

The Filthy Five

Part 1

Salmon from Nutreco The salmon industry in Chilean waters

Amsterdam, the Netherlands



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Resumen en español

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The Filthy Five - foreword on the series

This is the first of a five-part series from Friends of the Earth Netherlands (Milieudefensie), titled *The Filthy Five*. *The Filthy Five* is about large Dutch enterprises and their connection with environmental problems abroad. The other four parts will be published later in 2002 and 2003.

Each of these companies claims that they follow the rules and most also state that they now have their own environmental and social policy.

But the real issue is how these companies behave in their day-to-day practices. Do they do business in a socially responsible manner? Do they indeed obey the laws of the countries in which they operate? Do they do business in accordance with OECD guidelines¹, ILO conventions² and their own policy? Or do they merely pay lip service to these regulations while their actions prove otherwise?

And what happens when their activities are not clearly legislated? Some countries simply have not formulated strict environmental policies or these policies are not uniformly enforced. And to what degree do Dutch companies feel responsible for the business practices of their suppliers and subcontractors?

In *The Filthy Five* Friends of the Earth Netherlands (FoE Netherlands) shows that large Dutch enterprises sometimes sound far better and more environmentally responsible than they actually are. Companies often espouse noble-sounding policies in their glossy environmental annual reports, but cause environmental pollution, societal problems and destroy nature in developing countries, where legislation is weak or not enforced - practices which would be totally unacceptable in the

Netherlands. Companies regularly ignore national legislation and international agreements. A number of these companies is also negligent concerning labour conditions for their own employees.

FoE Netherlands hopes that bringing attention to these problems will, in the first place, put pressure on the companies to solve existing problems. Enterprises should behave as decently in developing countries as they do in the Netherlands.

In addition, we want to demonstrate that in order to prevent these kinds of problems in the future it will be necessary to establish internationally binding rules for companies. All too often companies take advantage of the fact that legislation is lacking or do not uphold existing regulations. Local communities, employees, nature and the environment pay the price. Binding legislation must offer protection against this. In addition, citizens and interest groups must be able to hold companies responsible for their activities. It is the task of the Dutch government to address these issues and to advocate them in an international context.

Paul de Clerck
Campaign leader 'Globalisation and Environment' for FoE Netherlands

Executive summary

The Dutch concern Nutreco is the world's leading producer of salmon. The company has salmon farms in Norway, Scotland and Chile, among other places. This booklet deals with the company's activities in Chile, where its salmon farms operate under the name of Marine Harvest Chile. In addition to salmon farms, Nutreco also has a fish processing plant and fish feed production plants in Chile.

FoE Netherlands went to Chile to investigate the situation, together with Chilean NGOs. It discovered that the salmon farms are the cause of major environmental problems. Salmon farming is a relatively new industry with similar problems to those already experienced by other large agribusinesses. Great quantities of antibiotics and chemicals cause serious water pollution. The release of salmon excrement and excess feed into the water contribute to this pollution. This regularly causes excessive and toxic growth of algae, which has already been responsible for one death. Escaped salmon feed on indigenous species. Because of this and the fact that large quantities of local fish are used for the salmon feed, numbers of indigenous fish species are decreasing.

Not only does Marine Harvest Chile cause environmental problems, labour conditions are lacking as well. Employees have let FoE Netherlands know that the company makes life as difficult as possible for unions. But conditions are worst of all for those employed by subcontractors and suppliers. Marine Harvest claims that its subcontractors must abide by the same standards as they do and says it knows nothing of abuses by these companies.

FoE Netherlands' investigation found that Nutreco does not play by the rules. The Chilean Fisheries Law has been repeatedly broken. While the government turns a blind eye to this, it is no excuse for breaking the

law. Moreover, the company does not always abide by ILO conventions³, the OECD guidelines for multinational businesses and even its own policies at times.

FoE Netherlands believes that Nutreco must comply with the following basic conditions:

1. Nutreco takes responsibility for the entire chain of production, and so also for its subcontractors;
2. Nutreco applies the same standards worldwide for labour conditions and social and environmental policy;
3. Nutreco initiates an independent investigation into the environmental effects of Marine Harvest's fish farms on the ecosystems of lakes and the sea;
4. Nutreco publishes a complete environmental impact assessment for each new fish farm or expansion;
5. Nutreco complies with Chilean law and relevant international conventions, including environmental, labour and union regulations;
6. Nutreco complies with the OECD guidelines, including guidelines on the environment, union regulations and consultation;
7. Nutreco allows public access to all information relevant to the public, as well as grants employees access to all information which is relevant for them, including information on the locations of salmon farms, the quantities and various types of antibiotics used and financial information;
8. Nutreco pays the costs of restoring the locations of the fish farms to their original state and compensates the damage which the farms have caused;
9. Nutreco respects the rights and wishes of the local population;
10. Nutreco stops its expansion of salmon farms until the measures listed above have been taken.

