



Schörghuber Group (Ventisqueros): The salmon crisis in southern Chile

Chilean seafood company Ventisqueros, owned by the German Schörghuber Group, failed to conduct a proper due diligence process and became an accomplice in an environmental disaster in the south of Chile.

Problem Analysis

This case shows how the Chilean company Ventisqueros, owned by the German Schörghuber Group, is accused of causing an ecological crisis around the island of Chiloé by dumping 5000 tonnes of rotten salmon into the ocean.

Despite the fact that Ventisqueros, like other local companies, was given a governmental permit to dump organic waste in the ocean, it should have known that this act would cause an ecological disaster in the fragile maritime ecosystem, as well as causing an economic problem for the local population and local industry that depend on the ecosystem.

Company

Company: Schörghuber Stiftung & Co. Holding KG – Group

Head office: Munich, Germany

Subsidiary: Ventisqueros S.A. (Chile)

Company background

CEO of the main company: Dr. Klaus N. Naeve (Chairman of the Executive Board)

The CEO of the Chilean subsidiary is Jose Luis Vial.

Company's annual profit: €73,696,000¹

Company's annual turnover: €3,688,568,000 (balance sheet total)

Countries in which main company is present: the group's salmon farming and processing activities are located in Chile²

Number of employees: 2,972 (of which 724 in the seafood division)³

Company activity

The main activities of the mother company Schörghuber Group are construction and real estate, beverages, hotels and seafood.⁴ Ventisqueros itself is the Seafood Division of the Schörghuber Corporate Group.

Country and location in which the violation occurred

Chile, specifically the island of Chiloé in southern Chile.

Summary of the case

The aquaculture industry in southern Chile has been polluting the sea around the island of Chiloé for the past 30 years. One of the most significant crises occurred in May 2016 when a 'red tide' algal bloom – which turns the sea water red and makes seafood toxic – affected the island.⁵ Although the algal bloom is a naturally recurring phenomenon, never in history had the tide been so extensive. It is suspected that the 5,000 tons of rotten salmon that had been dumped off the coast of the island by the salmon industry, including Ventisqueros⁶, prior to the red tide acted as a "fertilizer" and increased the magnitude, intensity and reach of the phenomenon.⁷

Within one day and without conducting a prior study to assess the safety of the procedure as required under the fishing and aquaculture national law, the government granted the companies permission to pour their waste into the ocean. There is an ongoing judicial inquiry into how the dumping of the salmon was authorised, but the issue remains unresolved. Even though the companies were authorized by the government to dump the rotten salmon, it is clear that the procedure did not comply with legal requirements.⁸ Some of the politicians who were responsible for this episode left the government due to (unrelated) corruption.⁹

The local communities of the island depend mainly on the sea for their livelihood. The deaths of the animals prevented them from carrying out their regular activities in order to maintain their families.¹⁰ The companies should not only be held accountable for the industrial pollution of the most pristine places on the planet, but also because their activities had produced 5,000 tons of rotten salmon.¹¹

The companies did not provide any compensation for the damage done. The economic aid provided by the government to those who work at sea was insufficient and did not reach everyone who needed it. However Ventisqueros and some other companies received some financial support because they were affected by the crisis they themselves were implicated in causing.¹² The inhabitants of the island feel betrayed by the companies and abandoned by the government.

In addition to the violation of the national law, the joint action of the companies and the authorities also infringed the Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter 1972 (the London Dumping Convention).¹³

Endnotes

- 1 "2016 - Company Report," Schörghuber, 2017 at https://www.sug-munich.com/sug-munich/Publikationen/SUG_Unternehmensbericht_Company_Report_2016.pdf
- 2 Ibid.
- 3 Ibid.
- 4 "Business Divisions," Schörghuber Group, 2016 at <https://www.sug-munich.com/en/Business-Divisions>
- 5 "Unprecedented 'red tide' crisis deepens in Chile's fishing-rich waters," The Guardian, 11 May 2016 at <https://www.theguardian.com/world/2016/may/11/red-tide-crisis-deepens-in-chile-fishing-waters>
- 6 "Informe fiscalización de la resolución D.G.T.M y M.M. Ord. No12.600/05/114/VRS, de la Autoridad Marítima relativa al vertimiento de desechos de salmónes," Servicio Nacional de Pesca y Acuicultura, May 2016 at http://www.sernapesca.cl/presentaciones/Comunicaciones/Vertimiento_de_Salmónes_13-05-2016.pdf (accessed 21-11-2017)

7 "Reporte Crisis Social Ambiental en Chiloé," Greenpeace, September 2016 at http://www.greenpeace.org/chile/Global/chile/2016/9/informe_chiloe.pdf

8 Tania González and "Chilotes denuncian abandono del Gobierno después de crisis por marea roja," Diario U Chile, 11 February 2017 at <http://radio.uchile.cl/2017/02/11/chilotes-denuncian-abandono-del-gobierno-despues-de-crisis-por-marea-roja>

9 There are two sources. The official source (from a government web page) mentions that they are going to help them financially (a), and the source from an economic newspaper shows that the payment is almost US\$ 7 million (b). See:

(a) "Gobierno comienza normalización de actividades en Chiloé con reinicio de clases, pago de aporte solidario, y reabastecimiento de alimento," Ministerio de Economía, Fomento y Turismo, 15 May 2016 at <http://www.economia.gob.cl/2016/05/15/gobierno-comienza-normalizacion-de-actividades-en-chiloe-con-reinicio-de-clases-pago-de-aporte-solidario-y-reabastecimiento-de-alimentos.htm>

(b) S. Neira, M. Vega, P. Gutierrez and O. Riquilme, "Gobierno entrega bono a 6.000 afectados por marea roja pese al rechazo de los pescadores," Economía y Negocios, 10 May 2016 at <http://www.economiaynegocios.cl/noticias/noticias.asp?id=250714>

10 Permission granted by Chilean government to dump the fish waste: D.G.T.M y M.M. Ord. No12.600/05, de la Armada de Chile, 14 March 2016 at <http://www.elmostrador.cl/media/2016/05/Documento.pdf>

11 Ibid.

12 Tania González and, Diario U Chile, 11 February 2017, "Chilotes denuncian abandono del Gobierno después de crisis por marea roja," Diario U Chile, 11 February 2017 at <http://radio.uchile.cl/2017/02/11/chilotes-denuncian-abandono-del-gobierno-despues-de-crisis-por-marea-roja>

13 "Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter," International Maritime Organization at <http://www.imo.org/en/OurWork/Environment/LCLP/Pages/default.aspx>