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ANNEX TO THE  
**WORLDWIDE FISHERIES  
MARKETING STUDY:**  
PROSPECTS TO 1985

# ARGENTINA



Government  
of Canada

Gouvernement  
du Canada

Fisheries  
and Oceans

Pêches  
et Océans

(This Report is one of a series of country and species annexes to the main study - entitled the Overview).

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Worldwide Fisheries Marketing Study:  
Prospects to 1985

ARGENTINA

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The views expressed in this Study, however, are ours alone and reflect the Canadian perception of worldwide markets.

With regard to the overall Study, we would like to acknowledge:

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E. Wong  
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## FOREWORD

As a consequence of global extension of fisheries jurisdictions, a radical shift has taken place in the pattern of worldwide fish supply and demand. This change is still going on and will continue for many years before a new dynamic equilibrium situation is reached. However, in the midst of this re-adjustment, a new trade pattern is emerging -- some net exporting countries are now importing and vice versa. In the longer term, some countries will experience shortages of supply and others will have a surplus. Fortunately, Canada is amongst the latter group.

The implications for the marketing of Canadian fisheries products arising from the worldwide introduction of the 200-mile limit are extensive. With our vastly improved supply position relative to world demand, government and industry are understandably concerned about ensuring that the bright promise of increased market opportunities are real and can be fulfilled. One of the steps in this process is the publication of the Worldwide Fisheries Marketing Study which assesses the global potential on a country and species basis.

Specifically, the purpose of the Study is to identify the longer term market opportunities for selected traditional and non-traditional species in existing and prospective markets and to identify factors which may hinder or help Canadian fisheries trade in world markets. To date, over 40 country markets and 8 species groups have been analyzed. It should be noted that while the information contained in the Reports was up-to-date when collected, some information may now be dated given the speed with which changes are occurring in the marketplace. In this same vein, the market projections should be viewed with caution given the present and still evolving re-alignment in the pattern of international fisheries trade, keeping in mind the variability of key factors such as foreign exchange rates, energy costs, bilateral fisheries arrangements and GATT agreements which have a direct effect on trade flows.

Notwithstanding, the findings contained in these Reports represent an important consolidation of knowledge regarding market potential and implications for improvements in our existing marketing and production practices. The results of the Study should, therefore, usefully serve as a basis for planning fisheries development and marketing activities by both government and industry in order to capitalize on the identified market opportunities.

This draft report is published for discussion purposes and as such we invite your critical comments.

Ed Wong

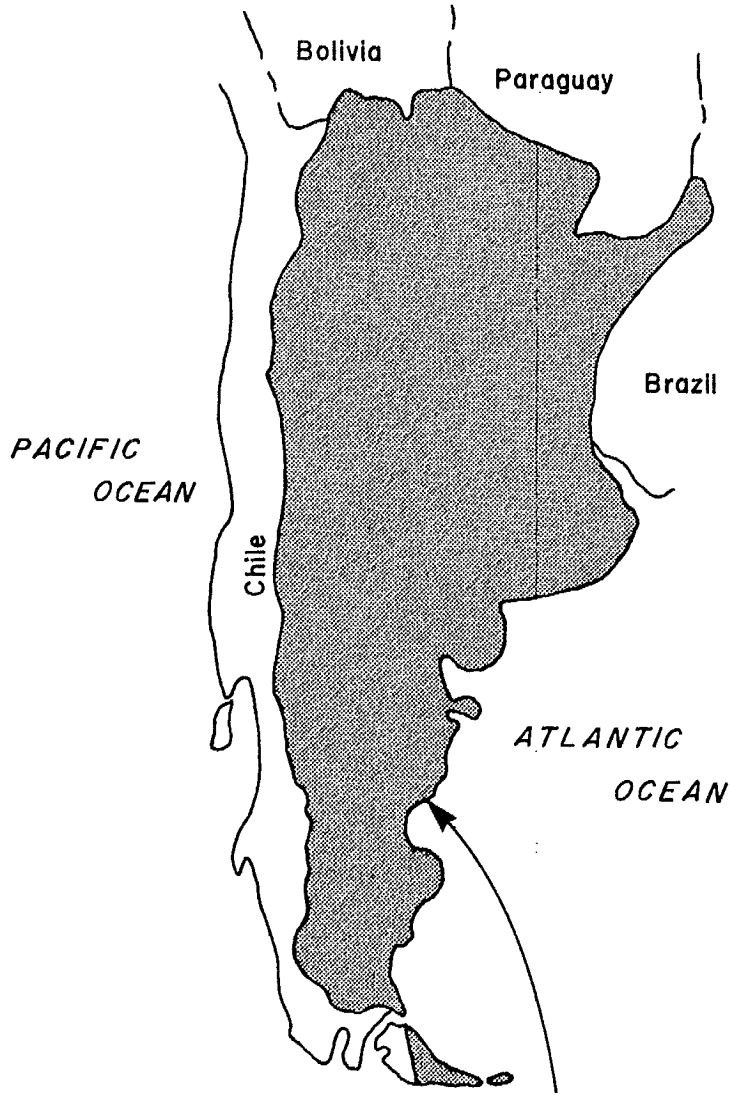
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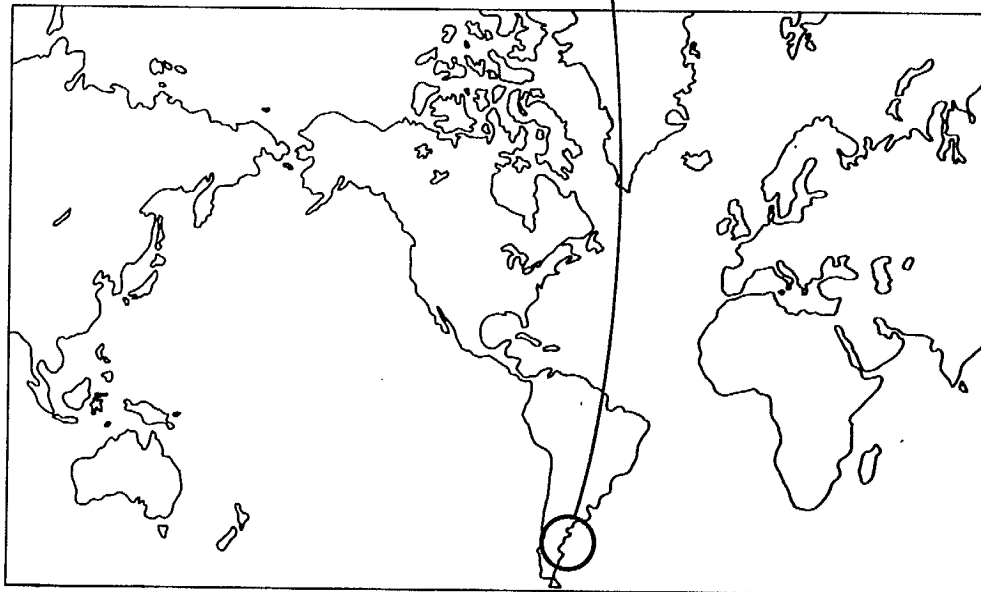
ARGENTINA