It is time for the company to put its affairs in order. The measures listed above are a good start. Only then can Nutreco live up to the policy it formulated in its 'Social and Environmental Report 2001'.

Introduction

'We are proud of our record in Chile as socially responsible and environmentally sensitive'
Nutreco, Social and Environmental Report 2001

Nutreco Holding N.V., a company of Dutch origin, is the world leader in farmed salmon. The company has farms, feed production plants and processing plants (which filet and pack the fish) in Chile, Scotland, Norway, Ireland, France and Canada. Nutreco tries to retain as much control possible over the production of fish feed and processing of the fish. The firm acknowledges its responsibilities towards clients, transporters, suppliers, consumers, society and nature. These responsibilities concern health, (food) safety, quality, animal welfare and the environment. A feeling of pride in the company's policies is reflected in their public relations publications⁴.

Nutreco takes credit for approximately 20% of the world's production of one million tonnes of farmed salmon per year. Total consumption of salmon is about two million tonnes per year. Half of this is farmed salmon while the other half is wild. In 2001 the world's production of

farmed salmon made a huge leap forward. Consumption could not keep up, causing salmon prices to fall sharply.

In producing this booklet FoE Netherlands worked together with NGOs⁵ in Chile. The author travelled to Chile to personally investigate the situation. For her study she spoke with the director of Nutreco in Chile, the Ministry of Labour, local government officials, researchers, unions and fishers. FoE Netherlands also spoke with Nutreco in the Netherlands.

Chapter 1

Nutreco in Chile: the salmon industry

In Chile Nutreco is called Marine Harvest Chile. Marine Harvest is Chile's largest producer of salmon. The company is responsible for about 15% of all farmed salmon in Chile, approximately 90,000 kilos per year. Most of Marine Harvest's Chilean salmon is exported to the United States and Japan; production increased by 45% in 2001. Production and processing are concentrated in the 10th Region, a lake district located about 1,000 kilometres south of the capital Santiago de Chile. Marine Harvest has 29 seaside salmon farms in the 10th Region and seven fresh-water farms for salmon and trout, though the company will not disclose the exact locations of its farms. The main offices of the salmon industry are located in Puerto Montt and the island of Chiloé. Marine Harvest Chile's offices are in Puerto Montt.

In the wild, salmon are born upstream in fast-flowing rivers and brooks. After the eggs have hatched, the young salmon remain there for one to three days, until the river carries them off to the ocean. After living for two to five years in the ocean, the adult salmon swim back up the river to reproduce and the cycle is repeated.

Not so on the fish farms. The life of a newly hatched salmon begins in one of six hatcheries, where the eggs are produced. The fertilized eggs are transported to fresh-water farms, where the young salmon grow in large tanks, until they are big enough to be placed in the lakes. The salmon, which in the wild have a range of thousands of kilometres, are crowded into pens in groups numbering thousands. After about two years the salmon weigh four kilograms and are ready for consumption. They are brought to the factory to be processed into filets and steaks. The best producers can get the salmon up to consumption weight in 20 months, according to Nutreco.

Chapter 2

Environmental problems

'To begin, we are developing a Code of Conduct for Nutreco Aquaculture that will contribute to the innovation process and to the establishment of a truly consumer-orientated, ecologically sound, and animal-friendly business, which can rely on public and political acceptance and thus its licence to farm'. Hans den Bieman, Nutreco

Salmon farms cause environmental problems in every country, though some countries have stricter environmental regulations than others. In Chile water quality in the lakes and sea is a major problem. Nutreco uses large quantities of chemicals on the farms to combat disease. Because the water in the lakes is not free-flowing, as it is in the sea, toxic wastes, salmon excrement and excess feed accumulate at the bottom of the lakes and cause serious water pollution. But pollution is considerable in the sea too, especially in the 10th Region. Antibiotics and chemicals slowly poison the water. There are regular outbreaks of excessive and sometimes toxic algae growth. Numbers of indigenous fish species are decreasing, because many are used for fish meal to feed the salmon and escaped salmon feed on them as well. Local fishers are the first to suffer damage from this situation.

Chemicals

. Antibiotics

Disease is a problem for all large agribusinesses, and farmed salmon are far more likely to suffer from disease than salmon in the wild. When salmon become infected, antibiotics are added to their feed. Since it is not possible to treat only the infected salmon, antibiotics are given to all the salmon, sick or not. This feed is released into the water, where some of it remains on the bottom; traces of antibiotics also remain in the salmon excrement. For some antibiotics only 20% is absorbed by the fish⁶; the rest slowly poisons the water in the lakes.

Last year Marine Harvest's fish farms in Chile suffered from the disease Rickettsia (or SRS) for which there is no vaccine. The company used large doses of antibiotics to bring the disease under control. As long as no vaccine for SRS exists, Marine Harvest will continue to feed the salmon antibiotics when SRS bacteria is a problem.

