically. Maintaining GRT as the basis for calculating access has ensured that more EC vessels have been allowed access to ACP waters, and therefore taken more fish, than would be justified by the tonnages allocated to them under the Protocols to various fishing agreements. Moving away from GRT as the basis for calculating access to a calculation based on the effective fishing effort of individual vessels, would inevitably lead to a reduction in the number of EC vessels deployed in ACP waters. Given that the aim of EC Fisheries Agreements is to:

"provide, in the substantive provisions, a framework of economic and legal security for joint enterprises to make it easier for Community ship owners to use their vessels and to reduce external dependency for supplies to the Community market<sup>36</sup>"

such a development in the basis for calculating access would scarcely be welcomed.

In addition to these substantive differences in the two texts being discussed, there were other points included in the

Namibian text resulting from the government's concern with stock recovery, and a wider desire to assert its sovereignty in controlling fishing activities in its EEZ.

When the Commission eventually commented on the Namibian draft text its response was less than enthusiastic. Many of the substantive amendments put forward by the Namibian government were rejected. The punitive provisions proposed to ensure strict compliance with Namibian fisheries laws and regulations were rejected by the EC on the grounds that such severe restrictions were scarcely commensurate with the level of access being offered, and that furthermore, such punitive measures were more appropriate for dealing with violations by unlicensed rather than licensed vessels.

The Commission also rejected the proposal to move away from GRT as the sole basis for calculating access to fishing grounds, as well as the qualification of the EC's access rights under the agreement.

DG XIV thus rejected the key proposals which distinguished the Namibian draft from the EC's own draft and suggested that a fisheries agreement should be based on mutual confidence, not mistrust. But given the EC's own experience of fisheries regulations, this comment is somewhat over-optimistic.

In the report on the Common Fisheries Policy of December 1990, the Commission declared that:

"Fishermen whose activities - and hence short-term gains - are restricted by catch limitations tend not to declare the quantities effectively caught or the actual areas fished<sup>37</sup>."

This raises the question: are the EC fishermen who will operate in Namibian waters under an EC Fisheries Agreement not the same fishermen who have disregarded catch limitations placed on them by EC authorities in an effort to conserve stocks? Or would fishermen operating under an EC-Namibia Fisheries Agreement suddenly become law-abiding citizens and abide by regulations drawn up by a state whose enforcement capacity is small compared to the EC's?

It should be borne in mind that DG XIV has an obligation in negotiating fisheries agreements to:

"defend both the Community interest and that of the European member states<sup>38</sup>."

This raises a further question: is there not a fundamental contradiction between the "Community interest and that of the European Member States" as manifested in DG XIV's approach to fisheries negotiations; and the Namibian government's interest in closely regulating the activities of fishing vessels in its EEZ, with a view to fostering a rapid recovery of the depleted hake stocks, on which subsequently a large-scale indigenous Namibian fishing industry can be built?