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# ARGENTINA



INDEX MAP



FOREWORD

While every effort is made to base reports in this series on the latest information available, it must be recognized that local economic conditions can often be subject to sudden and significant change.

In the case of Argentina, the fishing industry is now in a serious slump brought about at least in part by government foreign exchange policy that has resulted in a greatly overvalued peso which makes internal domestic costs high and exports uncompetitive.

According to early 1981 reports, fishing activity came to a virtual standstill in some regions. As of February 1981, for example, there was word from Mar Del Plata that only two of 120 deep-sea trawlers were working. Reports described seals basking on the decks of trawlers, and a proliferation of signs advertising boats for sale.

Representatives of the fishing industry met in February 1981 with the Argentine minister in charge of economic matters, who is said to have indicated he would arrange a line of special credits amounting to \$270 million to help the industry finance its debts. However, at last reports the credits had not become readily available. Furthermore, the industry did not consider the amount to be adequate, and some 20 fishing companies had gone into receivership.

Meanwhile, with the fleet practically paralyzed during the first two months of 1981, it is expected that the country's total catch will be drastically reduced. Last year's (1980) catch was estimated to be 372 000 tonnes, down from 550 000 tonnes in 1979.

The value of fish exports, according to industry officials, increased from \$20 million to \$220 million between 1976 and 1978. In 1980, exports were worth \$150 million but the same officials speculate they will net barely \$45 million in 1981. These reversals will have implications for Canadian shippers to the US who as a result should encounter less competition from Argentinian hake.



## A. INTRODUCTION

With an area of 2.8 million square kilometres and a population of 25.4 million, Argentina has long been regarded as a country with vast potential. It has significant quantities of oil and natural gas, and valuable minerals are thought to be present but have not been exploited.

The country's per capita annual income of US\$2 000 is one of the highest in Latin America, and it has a strong balance of payments position as well as large reserves of foreign currency. The inflation rate, however, is a serious problem. From 44.3% in 1976, it rose to more than 150% in 1978.

Argentina is a maritime nation with a resource rich coast-line of nearly 4 000 kilometres, stretching from 35°S to 55°S. Fishing has never played a very important role in the country's economy. In 1973, there were only about 4 500 jobs in the fisheries primary sector and 15 000 in the secondary. Nonetheless, the industry has shown considerable growth in recent years and is set for further expansion.

Traditionally, Argentinians are not substantial fish eaters. Fish consumption is only five or six kilograms per capita per year. The people have a strong preference for beef, which they consume at the rate of 100 kilograms per capita annually and which continues to be available at favourable prices.

Most of the fish that is consumed is sold in Buenos Aires, but even here there are only 400 retail outlets selling fish, compared with 25 000 that sell meat. Argentina, of course, is one of the world's leading producers of beef. In 1979 there were 17 million head of cattle slaughtered, of which 4 million to 5 million were for export and the rest for local consumption.

Another factor is the general absence of cold storage facilities and home freezing units, resulting in little demand for frozen fish products. All things considered, the prospects of greatly increased domestic demand for fish are not good.

The Argentine government is trying to promote greater domestic fish consumption. To assist this, they have imposed a tax of 2.35% on any company's first sale of fish or fish products abroad. The funds go to upgrading the skills of Argentine fishing crews, and to promoting greater domestic use of fish. The objective is to build up a larger home market so that local fisheries industry does not have to rely so heavily on export markets.

Even if the program is moderately successful and local demand does grow, it could no doubt be satisfied by the production of domestic fisheries and there would still not be prospects for significantly greater exports of Canadian fish to Argentina.

Current Canadian sales of fish products to Argentina are nil. Rather than a market opportunity, Argentina should be regarded as a competitor of Canada in world fish markets.

Until recently, Argentine fisheries resources appear to have been underutilised. In 1960, the total catch from Argentine waters was only 100 000 tonnes. By the early 1960s foreign fishing fleets, with the Soviet Union in the lead, had moved in and Argentine fisheries resources began to be heavily exploited for the first time. In 1964 there were some 40 vessels fishing Argentine waters, and by 1967 the figure had grown to over 100. The result was serious over-fishing to the point where one species, papamoncas a cantaneta, disappeared entirely.

In 1967, Argentina unilaterally proclaimed a 200-mile territorial zone, and the following year the Soviet fleet left, but in 1973-74 it returned in some strength, largely because of the demise of the south African fishery.

The present policy of the Argentine Government is to prohibit the presence of foreign fishing vessels in its waters. The exceptions have been vessels of the Federal Republic of Germany (FRG) and Japan, which were given quotas in return for their contributions to research on the Argentine marine fish stocks.