Residues from oxytetracycline⁷, another antibiotic used on Marine Harvest Chile's farms, have been found in farmed salmon in Scotland⁸. A number of studies have found that harmless bacteria on the sea or lake bottom of salmon farms have developed a resistance to antibiotics⁹. Antibiotics resistance can be carried through the food chain and can eventually threaten man and other animals, since this resistance negates the effectiveness of antibiotics to treat certain diseases.

. Combatting sea lice

A sea louse is a deadly parasite which attaches itself to the skin of the salmon. Sea lice also occur in the wild, but the outcome is then not fatal. Marine Harvest Chile uses the substance emamectin¹⁰ to combat sea lice. Emamectin is described by the chemical industry's *Safety Data Sheets* as a marine pollutant¹¹. Moreover, the initial findings of an ongoing investigation have shown that emamectin is probably much more toxic than originally thought¹² and thus may be fatal for a number of sea creatures.

Nutreco will not disclose the quantities of antibiotics and other substances the company uses in Chile (and other countries) to combat infection. Nor can this information be found in their *Social and Environmental Report 2001*, even though the use of large amounts of antibiotics and other medicines is a leading cause of environmental damage associated with salmon farming.

. Antifouling

To protect the nets on the sea farms from the growth of algae and shellfish, antifouling is used. This term includes a number of highly toxic substances, which are also used for boats. Marine Harvest uses antifouling on a third of its nets in the sea, and according to the company, this is the absolute minimum. In Scotland copper and zinc from antifouling substances have been found on the ocean floor of the salmon farms, in quantities 20 times higher than the safe limits set by the Scottish government¹³.

. Chlorine

During our visit employees of Marine Harvest Chile reported to FoE Netherlands that each of Nutreco's production plants uses 25 litres of chlorine daily for cleaning purposes, and that this chlorine is discharged directly into surface waters. That means that for Marine

Harvest Chile's two plants more than 12,000 litres of chlorine is released into the water per year. The company denies this¹⁴, claiming that the water is purified before release.

. Other chemicals

Marine Harvest Chile has the highest total amount of chemical waste and oil of all of Nutreco's operations: more than 64 tonnes in 2001¹⁵, including disinfectants and cleaning preparations. The rest of the waste consists of toner, batteries, paint, motor oil, etc. If cleaning preparations are excluded, the amount is more than 40 tonnes, which is still nearly twice as much as that of the company's salmon farms in Norway¹⁶, with a comparable production¹⁷.

'The fish farms in Chile have been developed without any environmental regulations'. Alejandro Buschmann, University of Los

Excessive algae growth

Nutreco has fish farms in a number of lakes and in the ocean. Increasing scientific research indicates that the growth of algae is stimulated by increased nutrients such as nitrogen and phosphorus which come from excrement and excess feed¹⁸. The WWF has calculated that for every tonne of farmed salmon produced, approximately 100 kilograms of nitrous wastes are released into the water¹⁹.

Excessive algae makes water murky, preventing the growth of some types of plants and upsetting the natural balance between various kinds of fish²⁰. Before fish farms were established in Chile, excessive algae growth was intermittent, remaining limited to about one month per year. Since the fish farms have been established this growth may occur as often as seven months of the year²¹. Nutreco admits that the amount of nutrients in the water affects algae growth but denies that the fish farms are the cause of the problems²².

In the sea, too, there is excessive algae growth which can be blamed on the nearby fish farms²³. Besides a non-toxic form of algae growth, toxic algae also form. Scientific studies have shown a link between the excessive growth of toxic algae and the fish farms²⁴. One result is that shellfish become unfit for human consumption. In early 2002 one Chilean resident died and four others suffered from food poisoning after eating toxic shellfish. The shellfish had come from the nets of a fish farm and was 150 times above the level regarded as safe²⁵. Shortly thereafter another 13 people showed symptoms of food poisoning.

Decrease of indigenous fish varieties

Small-scale fishers in the 10th Region are gravely concerned about the survival of indigenous fish. The decline has two causes, which are directly connected with the farms. First, great numbers of salmon regularly escape from the farms: in 2001 27,500 salmon escaped from Marine Harvest's fish farms in Chile²⁶. Salmon are predators, and feed on indigenous species in the area. The sharp decline of a small white fish called a *puye* and a type of shrimp is a particularly hard blow for local fishers. Nutreco denies a connection with escaped salmon.

A second cause of the decline of indigenous fish varieties is the large numbers of fish used for salmon feed. Nutreco estimates that 2 to 4 kilograms of other fish are needed to produce one kilogram of salmon²⁷.

In Chile sardines and anchovies are often used. It is acknowledged that numbers of these two varieties are in sharp decline in the Pacific Ocean, where the fish for the Chilean feed is caught²⁸.

Colouring agents with genetically manipulated ingredients

Artificial colour is added to farmed salmon, because it lacks the attractive pink colour that wild salmon has. Nutreco looks for 'natural' replacements for what currently are mostly chemical products, and believes it has found them in two new products: one made from yeast and one from algae. However, the algae product is produced through genetic manipulation²⁹. Nutreco guarantees that the salmon feed it uses in its European farms is 100% GM-free, because 'Europe' is against genetically manipulated feed. There is less resistance in the rest of the world, so Nutreco sells its feed containing genetically manipulated ingredients there.