## REFERENCES IN THE TEXT

1. These commercial interests made their case heard in the highest quarters of the South African government, which repeatedly over-ruled the advice of locally-based fish scientists with regard to conservation.
2. Not only were the fishing opportunities made available to them being reduced by the activities of the illegal fishing vessels, but they were also at a competitive disadvantage in the market place vis a vis illegal vessels, who in contrast to the legal operators, did not pay taxes and licence fees on the fish they caught.
3. Cited in the Windhoek Observer, November 3 1990.
4. As reported in New Era, February 6 1992.
5. The Namibian, March 13 1992.
6. Since this incident another Spanish vessel, the Xeitonsino, was arrested and brought into Luderitz harbour. The captain and first officers were, however, acquitted on the grounds that the border area between Angola and Namibia where they were arrested is still undefined.
7. This aim is reflected both in Namibia's constitution (article 95-1) and its sectoral policy on fisheries "Towards responsible development of the fisheries sector" which was passed by the National Assembly earlier in 1992.
8. The investigation was undertaken following instruction by President Nujoma on June 13 1991.
9. The Commission report was handed to the government in March 1992 during a public ceremony.
10. This quota, 15% of the 1991 TAC, was initially offered to third parties, including the EC, but in the absence of an agreement was divided amongst new Namibian licensees.
11. In this case Namibian companies includes all those companies incorporated in Namibia and paying taxes therein, whether they are 100% foreign-owned subsidiaries of multinational companies or 100% Namibian-owned companies.
12. In September 1992 the Government threatened to suspend the quotas and the vessel licences of eight fishing firms which had not paid their 1992 horse mackerel quotas by the July 1992 deadline.
13. Apparently 12 hour shifts are not uncommon and the basic wage for inspectors - in spite of the dangers and responsibilities of the job - are the same as those for other civil servants (R800 per month).
14. The Permanent Secretary for Fisheries during the hearings of the Commission of Inquiry (January 22 1992) made a plea for more money being available to the Inspectorate services budget for this purpose, saying that "an investment in our Ministry is a profitable one".
15. The boat was one of two trawlers, each with a capacity of 20 tonnes, recently bought in Poland.
16. Proceedings at the Commission of Inquiry, Windhoek Advertiser, November 14 1992.
17. In addition, the horse mackerel stock grew to fill the space left by the depleted hake stock. Failing to harvest horse mackerel could serve to undermine the recovery of the hake stock as both species compete for the same ecological space.
18. Signed by Foreign Ministers Roelof 'Pik' Botha and Theo Ben Gurirab on August 21 1992.
19. The Namibian Government acquired outright ownership of the vessels after negotiations with Spanish financial institutions.
20. Because of a shortage in Namibian tuna, tuna caught in ACP waters by EC vessels was being imported for supplies to Europe.
21. On 29 April 1993 David Morris was informed by the President of the Board of Trade, the Rt. Hon. Michael Heseltine, that UK customs officials had received formal notification from the Commission that "Namibia is, and always has been, in a position to validly certify the origin of fisheries products processed in Walvis Bay". As a result HM Customs removed the threat of 22% import duties which had been hanging over the Namibian pilchard exporting companies. This now means that Namibia can freely develop its pilchard exports to the UK and other EC markets, to the overall benefit of the Namibian economy.
22. For example from oil-to water-based preservation. Resistance to catch methods such as drift nets and avoidance of polluted catch areas coupled with a priority to rapid freezing and processing after capture, all strongly influence how a product will be received in the market place.
23. Pescanova controls 50% of the Spanish frozen hake market.
24. Export earnings are expected to realise more than R75 million in 1992.
25. In April 1992 hake prices in the Spanish market dropped dramatically by 40% due to the flooding of the market by Argentinian hake.
26. This trade problem has now been resolved to the benefit of Namibia.
27. It should be noted that landed catches in the late 1980s were substantially above the current level of the TAC. From 1987-89 an average of over 300,000 tonnes of hake were taken each year from Namibia's EEZ.
28. See Windhoek Advertiser, "Shocking Pilferage", March 16 1991.
29. The figures are taken from a statement by the Spanish MEP Arias Canete in the European Parliament and were cited in The Namibian on June 8 1990.
30. Commission document, Note For The File "Background to the Negotiations for an EEC/Namibian Fisheries Agreement", undated, p.4.
31. ibid.
32. The announcement followed within 24 hours of the publication in the press of the sentencing on April 10 1991 of the five Spanish captains convicted for illegal fishing in Namibia's EEZ.
33. See annex for a comparison of the major differences which are apparent in the two alternative draft fisheries agreements tabled by the Commission and the Namibian Government.
34. In April 1993 following an initiative by the Commission, the UK government took action to ensure that Namibian pilchard exports could enjoy the full benefits of the Lome trade regime. This issue has now been resolved.
35. Commission Communication on the Common Fisheries Policy, December 1990, p.15.
36. op. cit. p.29.
37. op. cit. p.19.
38. See Letter from Almeida Serra to Dr Collins Parker, Secretary of the Commission of Inquiry into the Fishing Industry, 13 November 1991, Directorate General for Fisheries XIV/B/2. To be fair, Almeida Serra's statement was prefaced by the comment "taking of course into consideration the interest of the counter-party". Unfortunately the interests of the "counter-party" do not appear to have been taken fully into account in the EC's approach to fisheries negotiations with Namibia.





REPUBLIC OF NAMIBIA

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PRESS RELEASE NO. 71

16th April 1991

The Namibian Government regrets the unilateral decision taken by the European Commission to suspend temporarily the negotiations for a fisheries agreement between Namibia and the European Community. The decision was communicated to the Government of Namibia through its Chargé d'Affaires in Brussels on Thursday, the 11th April 1991.