B. SUPPLY

1. Current Domestic Supplies

a) Argentine Landings

Argentine catches fluctuated in the first half of the 1970's, but in recent years there has been a marked increase, with the volume of 1978 landings 36.7% greater than those for 1977. The recent record of fish harvesting is shown in Table 1. This shows landings have been around 250 000 tonnes per annum between 1970 and 1976, followed by leaps in nominal catches at the end of the decade.

TABLE 1

Argentine Nominal Fisheries Catches, Inland and Marine

tonnes

1970	-	214 800
1971	-	229 000
1972	-	238 200
1973	-	302 100
1974	-	296 361
1975	-	229 298
1976	-	281 727
1977	-	392 798
1978	-	537 323

Source: FAO, Yearbook of Fishery Statistics, Rome, Italy  
various volumes.

Argentine sources placed their 1978 catch at 504 135 tonnes (approximately 33 000 tonnes less than the FAO figure) and the 1979 catch at 528 709 tonnes.

Using the figures provided by Argentine sources, the breakdown of the 1979 catch is as follows:

TABLE 2

Breakdown of 1979 Argentine Landings  
tonnes

<u>Offshore total</u> - 429 594	<u>Inshore total</u> - 99 113	<u>Total</u> - 528 707
- hake 326 602	- hake 27 214	- hake 353 816
- squid 80 415	- squid 3 599	- squid 84 014
- other 22 577	- other 68 300	- other 90 877

Source: Subsecretaria de Pesca as found in publication Mercado,  
March 20, 1980.

The hake and squid account for 94.7% of the total offshore catch. The inshore situation is different inasmuch as these species account for only 31% of the catch. However, as can be seen from Table 2, the inshore catch is less than one-fourth the offshore.

A more detailed species analysis can be obtained from FAO data. Their breakdown of the Argentine catch for 1973 to 1978 is shown in Table 3. The data again underscore the paramount importance of hake (merluccius hubbsi) in Argentine fisheries activities. Hake accounted for almost two-thirds of total landings in 1978. When combined with squid the two species represented three-quarters of total 1978 landings. These results are nothing new since landings of hake have dominated the Argentine fishery since at least 1973, never representing less than 47.6% of the catch.

TABLE 3

Argentina: fish, crustaceans, molluscs, etc. nominal catches by species.

<u>Species</u>	<u>1973</u>	<u>1974</u>	<u>1975</u> (tonnes)	<u>1976</u>	<u>1977</u>	<u>1978</u>
Characins	3 100	5 314	10 551	6 948	7 599	7 599
Freshwater Siluroids, etc.	2 100	1 609	2 369	2 196	2 147	2 147
Freshwater Fishes NEI	2 400	3 225	2 125	661	606	606
River 'Anchoita'	0	33	23	41	84	84
Flatfish NEI	100	1 100	470	909	22 000	2 280
Southern Poutassou	--	--	--	--	--	2 598
Argentine Hake	151 400	162 200	109 000	174 906	273 630	341 161
Blue Grenadiers	--	--	--	--	--	1 062
Gadiformes NEI	0	40	20	25	62	6 174
Argentine Conger	100	100	40	47	105	57
Demersal Percomorphs NEI	1 000	1 300	4 100	3 142	6 000	10 205
Argentine Seabass	3 600	1 700	1 400	1 700	3 970	4 977
Striped Weakfish	5 700	3 900	1 900	4 034	2 064	3 601
Atlantic Croaker	3 300	2 700	3 600	5 176	3 930	4 544
Argentine Croaker	6 500	7 400	9 700	3 661	2 145	1 807
King Weakfish	0	20	10	22	4	83
Black Drum	200	10	--	11	26	26
Red Porgy (=Common Seabream)	3 600	1 400	1 700	2 924	7 870	129 941
Castaneta	11 300	6 900	4 600	2 931	2 766	2 575
Brazilian Flathead	4 000	3 900	1 800	2 670	4 709	4 078
Patagonian Blennie	0	100	40	54	270	118
Percoids NEI	1 000	1 600	2 000	1 589	1 524	2 239
Pink Cusk-Eel	1 500	2 300	1 500	3 361	2 500	5 050
Blackbelly Rosefish	200	10	0	4	47	9
Mulletts NEI	100	10	0	11	8	17
Silversides (=Sand Smelts)	1 700	1 100	680	1 169	323	739

TABLE 3 (Cont'd)

<u>Species</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>
			(tonnes)			
Bluefish	2 600	1 000	100	637	448	53
Offshore Jack						
Mackerel	200	1 500	500	1 293	1 600	2 004
Amberjacks NEI	200	400	100	316	95	129
Carangios NEI	200	100	100	88	106	175
Patagonian toothfish	--	--	--	--	--	39
Southwest Atlantic						
menhadens	600	1 700	100	460	1 243	877
Anchoita (=Argentine						
anchovy)	34 300	30 400	19 200	20 426	21 770	16 102
Clupeoids NEI	0	0	--	--	--	--
Atlantic bonito	1 200	2 300	200	283	2 026	1 746
Skipjack tuna	0	30	--	--	31	4
Albacore	0	10	100	48	79	8
Southern bluefin tuna	0	--	--	--	--	--
Yellowfin tuna	100	100	100	57	43	4
Bigeye tuna	0	20	100	176	79	23
Blue marlin	100	0	0	2	2	--
Swordfish	0	10	10	111	132	4
White Snake mackerel						
(=Sierra)	0	0	--	--	--	--
Chub (=Spanish)						
mackerel	12 000	7 800	8 900	466	987	379
Liveroil sharks	400	100	600	199	4	32
Patagonian Smooth-Mound	8 200	9 200	9 000	4 881	4 816	5 981
Skates and rays NEI	3 600	3 700	3 300	3 261	2 613	3 620
Elephantfishes	1 200	700	800	895	1 064	1 093
Sharks, rays, skates,						
etc.	300	600	100	1 344	1 114	2 236
Southern king crab	--	--	--	--	--	370
Marine crabs NEI	0	0	0	5	5	18
Argentine rec shrimp	100	100	180	151	125	41
Argentine stiletto						
shrimp	500	400	120	255	521	200