Sea lions

Sea lions cause big problems in the Chilean salmon farms, attacking the nets and breaking them open to get to the salmon. In doing so they often get entangled in the nets and drown. Marine Harvest uses special nets, which don't trap the sea lions. But according to an investigator who has studied the relationship between salmon farms and sea lions, such incidents could still occur³⁰.

Chapter 3

Social problems: labour conditions

Much of the information in this chapter comes from employees³¹ of Marine Harvest Chile and its suppliers. The employees who wanted to speak to FoE Netherlands were sometimes afraid of reprisals. This fear was not misplaced: after FoE Netherlands sent a letter to Nutreco following our visit to Chile, some of Nutreco's employees were told they had given FoE Netherlands incorrect information. In addition, the company linked FoE Netherlands's demand that Marine Harvest do business in a more sustainable manner (see Chapter 6) to a possible loss of jobs. The employees maintained that they had only told the truth. They requested a copy of the letter from FoE Netherlands, but were refused.

Salaries

Nutreco claims that its employees in all the countries it operates in earn more than the legal minimum wage.³² The legal minimum in Chile is Ch\$ 105,000 (about 160 euros) per month. However, the base salaries in Marine Harvest's plants are lower. The example shows an amount of Ch\$ 90,100 (137 euros)³³.

Trade unions

Nutreco's official policy states that employees in all countries may become members of a union of their own choosing³⁴. Unfortunately, reports from employees in Chile paint a much less rosy picture.

According to employees, newly hired workers must sign a contract declaring that they will not join the union. The workers sign the contract because they need the job. Marine Harvest Chile has its own trade union, standard practice in Chile. Certain occupational groups are prohibited from joining a union. According to Marine Harvest Chile their duties differ too much from those of other union members, such as

for example, repair and administrative personnel. Moreover, Marine Harvest Chile forces the trade unions at its various branches to negotiate wage levels at different times, so the union can't work with all company employees at the same time and negotiate a stronger collective labour agreement. This means there are sharp differences between labour agreements in Marine Harvest's branches - the company uses 'divide and conquer' politics, according to company employees.

Strike

In October 2001 there was a strike in the processing plant in Puerto Montt, which led to a hunger strike in which nearly a hundred people took part. The key issue was a pay rise, to bring the base salary up to the legal minimum wage. This demand was rejected. Some of the hunger strikers had to be treated in hospital after the strike ended, and more than 60 people were dismissed, according to Nutreco, for a 'loss of trust'³⁵. But trade unions and NGOs told FoE Netherlands that this is not a valid reason for dismissal in Chile.

Suppliers and subcontractors

Marine Harvest Chile regularly works with other companies to process its salmon. Labour conditions are often extremely difficult in these companies. Marine Harvest says that suppliers and subcontractors must at least adhere to the same standards it does, though in practice this does not turn out to be the case.

Abuses are the order of the day. Employees regularly work more hours than the legal limit, which is eight hours per day plus two hours overtime, up to a maximum of 48 hours per week. But Marine Harvest does business with companies that have workdays of up to 14 hours, and this is even standard practice during the peak periods between September and January. The plants are cold and the work is heavy. Nonetheless, subcontractors do not consider it necessary to provide workers with protective clothing, even though temperatures are under 0°C. Large knives are used for fish filleting without any protection for the hands, and accidents regularly occur.

Unions are not permitted in these companies. They do exist, but are undercover.

Eighty per cent of employees are women and many told of incidences of sexual intimidation in the workplace. They don't dare to formally complain, however, for fear of losing their jobs.

Marine Harvest Chile says it monitors its subcontractors to ensure they uphold the same standards. But this is only done by providing the company's management with a questionnaire³⁶. Marine Harvest does not question the answers it gets from the director of a factory or farm. The management of Marine Harvest knows nothing of the grave abuses FoE Netherlands heard about.

Chapter 4

Relevant legislation

Chilean NGOs and employees of Marine Harvest Chile argue that the company does not always comply with legislation. They refer to Chilean law, which the company claims to comply with.

But international agreements also exist, such as those of the ILO, or the OECD guidelines for multinational enterprises. While OECD

guidelines are voluntary, the ILO conventions are binding in countries which have ratified them, including Chile. This means that companies must comply with them, and that the Chilean government is charged with ensuring that this is done. This chapter lists legislation relevant to Marine Harvest Chile's activities. In chapter 5 we examine whether the company complies with this legislation.

Chilean law

. Fishery law³⁷

Two articles of the Chilean fishery law are relevant in this connection, on the five-mile zone and on traditional fishing territories. These two articles are intended to protect small-scale fishers from industrial fishery. Nonetheless, the government appears to have granted numerous permits for large-scale fish farms in locations which, on the basis of these two articles, should have been reserved for small-scale fishers.

