

Chile: The Merluza Mafia: Middlemen Profit Off Cod Catch

Chileans have a large appetite for merluza, a white-fleshed fish whose population has been decimated to the point that it could soon disappear from the country's dinner tables.

Overfishing of merluza – a form of hake – is rampant, and stocks [are being exhausted](#). Local fishers are blamed, but they are not the ones profiting from an illegal market estimated to be worth some [\\$60 million a year](#).

Instead, they sell to middlemen with freezer trucks, who buy undeclared fish at knockdown prices.

Rodrigo Oyanedel, a doctoral candidate at the University of Oxford who is investigating the overfishing of merluza, said there is a misconception that illegal catch passes straight from boats to restaurants.

The intermediaries “pull many strings, and they can have a lot of power and control prices,” Oyanedel told InSight Crime.

Merluza for the Masses

Merluza – a wide-mouthed, slender, silver fish in the cod family – was once abundant off Chile's shores. Small boats primarily fished merluza until the early part of the 20th century, when a series of economic crises struck Chile.

Cheap and nutritious, merluza soon became a staple of the Chilean diet. According to a [history of merluza](#) by the World Wildlife Fund (WWF), campaigns promoted its consumption. Manufacturers turned it into fishmeal and oil.

By the 1940s, merluza was hauled in by industrial boats with large drift nets. The harvest [reached](#) more than 130,000 tons in 1968.

“It was like an Olympic race” to catch as much as possible, said Liesbeth van der Meer, vice president of Oceana, an ocean conservation nonprofit, in Chile.

Despite attempts to curb overfishing by placing a 45,000-ton limit from 1982 to 1990, boats continued to haul in merluza, [fishing nearly](#) 520,000 tons in 1996. By 2003, the fishery, [experts saw](#), was collapsing.

In 2014, Chile's Undersecretariat of Fisheries (Subsecretaría de Pesca -Subpesca) placed a [catch limit](#) of 19,000 tons on merluza común, the species also known as common hake. The government allotted 60 percent for industrial boats and the rest for artisanal ones.

“When they restricted the (catch) this way, the illegal activity appeared,” Cesar Astete, an expert on fisheries for Oceana in Chile, told InSight Crime.

Despite the drastic reduction in the catch limit, merluza común continues to be overexploited, according to [Subpesca data](#).

In 2020, Chile's catch limit [was set](#) at 37,000 tons. The nearly 2,200 artisanal boats that fish in the five-mile zone off Chile's coast were allotted just 15,000 tons of catch.

The head of an artisanal fishing cooperative who asked for anonymity for security reasons said “the fish quota is not enough” to survive.

A Bait and Switch

The middlemen keep their fishers loyal by providing bait, rods, reels, line and money advances. Even if others offer a better price, the fishers sell to these intermediaries, who are ready with instant cash.

The way the deals work allows much of the catch to go unregistered. For example, a middleman buys 100 kilograms of fish, but only ten are listed on a bill of sale from the fisherman, called an [Accreditation of Legal Origin](#) (Acreditación de Origen Legal). Bought at a knockdown price, the other 90 kilograms are never declared.

The middlemen falsify and recycle receipts, or create so many of them that the accreditations are impossible to distinguish.

“Even if they catch you, the fine is smaller if you have some type of paper,” Oyanedel, the doctoral candidate investigating the merluza trade, said.

Industrial merluza companies also drive overfishing. Regulations allow for the transfer of catch quotas for certain species, and companies buy the shares given to artisanal boats to increase their allotments. The fishers, however, still harvest under their legal merluza quotas.

“That produces a double count,” van der Meer told InSight Crime.

Most merluza for domestic consumption is sold at the Santiago fish market, Terminal Pesquero Metropolitano. Tracing the fish sold there, whether caught by industrial or artisanal boats, is impossible because “everything is mixed up,” van der Meer said. Open-air markets around the country also sell the fish indiscriminately.

The middlemen, who are often family members of fishers, profit from an “illogical and complex” distribution network, bringing multiple trucks a day to the market, van der Meer said.

“We don't have a tracking system,” she said, “and it's difficult to identify the intermediaries.”

The intermediaries were described as [mafia-like](#). Indeed, merluza catch has been found smuggled in false compartments of trucks. Drivers alert each other about enforcement checkpoints.

“They generate a lot of money,” said Oyanedel. “But they pay the fishers poorly.”

The head of the artisanal fishing cooperative said that a typical merluza boat brings in an average of about five tons of fish annually. The fish is processed into 180 boxes that sell for 10,000 Chilean pesos (\$12) each, for a profit of about 1,800,000 pesos (\$2,160). When divvied among a typical crew of four people, each pockets only 450,000 Chilean pesos, or \$553, per year.

“No one can live on that,” he said, after doing the calculation.

He knows that merluza stocks are being exhausted.

“The hake is the only resource left, at least here along the shore,” he said. “And the day it runs out, the artisanal fisherman dies out.”

Western Hemisphere Regional Illegal, Unreported, and Unregulated Fishing Assessment



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