TABLE 3 (Cont'd)

<u>Species</u>	<u>1973</u>	<u>1974</u>	<u>1975</u> (tonnes)	<u>1976</u>	<u>1977</u>	<u>1978</u>
Gastropods NEI	--	20	10	17	37	93
Fiver Plata mussel	3 700	3 300	4 400	3 723	4 059	3 251
Cholga (=Chorc) mussel	500	0	0	0	--	--
Scallops NEI	--	0	1 000	857	88	69
Cuttlefishes NEI	--	0	--	--	--	--
Common squids	200	200	140	128	255	238
Short-finned squid	3 900	4 900	4 100	7 493	1 986	59 001
Octopuses NEI	600	--	--	7	--	1
Guano	--	--	--	--	--	--
Brown seaweeds	1 700	1 900	1 300	722	--	--
Red seaweeds	21 400	17 500	16 700	14 946	20 683	20 683
Green seaweeds	0	0	10	2	5	5
Aquatic plants NEI	1 200	--	--	--	--	--
<b>TOTAL</b>	<b>301 900</b>	<b>295 961</b>	<b>228 898</b>	<b>281 441</b>	<b>410 405</b>	<b>652 256</b>

Source: FAO, OP.CIT.,

TABLE 4

Argentina: Hake landings and as a percentage of total landings.

	<u>Total landings</u> tonnes	<u>Hake landings</u> tonnes	<u>% Hake landings</u>
1973	301 961	151 400	50.1
1974	295 961	162 200	54.8
1975	228 898	109 000	47.6
1976	281 447	174 906	62.1
1977	392 466	273 630	69.7
1978	537 323	341 161	63.4
1979	528 709	353 816	66.9

Source: 1973-1978, FAO, IBID.

1979, - Subsecretaria de Pesca as found in publication Mercado,  
March 20, 1980.

These data emphasize the dominance of hake, which more recently has been complemented by squid. There have also been increases in catches of red porgy or red snapper (Pagrus Pagrus) but these represented only 2.4% of 1978 landings. Argentine anchovy (Engraulis Anchoita) was third in total catch in 1978, but these catches appear to be declining. In 1973, there was 34 300 tonnes of anchovies landed, but this declined to 19 200 tonnes by 1975 and although there was a slight increase in 1976 and 1977, catches continue to diminish to 16 102 tonnes or 3% of landings in 1978.



TABLE 5  
Argentina: Fish Production

	1971	1972	1973	1974	1975	1976	1977	1978
1. Fish production statistics - net product wt. in '000 tonnes								
I Fresh, chilled or frozen	25.4	27.5	59.5	40.8	33.5	66.9	69.3E	69.3E
a) fillets, fresh or chilled								
- southwest Atlantic hake	21.9	18.6	46.7	18.6	15.3	15.5	--	--
b) fillets, frozen								
- southwest Atlantic hake	2.0	2.7	0.9	13.2	10.5	30.2	--	--
c) Misc. fish products frozen								
- southwest Atlantic hake	0.8	3.0	3.6	5.0	5.2	14.0	--	--
- Others (6 other species)	0.7	3.2	8.3	4.0	2.5	7.2	--	--
II Fish-dried, salted or smoked	3.9	5.3	12.9	4.8	3.2	4.4	4.4E	4.4E
a) sardines, anchovies-dried or salted	3.4	4.5	12.5	3.7	2.3	3.3	3.3E	3.3E
III Crustaceans and molluscs, fresh, frozen, dried, salted	0.8	1.7	2.5	2.5	2.9	4.8	4.8E	4.8E
IV Fish products and preparation whether or not canned	17.4	16.5	14.7	16.9	20.6	22.5	23.1E	23.1E
a) anchoita	8.7	8.9	7.2	8.7	11.1	8.5	--	--
b) tuna, bonito	1.6	3.3	0.9	1.7	2.2	0.4	--	--
c) hake	0.9	1.0	0.4	1.9	1.4	5.1	--	--
d) mackerel, herring	5.8	2.8	5.1	3.3	4.8	0.4	--	--
e) other	0.4	0.5	1.1	1.3	1.1	8.1	--	--
V Crustaceans, and molluscs, prepared whether or not canned	0.7	0.6	0.3	0.7	2.2	1.8	1.8E	1.8E
VI Mollusc products, canned	0.6	0.6	0.3	0.7	1.8	1.7	1.7E	1.7E
VII Crustacean products, canned	0.1	0	0	0	0.4	0.1	0.1E	0.1E
VIII Oils and fats	1.0	0.9	1.7	1.5	2.0	5.6	5.6E	5.6E
XI Meals	13.2	14.4	28.0	23.5	20.5	21.4	21.4E	21.4E
	63.1	67.5	119.9	91.4	87.1	129.2	132.2E	132.2E

E: Estimate

Source: FAO, IBID.

## b) Fish Production, by Product Form

Table 5 outlines Argentine fish production for 1971 to 1978. Once again the significance of hake is illustrated. It represented 86% of fish, fresh chilled or frozen production in 1976. An increase in production of frozen fillets and a corresponding decrease in the fresh or chilled category probably reflects the growth of exports. The data indicate that while the production of fish meal has fluctuated slightly, it is still a significant factor.

The centre for fish processing is Mar del Plata. While estimates of investment are unknown, the study team saw several new facilities under construction and a number of older plants being renovated, indicating confidence in the industry. There are substantial government grants available for this development.

The canning industry is based also at Mar del Plata. Most of the canned product is for local consumption and consists of sardines, on the order of 20 000 to 30 000 tonnes; mackerel, 5 000 to 10 000 tonnes; and tuna, 2 000 tonnes per year.

Most Argentine fish processing takes place onshore, even for the catch of the factory and freezer trawlers. Processing on board factory vessels tends to be limited to the heading and gutting of fin fish, and block freezing of squid. The wet fish vessels all pack their catch in ice in 40 kilogram containers. This appears to result in a product of good quality being landed even after three or four days at sea, although there has been some problem with maintaining the consistency in the colour of squid for reasons that remain unknown.