Five-mile zone (Art. 47)

A zone of five sea miles inshore is reserved for small fishers. No other fishery activities are permitted there.

Traditional fishing grounds (Art. 67)

According to this article no fish farms may be located in areas of traditional fishing grounds, shell deposits or natural seaweed habitats.

. Environmental impact assessment

Chilean law makes a distinction between an environmental impact assessment and an environmental impact study. An environmental impact study is not very detailed and does not examine the impact on the environment in depth. An environmental assessment is quite substantial and contains extensive sections on environmental and social impacts. The government requires only that an environmental impact study be carried out before establishing or expanding a salmon farm, even in sensitive locations.

. Concession

The Chilean government issues a salmon farm a permit, or concession, which describes the location occupied by the farm and its maximum area.

ILO conventions³⁸

The International Labour Organization (ILO) is part of the United Nations. The ILO makes efforts to advance social justice and internationally recognised human and labour rights. It formulates minimum labour standards, which are endorsed by countries in the form of conventions. The Chilean government has endorsed (among others) two conventions concerning the rights of unions: freedom of association and the right to organise. This means that the Chilean government can demand that companies uphold these rights. However, this does not often happen.

. Freedom of association (ILO convention 87)

Employees have the right to choose for themselves which organisations they want to join or to establish, without prior permission.

. The right to organise (ILO convention 98)

Employees are protected against anti-trade union activities in the workplace, such as for example, protection from dismissal. This applies mainly if pressure is placed on an employee to not join a union, under penalty that his/her contract will not be signed or extended.

OECD guidelines

A few years ago the Organisation for Economic Cooperation and Development (OECD)³⁹ revised its guidelines⁴⁰ for multinational enterprises. These guidelines are directed at enterprises from OECD countries, such as Nutreco, to ensure that such enterprises act in a socially and environmentally responsible manner wherever they operate in the world. These guidelines are voluntary, and consequently not all companies comply.

The following guidelines are relevant in this case:

. Environment

Enterprises should ... take due account of the need to protect the environment, public health and safety ... In particular they should:

- Consistent with the scientific and technical understanding of the risks, where there are threats of serious damage to the environment, taking also into account human health and safety, not use the lack of full scientific certainty as a reason for postponing cost-effective measures to prevent or minimise such damage (V,4);
- Assess, and address in decision-making, the foreseeable environmental, health, and safety-related impacts associated with the processes, goods and services of the enterprise over their full life cycle. Where these proposed activities may have significant environmental, health, or safety impacts, and where they are subject to a decision of a competent authority, prepare an appropriate environmental impact assessment (V,3);
- Taking into account concerns about cost, business confidentiality, and the protection of intellectual property rights: engage in adequate and timely communication and consultation with the communities directly affected by the environmental, health and safety policies of the enterprise and by their implementation (V,2a).

. Employment and industrial relations

Enterprises should, within the framework of applicable law, regulations and prevailing labour relations and employment practices:

- Respect the right of their employees to be represented by trade unions and other bona fide representatives of employees, and engage in constructive negotiations, either individually or through employers' associations, with such representatives with a view to reaching agreements on employment conditions (IV,1a);
- Provide facilities to employee representatives as may be necessary to assist in the development of effective collective agreements (IV,2a);
- Provide information to employee representatives which is needed for meaningful negotiations on conditions of employment (IV,2b);
- Provide information to employees and their representatives which enables them to obtain a true and fair view of the performance of the entity or, where appropriate, the enterprise as a whole (IV,3).

. General policies

Enterprises should take fully into account established policies in the countries in which they operate, and consider the views of other stakeholders. In this regard, enterprises should:

- Develop and apply effective self-regulatory practices and management systems that foster a relationship of confidence and mutual trust between enterprises and the societies in which they operate (II,7);
- Encourage, where practicable, business partners, including suppliers and sub-contractors, to apply principles of corporate conduct compatible with the *Guidelines* (II,10).

*Nutreco's policy*⁴¹

Nutreco has formulated its own policies in the areas of health, safety, environment and quality.

Of these, the most relevant point is:

- Application of the principle of sustainability as motivation for continuing improvements in the area of environment.

In addition to this the company has formulated policy in many other areas⁴². Relevant is:

- Nutreco complies with the rules and laws of the countries where it conducts activities;
- Nutreco makes no distinction between labour standards in the Netherlands, Chile, Norway or anywhere else⁴³;
- In all countries, Nutreco employees earn more than the legal minimum wage;
- Nutreco endorses the standards set in specific ILO conventions;
- Nutreco's employees are free to join a trade union of their choice;
- Transparency is Nutreco's intention.

Chapter 5

In what way does Nutreco not comply with legislation?

In talks with Nutreco FoE Netherlands has tried to convince the company of the necessity for improving conditions in Chile, in social and environmental areas and concerning labour conditions in the salmon farms and plants. Little progress was made: even where Nutreco says it complies with the Chilean law and international conventions, the situation is problematic.