The reasons given by the Commission were that Namibia was "in apparent conflict with a member state", creating an atmosphere which, in the view of the Commission, was not conducive to the conduct of the negotiations. The second reason given was that the quota for hake which was offered to the Community for 1991 was not sufficient to make any further negotiations worthwhile at this point.

The Commission said it felt that the negotiations could not be resumed until the "situation of conflict with the member state" had been resolved and before the Namibian Government was able to offer the Community a larger quota for hake. The Commission made it clear that it considered either issue on its own to be sufficient reason to suspend the negotiations.

The approach of the Namibian Government has, from the outset, been that it was prepared to proceed with negotiations with the European Community to reach a fisheries agreement despite the illegal fishing undertaken by a fishing fleet from one EC member state. The Namibian Government took this position as the negotiations were being conducted on behalf of the Community as a whole and not on behalf of a particular member state.



It is, therefore, regrettable that the Commission has decided that the deterioration of Namibia's relationship with that member state warranted the suspension of negotiations taking place on behalf of the Community.

The Namibian Government wishes to point out that it is totally in the hands of the member state concerned and its nationals to resolve this conflict by ceasing the illegal fishing in Namibian waters.

The Namibian Government also wishes to point out that it did not enter the negotiations with the European Community with the intention of negotiating an agreement limited to 1991 alone, but it was rather with a view to establishing a long-term relationship in the fisheries sector with the European Community. The total allowable catch was set at a relatively low level for 1991 in order to allow as rapid a recovery as possible of our fish stocks so that they could sooner reach a maximum sustainable level. This limitation was also necessary in order to compensate for the extent of illegal fishing taking place in Namibian waters.

The Namibian Government does not intend to allow this decision on the part of the Commission to stand in the way of its otherwise excellent relations with the European Community.



This report is published jointly by the Catholic Institute for International Relations (CIIR) and Christian Aid on behalf of the Coalition for Fair Fisheries Agreements (CFFA), a group of European Non-Governmental Organisations concerned about the developmental impact of fisheries agreements negotiated by the European Community (EC) and Africa, Caribbean and Pacific (ACP) states.

CFFA is working for fundamental change in the EC's policy on fisheries agreements with countries in the South (ACP states and others). Its particular concerns are the sustainable use of fish resources for the benefit of fishing communities who depend on them for their livelihoods and subsistence, and the conservation of global fish stocks for use by future generations. Fisheries agreements have the potential to undermine or to support these objectives.

### **Overall Objectives:**

CFFA is lobbying for the following conditions to become part of the EC's policy on fisheries agreements with countries in the South (ACP states and others):

- Agreements should be based on principles of equity and social justice.
- Fisheries resources should be used principally to sustain and develop fishing communities (both in the North and in the South).
- The contribution of the fisheries sector to broader social and economic development should be maximised in the countries concerned.
- The sustainable exploitation of fisheries resources needs to be ensured, with fishing effort and catch levels regulated within sustainable limits.
- The rights of workers in the fishing and fish processing industries to a decent living wage with safe and adequate working conditions should be safeguarded.
- Adequate prices should be paid for fish procured in the South to ensure a decent return to local fishworkers and not to undermine the livelihoods of European fishworkers through the supply of cheap foreign fish.
- The rights of workers to take part in the elaboration and implementation of resource management policies should be safeguarded and encouraged.

### **Immediate/Medium Term Objectives:**

- To develop a strategy which will enable CFFA to influence the formulation of fisheries agreements in line with its long term objectives. This strategy will enable the CFFA to liaise effectively with decision takers in the European Parliament, in the European Commission (CEC), in the governments of individual countries and their parliaments (member nations of the EC and partner fishing nations), the fishing industry and development organisations. The strategy will involve a variety of activities and the use of published material to target a number of audiences using various media.
- To monitor and to try to influence the outcome of fisheries agreements over the coming years.
- To take up and/or otherwise support specific issues which relate to the regional priorities of CFFA members. These currently include Namibia, Senegal and Somalia.
- To expand the number of organisations participating in CFFA, so as to include organisations throughout EC member states particularly those with strong ties to fishery organisations in the South.

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