## 2. The Argentine Fishing Industry

### a) History and Development

The Argentine fishing industry has historically been limited to the Mar del Plata area. There, productive inshore fishing industry has existed since the early 1900s. It is extremely localized with most of the catch being caught, landed and sold on the same day. In the 1970s, the Argentine government decided

that the fishing industry should be expanded and developed. The first step was an analysis of the stocks in Argentine waters, and in 1978, agreements were signed with Japan and FRG to do research on fish stocks within the 200 mile zone. Although the research has not been fully documented, the government has stated that the total potential annual catch from Argentine waters could be between 1 million and 1.5 million tonnes, the largest quantity of which would be hake (merluccius hubbsi).

In exchange for their research, the Japanese and FRG were allowed to fish south of 40°S in Argentine waters, with a stipulation that the catch was to be solely for consumption in Japan and West Germany. There is speculation, however, that the Japanese have not entirely honoured this commitment, and have sold some of their Argentine catch in third markets. Japan received a quota of 100 000 tonnes, of which a maximum of 60% could be squid. The quota allotment for the FRG is not known.

As a further condition of the agreement, Japan and the FRG were each to give Argentina one research vessel so that the research project could be continued. The Japanese and West Germans were also to contribute to the building of a harbour, and processing facilities in the southern part of Argentina, south of 40°S.

The Argentine government still feels it does not have adequate information on stocks. There is a shortage of technicians and facilities. To overcome this a special tax of 2% has been levied on all fish exports to help finance fisheries research carried out by the Instituto Nacional de Investigacion y Desarrollo Pesquera (INIDEP) at Mar del Plata. One half of the funds comes from the export tax and the rest from the proceeds of catches of research vessels and general budget allocations.

The emphasis on development of fish handling and processing facilities in southern Argentina is based partly on political considerations. The southern half of the country is sparsely populated and the government would like to see this area developed. There has been a military confrontation with neighbouring Chile over jurisdiction of certain offshore islands. One way of encouraging population growth in the region is to develop a shore-based fishing industry.

The success of this program, however, is in serious doubt.

More recently (April, 1980) Argentina concluded an agreement with the USSR to carry out research in Argentine waters south of 46°S and in Antarctic and sub-Antarctic waters. One of the species to be studied is the Fuegian sardine.

b) Known Resources

The Argentine government is unsure of the extent of their fisheries resources, but existing evidence indicates that the more abundant stocks are in their northern waters.

The government believes there is a possibility of an annual total allowable catch (TAC) between 1 million and 1.5 million tonnes, of which 750 000 to 800 000 would be hake (merluccius hubbsii). The other major species is squid (Illex illecebrosus,) but the extent of the squid biomass is not really known. In 1977, 50 000 tonnes were landed; in 1978, 60 000 tonnes, and in 1979, 84 000 tonnes live weight. The forecast for 1980 ranged between 55 000 and 85 000 tonnes. One Argentinian indicated that the maximum squid catch for 1980 is 55 000 tonnes, if no freezer or factory-freezer vessels are involved. If these vessels are permitted to fish north of 40°S, the catch would probably equal last year's 84 000 tonnes. In 1979, freezer and factory freezer vessels were not permitted to fish north of 40°S. The Japanese, of course, had a squid allocation over and above what Argentine vessels took. As already indicated, it was a maximum of 60% of their total quota of 100 000 tonnes of all species. Therefore the total catch of squid in these waters was in the area of 140 000 to 150 000 tonnes. An additional factor is that the Japanese seem to have discovered squid concentration beyond 200 miles, which they and others intend to exploit in 1980.

There are several other species in Argentine waters. Their quantities, however, are either not known, or are such that they are not a significant factor in production and exports. These would include anchovies to be used for fish meal, for "sardines", or for salted anchovies and sea trout (cynoscion straitun), processed for fillets for South American and Spanish markets. There is also another "hake-like" species found in southern waters, known as polaca (not a pollock). It is softer than hake and very parasitic, so it is doubtful

that it has the commercial possibility of hake. A third species, again found in the south, is the Argentine cod, or kingclip (Abadeio kenypterus Blacodes). It is not found in great quantities but does present some limited export possibilities. Sea salmon (pirrquipes SPP) is also caught in the south. Other species include: red snapper (Pagrus Pagrus); grouper (Acanthistius Brasilianus) and Flounder (Paralichthys SPP).

Details of the Argentine domestic landing capacity and fleet development can be found in Appendix I.

### 3. Argentine Fisheries Policies

#### a) Joint Ventures

In 1976, Argentina began to accept joint ventures, initially with Spain, then with other countries. Most of the joint ventures are members of the Camara de Armadores de Pesqueros Congeladores de la Argentina (CAPECA) or Association of Freezer Vessel Owners of Argentina. There are 18 companies in this association and 90% of their vessels are Spanish. Many of the Argentine partners were not involved in fishing before. Detailed information on these firms is given in Appendix II.

According to the CAPECA, joint ventures with Spanish partners are to fish primarily hake and squid. The Hake is headed and gutted on board and exported to Spain, but it counts as a product of Argentina and thus is subject to the 2% export tax.

#### b) Argentine-Uruguay Joint Fishing Zone

Argentina has shared a common fishing zone with Uruguay since 1974 when the Treaty of Rio del Plata was signed. There is, however, potential for disagreement in the arrangement. The joint fishing area extends from the Uruguay-Brazil border to approximately 38°S. Uruguay feels there is no resource problem, but there are some in the Argentine fishing industry who feel there has been overfishing in the joint zone.