Environment

Marine Harvest Chile does not always uphold Chilean law. Small-scale fishers pay the price - they suffer because they can no longer fish in their traditional fishing spots and because the local environment has become polluted. The government, which is only interested in the economic development of the area, tolerates the establishment of fish farms in places where they are legally prohibited.

In the first place Marine Harvest Chile does not respect the five-mile zone reserved for small-scale fishers. All of Marine Harvest's fish farms are located inshore. Although the government permits this, probably for economic reasons, this is not justification for Marine Harvest to break the law.

In the second place, a number of the farms are very likely located in areas of traditional fishing grounds, shell deposits or natural seaweed habitats. This accusation comes from fishers, sport fishers and divers. Unfortunately, Nutreco has refused to disclose the exact locations of its farms, so the local population is not able to compare these with its data on fishing territories.

In the third place, at least one of Marine Harvest's fish farms, Domeyko on Llanquihue lake, occupies a much larger area than officially granted by the concession. The concession consists of an area of 200 by 400 metres. Local fishers have checked this measurement: they discovered that Domeyko occupies an area of 400 by 800 metres, four times greater than the space allotted by the concession. Marine Harvest Chile denies this.

In all the situations described above it is local fishers who pay the price. Marine Harvest Chile has admitted that it has not even tried to address these issues with the fishers, who have made their opposition to the fish farms clear⁴⁴.

Nutreco is in violation of a number of the OECD guidelines for multinational enterprises. Although these guidelines are voluntary, it is the intention of governments that multinationals adhere to these guidelines.

The OECD guidelines state that a company may not use the lack of full scientific certainty as a reason for postponing cost-effective measures to prevent or minimise such damage. However, this is exactly what Nutreco does, or it simply denies the allegations of environmental groups. This happens for example with problems concerning excessive and toxic algae growth or the decrease in indigenous fish species. In this way the company avoids adopting measures which could prevent or limit damage. Nonetheless, a great deal of scientific evidence worldwide now shows that salmon farms can cause serious damage to the environment⁴⁵.

The OECD guideline on environmental impact assessments states that an appropriate environmental impact assessment must be carried out if the activities engaged in have significant impact on the environment, public health or safety. Here too the company makes use of a lack of full scientific certainty. Marine Harvest Chile produces only environmental impact studies instead of more extensive environmental impact assessments. In this way the company hides behind the Chilean government, which only requires environmental impact studies. However, there is adequate reason to assume that the activities the company engages in could indeed have significant consequences for the environment, public health or safety⁴⁶.

In accordance with the OECD guidelines the company should engage in dialogue with the community which is directly affected by its activities. But Marine Harvest Chile has no contact with the fishers or the tourist industry directly affected by its activities. The company considers it sufficient that the industry trade organisation occasionally holds talks with the affected tourist sector. The company has no contact whatsoever with fishers⁴⁷.

Nutreco's policy states that 'the application of the principal of sustainable motivation [is] towards continuing improvement in the area of environment'. The accepted definition of sustainability is: 'Development that meets the needs of the present without compromising the ability of future generations to meet their own needs'⁴⁸.

Operating in a way that slowly poisons the lakes and seas of Chile cannot be considered sustainable. Nor can the breeding and keeping of animals in poor conditions be called sustainable development. And the urgently needed 'continuing improvement in the area of the environment' threatens to come too late - the ability of future generations to meet their needs may be endangered by the activities of this generation of salmon producers.

Social

Marine Harvest Chile does not adhere to legislation concerning social welfare either. The company breaks Chilean law and ignores ILO conventions and OECD guidelines.

After the strike in the fish processing plant in Puerto Montt about 60 employees were fired, according to the management due to 'loss of trust'. But FoE Netherlands was told by NGOs and trade unions that this is not legal grounds for dismissal in Chile.

Nutreco's official policy upholds the standards set by ILO conventions. Employees may, according to the company, become members of a trade union of their choice. However, employees have reported to FoE Netherlands that this is often not the case. Thus, Marine Harvest Chile does not act in accordance with its own policy.

In the areas of employment and labour relations as well, Marine Harvest Chile does not uphold a number of OECD guidelines. Nutreco makes it as difficult as possible for the trade unions to negotiate effectively with the company. The company has its own union, a common practice in Chile. But company employees told FoE Netherlands that not all occupational categories are permitted to join the union, while OECD guidelines stipulate free choice to join a union. Other employees have been made to sign a contract stating that they will not join the union. In this way the company also is in violation of an ILO convention

signed by Chile, which supports freedom of association and the right of employees to organise.

According to OECD guidelines, trade unions have the right to use the necessary means to effectively develop collective labour agreements. Marine Harvest Chile practises 'divide and conquer' politics, and does not allow trade unions to engage in effective collective bargaining negotiations, which is probably intended to prevent fair collective labour agreements from being negotiated.

For negotiation to be effective, management must provide employees with pertinent information. During the strike the management refused to grant workers a pay rise, stating that they couldn't afford it. But the union has stated that it was refused access to the company's financial records.