Argentina considers that it should have 75% of the quota from this joint area. Uruguay obviously does not agree with this stance. There are other marked policy differences between the two countries, which could lead to further disagreements. The maximum vessel length permitted by Uruguay is 32.6 metres and no factory-freezer vessels are permitted. Argentina has no maximum size and while factory-freezer trawlers have only restricted access to water north of 40°S, there is pressure on Argentine authorities to permit them full access to these waters.

c) Development of the Southern Resources

There are uncertainties surrounding the planned development of a fishery south of 40°S and the use of factory-freezer trawlers. The government has decided that the use of factory-freezer vessels is the best way to develop the fishery, and thus to promote population growth in the southern region. One organization, the Camara Argentina de Procesadores de Pescado (CAPP), based in Mar del Plata has objected to the use of factory-freezer trawlers. This association represents the wet fish trawler operators, who claim to land 70% of the total Argentine catch and account for 80% of exports by value. They say the resources in the south are not as great as the government believes and, in fact, they they are already being overfished. They point to the fact that the factory-freezer trawlers are only fishing at 50% of their capacity so that owners of these vessels are pressuring the government to allow them to come north. Furthermore, there is a serious discard problem of the by-catch in the freezer trawler fishery. Another element in this debate is that owners of the factory-freezer trawlers have not yet fulfilled their commitments to build processing facilities in the south. Of course, some argue that the use of factory-freezer trawlers is inconsistent with the policy of developing land-based processing facilities. The likely outcome of this debate is uncertain. The Argentine government does appear committed to developing the southern part of the country. However, if fishing is to be used as the instrument, it will have to be demonstrated to the industry that the southern waters can support this objective.

d) Resources Beyond 200 Miles

Several foreign nations, including Poland and Japan, are fishing beyond the 200-mile zone off Argentina. The effects on stocks inside 200 miles are not precisely known, but there is concern expressed by the Argentine industry and fisheries biologists. More research is needed before anything conclusive can be resolved. In any event, Argentina does not have the capacity to patrol all of its own waters and, in fact, these vessels are often fishing inside the 200-mile limit. While the fines for fishing illegally are heavy, the lack of enforcement remains a problem. Several Soviet vessels were arrested in recent years after repeated violations and fines of US\$1 million were imposed upon each vessel.

C. DEMAND-SUPPLY BALANCE

1. Exports

Argentine exports increased significantly between 1971 and 1978, climbing from 12 200 tonnes to at least 156 000 tonnes and perhaps as high as 190 000. In 1976, Argentine exports of fish represented only 0.5% of the country's total export earnings, but this has risen steadily and they now represent 2.84% of such revenues

These exports continue to be mainly composed of fresh, chilled and frozen fish, with frozen fish the most important. Table 6 presents Argentina's exports for 1971-1978. By 1977 and 1978, fresh, chilled or frozen represented almost 95% of total fish exports.

TABLE 6

Argentine fish exports

	1971	1972	1973	1974	1975	1976	1977	1978
<hr/>								
<u>Exports</u>								
Fresh, chilled or frozen	9 900	23 000	37 600	53 600	55 697	96 427	146 568	179 870E
Fish - dried, salted or smoked	800	1 900	6 400	7 300	2 719	1 655	4 257	5 224E
Crustaceans, molluscs	500	200	1 300	2 000	957	3 223	913	1 120E
Fish products - canned	100	100	500	1 500	283	739	1 418	1 740E
Oils and fats	800	100	600	400	--	--	101	124E
Meals	100	100	5 300	3 800	698	324	1 488	1 826E
Crustaceans, molluscs, whether or not in air-tight containers	0	0	100	0	67	149	78	96E
<hr/>								
Total	12 200	25 400	51 800	68 600	60 421	102 517	154 823	190 000E
<hr/>								

E = Estimate

Source: FAO, IBID.



The Subsecretaria de Pesca has stated that the exports of frozen fish alone totalled 149 657 tonnes in 1978 and 171 900 tonnes in 1979, valued at US\$135 600 000 and US\$181 150 000 respectively. These results generally conform to the FAO data inasmuch as they indicate a gradual increase in exports.

Information concerning the destination of these exports is sketchy, but it is known that Spain is a major buyer. Spain is also a major participant in joint ventures with Argentina, and the catches of the freezer or factory-freezer trawlers operated by these joint companies receive favourable treatment on tariffs from the Spanish government. In 1979, Argentina supplied most of Spain's imports of squid, and for 1980, the Argentine-Spanish joint ventures sought a total quota of 20 000 tonnes destined for the Spanish market. They were not expected to be granted such a large quota.

In 1979, Spain also imported approximately 8 000 tonnes of fresh, chilled, or frozen fillets of hake from Argentina. In addition, Spain imported 45 640 tonnes of head and gutted hake, of which 20 200 tonnes was from Argentina. Although figures are not available for previous years, the 1979 exports to Spain probably represent increases over previous years.

Some sources indicate that the products of Argentine-Spanish joint ventures have received a 20% reduction in the normal Spanish tariff and, in fact, this may be increased to 50%. Nonetheless, access to the Spanish market would still be limited by the Spanish import licence system. Thus, while the tariff reduction is of some benefit, the quota and import licence regulations are more important.

The second major market for Argentinian hake is the US. It is sold in blocks and various filet packs. Table 7 gives some indication of how hake exports from Argentina to the US have increased.

TABLE 7  
Argentine exports of hake (whiting)  
to the United States  
tonnes

<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>
1 409.0	4 863.3	6 727.3	11 318.3	11 954.5

Source: Marketing Bulletin, Groundfish, Fisheries and Oceans Canada,  
March 1980.

Exports for the first three months of 1980 fell short of those for the same period in 1979 (1 818.2 tonnes compared with 3 363.6 tonnes). It was too early to determine whether or not this might be a trend for 1980.

Another major market for Argentine products has been the UK which purchased 10 880 tonnes of frozen fish from that country in 1977. In 1978, this dropped to 8 386 tonnes, and in 1979 it decreased further to 6 189 tonnes.

Brazil has also become a major market for Argentina, with exports increasing from 14 690 tonnes in 1973 to just over 40 000 tonnes in 1977, which in itself represents a decline from the previous two years. All exports have been fresh, chilled or frozen, primarily headed and gutted hake and sea trout fillets.

TABLE 8  
Argentine exports of fish products to Brazil  
tonnes

<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
14 690	19 159	70 744	51 572	40 002

Source: SUDEPE, Brazil.

Argentine fisheries industry sources indicated that Italy and France are also significant markets for Argentina, but there is no data available to support these assertions. Japan has been a market for Argentine squid, particularly since 1978. These exports are over and above the squid caught in Argentine waters by Japanese vessels.

TABLE 9  
Argentine exports of squid to Japan  
tonnes

<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	Jan.-Mar. <u>1980</u>
753	27	9 825	22 294	4 524

Source: FAO, OP.CIT.,

There is a minimum of government control over quality of the fish. The industry tends to regulate itself according to the market for its product. Poor quality fish goes to Israel, Brazil, and Nigeria. Better quality is selected for the US and the FRG. The Argentine government sets a minimum price for all fisheries exports.

Another important trading factor is the Argentine government requirement that one-half of all their imports and exports be carried by vessels flying the Argentine flag. This is in keeping with the policy of developing the state-owned merchant marine, ELMA. It can of course contribute substantially to their overseas export delivery costs.

## 2. Imports

With consumption figures so low, Argentina's imports of fish are not significant, nor are they expected to show any substantial growth in the foreseeable future. Imports of fish from all sources are detailed in Table 10. One of the most remarkable aspects of this table is the relatively wide swings in frozen fish imports, and the earlier importance of fish meal imports.

TABLE 10

Total Argentine fish imports  
tonnes

	1971	1972	1973	1974	1975	1976	1977	1978
Fresh, chilled or frozen	1 300	2 200	800	900	4 543	124	6 834	6 834E
Fish - dried, salted or smoked	1 500	500	400	400	345	41	267	267E
Crustaceans, molluscs fresh frozen, fried	2 200	2 100	1 700	3 000	1 540	669	2 178	2 178E
Oils and fats	100	0	0	0	21	16	317	317E
Meals	13 900	10 400	--	--	--	--	35	35E
Crustaceans, molluscs, whether or not in air-tight containers	100	0	0	0	60	3	22	22E
Fish products and preparations - whether or not canned	100	0	0	0	--	0	20	20E
<b>Total</b>	<b>19 200</b>	<b>15 200</b>	<b>2 900</b>	<b>4 300</b>	<b>6 509</b>	<b>853</b>	<b>9 673</b>	<b>9 673E</b>

E = Estimate

Source: FAO, IBID.

D. OPPORTUNITIES FOR CANADIAN SALES TO ARGENTINA

As noted previously, the potential for sales of Canadian fish products to Argentina cannot be seen as encouraging. This does not mean, though, that the country should be ruled out entirely as a customer. There may be possibilities for sales of canned salmon; smoked or frozen salmon for the restaurant trade; and canned lobster (but not fresh lobster, because ample supplies of rock lobster are available closer at hand, from Chile, Brazil, Ecuador and Cuba). There was some indication that lobster paste might sell, and there might be a small market for herring and mackerel.

Sales of any of the above varieties, however, would not be great. Anyone exploring the possibilities should note that sales should be made on a company to company basis, as the government no longer restrict imports and is moving to restore the importance of the private sector in the Argentine economy.

E. COMPETITION BETWEEN ARGENTINA AND CANADA FOR THIRD COUNTRY MARKETS

As noted previously, Argentina cannot be regarded as a significant potential customer for Canadian fish products, but should be considered a competitor.

This competition arises in two main product lines: Canadian squid versus Argentine squid, and frozen hake (whiting) blocks versus Canadian cod blocks.

a) Squid

For international sales of squid, both Canada and Argentina compete in the large Japanese market, and to a lesser extent in the Spanish market where Argentine-Spanish joint venture companies have an advantage.

The Spanish market is of course much smaller than that of Japan, but Spain could nonetheless be an important outlet in a tight market situation. In the face of continued competition from joint ventures, it would appear Canada can only hope to continue to achieve favourable marketing conditions through its bilateral fisheries agreement with Spain.

b) Hake and Cod

Argentine sales of hake to Spain may also pose potential problems to the Canadian industry as Spain is importing more and more of this product. There is a danger that hake could capture some of Canada's share in the traditional Spanish market for cod, particularly if there is a continuing wide price spread.

The most serious competitive problem, however, results from the mounting imports of Argentine hake by the United States. For at least five years, Argentina has been a supplier of the US market, with sales of hake blocks increasing from 1 406.5 tonnes in 1975 to 11 932.8 tonnes in 1979, as shown in Table 11.

While Argentina might have the potential to be the world's major supplier of hake because of its resources, but this is by no means certain. There are still questions about the extent of their fish stocks, which may remain unresolved for a number of years. It is apparent, too, that Argentina's policy of developing the southern region of the country through fisheries has yet to achieve its preliminary objectives.

Notwithstanding the long run difficulties faced by the Argentine fishing industry, it is likely that Argentina will continue to be a significant supplier to the US, and the competitive pressure on Canadian frozen cod blocks will continue to grow.

Argentine whiting has already made serious inroads in the US retail market for cooked and breaded products, largely because they can be sold at very competitive prices.

TABLE 11  
United States imports of hake blocks  
tonnes

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>% 1979</u>
Canada	0	0	45.4	0	45.4	0.2
Iceland	0	90.7	0	0	90.7	0.4
Denmark	45.4	136.1	181.5	544.5	317.6	1.3
FRG	0	725.9	45.4	0	0	--
Rep. of South Africa	1 179.7	1 497.2	771.3	680.6	998.2	4.1
Japan	45.4	181.5	363.0	862.1	363.0	1.5
Poland	226.9	408.3	771.3	90.7	1 769.5	7.2
Netherlands	0	90.7	0	0	0	--
UK	408.3	816.7	1 179.7	408.3	499.1	2.0
Rep. of Korea	0	0	0	2 041.7	2 540.8	10.3
Argentina	1 406.5	4 854.8	6 715.0	11 297.6	11 932.8	48.4
China-Taiwan	0	0	0	45.4	45.4	0.2
Peru	635.2	408.3	0	226.9	317.6	1.3
Chile	0	0	0	181.5	226.9	0.9
Brazil	0	0	0	45.4	90.7	0.4
Uruguay	0	90.7	90.7	1 588.0	5 399.2	21.9
	<u>3 497.4</u>	<u>9 300.9</u>	<u>10 163.3</u>	<u>18 012.7</u>	<u>24 636.9</u>	<u>100.0</u>

Source: Department of Fisheries and Oceans, Statistical Review, Annual, Ottawa, 1979.