In addition, OECD guidelines explicitly state that where possible the company should stimulate suppliers and subcontractors to adopt codes of conduct which are compatible with the guidelines. Given the fact that grave abuses committed by Marine Harvest's subcontractors apparently go on unnoticed, it is obvious that the adoption of such a code of conduct is not being stimulated.

According to the guidelines, a company should facilitate a relationship of mutual trust between the company and society, through self-regulation and management. Only if 'society' is taken to mean the Chilean government, is this guideline complied with. However, society is comprised of diverse local social and occupational groups. Given the large number of complaints heard by FoE Netherlands (from NGOs, employees, fishers, sport fishers, etc.) it seems certain that many members of society lack faith in Marine Harvest.

Nutreco's formulated policy states that it complies with the laws of the countries in which it has activities and that it makes no distinction between labour standards in these various countries. Nonetheless, it is difficult to imagine that the abuses described above could take place in countries such as Canada, Norway, and the Netherlands, where Nutreco is also active.

Finally, the company also comes into conflict with its own policy in the area of transparency. Nutreco states that it wants to be transparent, but refused to tell FoE Netherlands where its salmon farms are located, as well as what quantities of antibiotics it uses in various countries. This information is crucial for the company's neighbours and for NGOs. A company which refuses to disclose such information cannot be called transparent.

Chapter 6

What does Friends of the Earth Netherlands want?

The first thing that FoE Netherlands wants, along with Chilean NGOs, is that all of Nutreco's plants and fish farms comply with existing legislation. But further, FoE Netherlands wants salmon production to take place in a humane and environmentally responsible manner.

Nutreco must solve all the problems facing its fish farms and plants in Chile, which also means that the company must comply with the following basic conditions:

1. Nutreco takes responsibility for the entire chain of production, and so also for its subcontractors and suppliers;
2. Nutreco applies the same standards worldwide for environmental and social policy and labour conditions;
3. Nutreco takes the initiative for an independent investigation into the environmental effects of Marine Harvest's fish farms on the ecosystems of area lakes and the sea;
4. Nutreco publishes a complete environmental impact assessment for each new fish farm or expansion;
5. Nutreco complies with the Chilean law and relevant international conventions, including environmental, labour and union regulations;
6. Nutreco complies with the OECD guidelines, including guidelines on the environment, union regulations and consultation;
7. Nutreco allows public access to all information relevant to the public, as well as grants employees access to all information which is relevant for them, including information on the locations of salmon farms, the quantities and various types of antibiotics and other chemicals used and financial information for the trade union;
8. Nutreco pays the costs of restoring the locations of the fish farms to their original state and compensates the damages which the farms have caused;
9. Nutreco respects the rights and wishes of the local population;
10. Nutreco stops its expansion of salmon farms until the measures listed above have been taken.

FoE Netherlands has presented these demands to Nutreco, and Nutreco agreed to meet some of them. During a meeting⁴⁹ agreement was reached on the following demands from FoE Netherlands: Nutreco must take responsibility for the entire chain of production (point 1), Nutreco must apply the same standards worldwide for environmental and social policy and labour conditions (point 2), Nutreco must comply with Chilean law and relevant international conventions (point 5) and Nutreco will allow access to information (point 7). These points are also in accordance with Nutreco's own stated policy⁵⁰. However, as the previous chapters illustrate, this is only a sign of good intention.

Of the remaining demands some were refused outright by Nutreco; for the rest the company stated it would have to investigate or set conditions. To FoE Netherlands's demand that the company first take measures to put its affairs in order before establishing any new fish farms or expanding existing ones, Nutreco simply said 'no'. FoE Netherlands finds this unacceptable. If it turns out that flagrant violations of even the points Nutreco and FoE Netherlands agreed on continue, then the least the company can do is not take any further action until they put their affairs in order.

Resumen en español

La empresa holandesa Nutreco es el mayor productor de salmónes del mundo. Sus centros de cultivo de salmónes se encuentran entre otros lugares en Noruega, Escocia y en Chile. Este librito versa sobre las actividades de la empresa en Chile, donde los centros de cultivo de salmónes operan bajo el nombre de Marine Harvest Chile.

Amigos de la Tierra Holanda (Milieudefensie), en cooperación con ONGs en Chile, investigó el estado de las cosas en Chile. De ello se ha desprendido que los centros de cultivo de salmones generan impactos graves y permanentes sobre los ecosistemas. Antibióticos, productos químicos, excrementos y restos del alimento causan una ingente contaminación de las aguas, la que causa un excedente crecimiento de algas tóxicas, por lo que ya hubo un muerto.

Los salmones son animales de presa. Ya que muchos salmones escapan de los centros de cultivo y ya que se necesitan muchas peces en la producción de alimento, se disminuye la abundancia de varias especies de peces.

Asimismo dejan que desear las condiciones laborales. La empresa amarga la vida a los sindicatos. Pero peor suerte les toca a los empleados de proveedores y subcontratistas. Aunque Marine Harvest afirma no saber nada de abusos en esas empresas.