F. CONCLUSIONS

1. With a population of 25.4 million living in an area of 2.8 million square kilometres, Argentina has long been regarded as a country with enormous potential. It has abundant resources, one of the highest per capita incomes in Latin America, a strong balance of payments position and large reserves of foreign currency. The country's economic strength, however, is offset by an extremely high rate of inflation, between 150% and 165% in 1978.
2. Argentina cannot be considered a sizeable potential market for future Canadian fish exports. Traditionally, the Argentinians are not fish eaters, with a per capita average of only five to six kilograms per year.
3. The people much prefer to eat beef, which they consume at the rate of 100 kilograms per capita annually. In Buenos Aires there are only 400 retail outlets selling fish, compared with 25 000 that sell meat.
4. A declared policy of the Argentine government is to promote greater domestic consumption of fish so that the country's fisheries industry does not have to rely so heavily on exports. However, even if the program does result in greater domestic demand it could no doubt be met by the domestic industry, and thus there would still be few prospects for significantly increased exports of fish to Argentina.
5. Canadian firms at present export no fish products whatsoever to Argentina. In fact for all practical purposes, Argentina can be regarded not as a significant potential customer for Canadian products, but as a competitor in the world fish export market.
6. This does not mean, though, that Argentina should completely be ignored as a market. There may be outlets for limited quantities of canned, smoked and frozen salmon, canned lobster, lobster paste, herring and mackerel. Sales of any of these varieties, however, would not be great.



7. Canada and Argentina compete in sales of squid to Japan and Spain. In Spain, it would appear that Argentine-Spanish joint-venture companies have the advantage. There is direct competition also from Argentine frozen hake (whiting) blocks versus Canadian cod blocks. Argentine hake blocks have been making major inroads into the United States market, and all indications point to continuing and growing competitive pressure on Canadian sale of cod blocks.

8. There is a lack of adequate scientific information on the extent of resources in Argentine waters, and the government has initiated research to rectify this situation. Agreements were signed with West Germany and Japan to carry out research projects, and in return these two countries were given cat. quotas from Argentine southern waters. More recently, an agreement has been signed with the Soviet Union to conduct research, and the Argentine government in addition has imposed a 2% tax on all fish exports to help finance its own scientific surveys.

9. What facts are known indicate that the more abundant stocks are in Argentina's northern waters. The government believes there is a potential total allowable catch of 1 million to 1.5 million tonnes, of which 750 000 to 800 000 would be hake. The other major species is squid, but the extent of the stock is not known. The squid catch for 1980 could be as great as 85 000 tonnes.

10. The Argentine government is anxious to develop a land-based fishing industry in the southern part of the country. The reasons are partly political, because the region is sparsely populated and the government wants to encourage population growth. Establishment of a fishing industry with onshore handling and processing facilities is seen as the means of achieving this objective. How successful this project will be is uncertain. Among other things there is much disagreement as to whether the southern waters have sufficient stocks to support an industry.

11. The fishing industry has grown steadily and has been able to sell increasing quantities of fish on the export markets.

APPENDICES

APPENDIX I

THE ARGENTINE FISHING FLEET

The Argentine fishing fleet consists of three types of vessels: small wooden boats, which deliver their catch daily; trawlers, 35 to 50 metres in length and factory-freezer and freezer vessels.

The policy of the government is to replace the wooden inshore vessels with 22-metre side trawlers. For every five or six wooden vessels retired, one side trawler will be introduced, with government financial assistance, if necessary.

There are at present 10 factory-freezer vessels and 30 freezer vessels operating in Argentina under joint venture arrangements. All the vessels were built before 1976 and the average age is 12 years.

Argentine companies traditionally purchased vessels outside the country at favourable prices. For example, one 40-metre stern trawler was bought from Spain at a cost of US\$2.5 million. The Argentine government, however, no longer permits the importation of fishing vessels, but requires that they be built in Argentina, much to the dismay of the industry, as the price is considerably higher.

APPENDIX II

ARGENTINE JOINT VENTURE FISHERIES COMPANIES

TABLE A-1

Capecta Fleet (Argentina)

Company	Vessels	Foreign investor foreign	G.R.T.	Annual landings tonnes(E)	Total number of sailings per year
Antartida	4	Spain 40%	4.724	18 800	24
Pesquera Ind.					
Argenpez	1	Spain 49%	849	7 500	8
Bajamar	1	--	874	5 000	5
Cla. Arg. Produc de Pescado	1	--	914	4 000	8
Conarpesa	3	Spain 49%	1.280	9 200	50
Frumar	2	Spain 40%	2.338	13 784	10
Harengus	1	FRG. 49%	879	6 000	6
Helleno Arg.	1	Greece 25%	1.480	5 000	5
Mayorazgo	1	Spain 40%	420	3 000	12
Mediterranea	2	Spain 49%	1.208	5 400	12
Pesq. Cono Austral	5	Spain 40%	2.065	11 500	74
Pesq. del Atlantico	2	Spain 49%	1.641	12 000	12
Pesq. San Carlos	1	Spain 40%	1.610	7 800	6
Pesq. Santa Margarita	2	Spain 40%	1.397	9 600	15
Productos del Mar	3	Spain 49%	5.278	21 500	20
Transhue	2	Spain 49%	1.856	8 500	11
Ventura	1	--	1.442	5 000	5
Alpesca	2	Spain 40%	904	9 000	43

E = Estimate

Source: G.R.T., Gross Registered Tonnage