Nutreco no se atiene a las normas. A menudo se transgrede la Ley General de Pesca y Acuicultura. Además la empresa no se atiene siempre a los tratados-ILO (International Labour Organization), las líneas directrices del OCDE para empresas multinacionales y ni siquiera a la política empresarial.

Amigos de la Tierra Holanda opina que Nutreco deba satisfacer un número de requisitos básicos a fin de hacer la salmonicultura más amigable con los hombres y con su entorno. La empresa deba responder de la entera cadena de producción, atenerse a las leyes y normas internacionales (ILO, OCDE), hacer que se realice investigación en los ecosistemas en cuestión, hacer completas evaluaciones ambientales, dar infomaciones relevantes, pagar para remediar el daño y respetar los derechos y deseos de la población circundante. Hasta que no se satisfagan las exigencias sobredichas, la empresa Nutreco debe dejar de ampliar los centros de cultivo de salmones a fin de arreglar los asuntos. No hasta entonces se pueda realizar la política desplegada en el *Social and Environmental Report 2001* del mismo Nutreco.

Para ulteriores informaciones véase:
<http://www.milieudefensie.nl/wto/publicaties/index.htm>

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¹ Organisation for Economic Cooperation and Development

² International Labour Organization

³ idem.

⁴ Nutreco: 2001b

⁵ Non-governmental organisation

⁶ Answer from Nutreco to questions posed by Milieudéfense on 29 May 2002

⁷ Answer from Marine Harvest Chile to questions posed by Milieudéfense on 25 March 2002: the company uses the following substances: oxolinic acid, flumequin acid and oxytetracycline

⁸ Staniford

⁹ Buschmann

¹⁰ Answer from Marine Harvest Chile to questions from Milieudéfense on 25 March 2002

¹¹ New Scientist (letters), 11 May 2002

¹² Natural History Museum: 1997, Scottish Association of Marine Science: 2002, Foss: 2002

¹³ Staniford

¹⁴ Answer from Marine Harvest Chile to questions from Milieudéfense on 25 March 2002

¹⁵ Nutreco: 2001b

¹⁶ For 2001 the unlikely amount of 0.00 tonnes chemical materials and oil was reported for the fish farms in Scotland

¹⁷ Nutreco: 2001b

¹⁸ Staniford, with reference to 18 publications on this subject, Buschmann

¹⁹ idem

²⁰ Open University

²¹ Mercurio, Publímetro, Llanquihue: 2002a

²² Answer from Nutreco to questions posed by Milieudéfense on 29 May 2002

²³ Buschmann

²⁴ Staniford, with reference to more than 20 publications on this subject

²⁵ Llanquihue: 2002b, Diario Aisen

²⁶ Letter from Nutreco to Milieudéfense, 18 March 2002

²⁷ Answer from Nutreco to questions posed by Milieudéfense on 29 May 2002

²⁸ Parlamento del Mar

²⁹ Answer from Nutreco to questions posed by Milieudéfense on 29 May 2002

³⁰ Answer from A. Buschmann to questions posed by Milieudéfense on 21 March 2002

³¹ Where possible this information has been checked with the management of Marine Harvest Chile and the Ministry of Labour in Santiago

³² Nutreco: 2001b

³³ The base salary is supplemented with production bonuses and a legally required allowance ('gratificación legal'), which is not connected with the legal minimum wage (Corrigo del Trabajo de Chile, artículo 47)

³⁴ Letter from Nutreco to Milieudéfense on 18 March 2002

³⁵ Letter from Nutreco on 18 March 2002 and verbal confirmation from Marine Harvest Chile to questions from Milieudéfense on 25 March 2002

³⁶ Answer from Marine Harvest Chile to questions from Milieudéfense on 25 March 2002

³⁷ Ley de Pesca, URL: <http://www.sernapesca.cl>

³⁸ ILO Conventions, URL: <http://www.ilolex.ilo.ch:1567/english>

³⁹ The OECD was established in 1961 and consists of 29 countries: Austria, Belgium, Canada, Denmark, France, Germany, Greece, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, UK, USA, Japan, Finland, Australia, New Zealand, Mexico, Czech Republic, Hungary, Poland and Korea. The European Commission also takes part in OECD activities. One of its objectives is to support policy that contributes to sustainable economic growth and labour opportunities.

⁴⁰ OECD

⁴¹ Nutreco: 2001b

⁴² Idem

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- ⁴³ Answer from Nutreco to questions by Milieudéfense on 29 May 2002
- ⁴⁴ Answer from Marine Harvest Chile to questions from Milieudéfense on 25 March 2002
- ⁴⁵ Staniford
- ⁴⁶ Idem
- ⁴⁷ Answer from Marine Harvest Chile to questions by Milieudéfense on 25 March 2002
- ⁴⁸ Brundtland Commission, Our Common Future, 1987
- ⁴⁹ Answer from Nutreco to questions by Milieudéfense 29 May 2002
- ⁵⁰ Nutreco (2000), Nutreco (2001b)