

**PERMANENT PEOPLES TRIBUNAL**  
Hearing on  
**Neo-liberal Politics and European Transnational Corporations in  
Latin America and the Caribbean**  
*10-12 May 2006 - Vienna, Austria*

**Case: TUNA FISH PROCESSING - CALVO Group**

**Sector(s) in which it works:.** WORK & LABOUR RIGHTS

**Name(s) of the Association(s) presenting the case:** ILA Informationsstelle Lateinamerika  
(Alemania)

**Synthesis**

Basic Information about the Company

Beginning in 1940 with a small canning factory in Carballo (La Coruña, Galicia, Spanish State) Jose Calvo Sanz eventually constructed the multinational CALVO Group company, today a leader in the Spanish market and one of the five leading canned food companies in the world. The Calvo family continues to control 78% of the capital while the remaining 22% is in the hands of several banks.

In 1978 the company obtained its first ship. Currently the CALVO Group fleet includes six tuna fishing boats, 2 support ships and 3 merchant boats. In 1981 a new plant was inaugurated in Guanta (Venezuela) another was opened in Esteiro, La Coruña (Spain) in 1986 and in 2003 a plant was opened in El Salvador. In 1993 the Calvo Group bought the Italian brand Nostromo, currently second in the Italian market and in 2004 it bought the leading Brazilian brand Gomes da Costa. In that same year, it opened an office in Miami, Florida to promote its products in the United States.

In September 2003, the new plant "Calvo Conservas El Salvador, S.A. de C.V" began to operate in Punta Gorda, Puerto La Union, 180 kilometers southeast of the capital San Salvador, producing frozen tuna loins to supply the plants in Galicia. In 2004, it annexed the fish meal firm and in January 2006 it inaugurated the canning plant. In 2005 the group exported US\$55 million in tuna loins that were processed in its La Union Plant. The new canning plant produces 120,000 cans a day. To date, the total investment is around \$6 million. The CALVO Group has around 1,400 direct and indirect employees in El Salvador according to its web site and the Salvadoran press.

The impact of the CALVO Group in the commercial and labor policy in El Salvador and in commercial relations with the European Union.

In July 2004 the European Commission presented a proposal for a new Generalized Systems of Preferences (GSP) that would reduce or eliminate tariffs to import products from the Third World. The new GSP will be valid from 2006 to 2015. However, in order to benefit from the preferences as of 2006 interested countries must, among others, approve and ratify 27 ILO agreements, which include ILO agreement 87 about the freedom of association and the right to form trade unions (1948) and Agreement 98 about the right to form trade unions and to collective bargaining (1949). To this respect it must be underlined that El Salvador is the only country in Latin America that has not ratified these two basic agreements about international labor law, and up to 2005 all Salvadoran governments have categorically refused to proceed to their ratification.

For this reason, given the new conditions, the current Tony Saca government in El Salvador made an initial effort to obtain special treatment on the part of the European Union in order to avoid ratifying the two agreements. After intense lobbying on the part of the Salvadoran Government in Brussels and likely after an initial intervention on the part of the CALVO group, the Spanish PSOE faction in the European Parliament proposed a special arrangement in favor of El Salvador, which was rejected by the European Commission. Shortly thereafter, the Salvadoran government changed its attitude and agreed to assume the two agreements in exchange for being able to maintain the commercial

preferences of the Union. Based on this agreement, El Salvador has until the end of 2006 to reform its Constitution as a pre-requisite and later to proceed to the ratification of Agreements 87 and 98.

The involvement of the CALVO Group in this issue was clearly evident when in March 2005, Alberto Navarro, then Spanish Secretary of State for European Affairs alleged that the agreed upon solution had been encouraged by Spain, "aside from political reasons because there is a Spanish firm CALVO, with very concrete interests." (LA Prensa Grafica, March 17, 2005).

#### Violations of labor rights on the part of the CALVO Group, El Salvador

With slightly more than two years operating in El Salvador, the CALVO Group has broadly demonstrated its willingness to violate labor rights consecrated in the Constitution of El Salvador, its labor law, the DESC Pact and the ILO Agreements.

The situation faced by workers in CALVO Conservas El Salvador SA of C.V is serious as it has demonstrated an anti-union attitude and discriminatory behavior. For example, this anti-union attitude was manifested when it laid off more than 40 workers due to their efforts to create a union to defend the labor rights that were being violated, behavior that could even be the object of criminal responsible for its evident discriminatory motivation (art. 246, PN).

Added to this violation of labor rights is the already long list of transgressions of personal and industrial safety (lack of protection, machinery to cut the fish, work with boiling water without gloves etc), verbal abuse, as well as violations of the right to health, salary and work. These final rights were violated with the suspension of contracts that took place in September 2005.

The suspension the company carried out for one month was excessive given that there are zones where fishing was not restricted but above all because the ban on tuna fishing had been lifted on September 11. In this sense, the measure adopted by the company caused a great deal of unrest as it could be concluded that behind this suspension of work the company in fact sought to lay off workers who could represent a "danger" of destabilization for the employer.

This final experience on the part of workers from the CALVO company is without a doubt one of the spearheads to continue implementing in El Salvador measures that violate labor flexibility, transgressions that will not stop if the company does not manage to constitute a union movement capable of reporting, demanding and putting a stop to arbitrary acts committed by the employers. (Danilo Flores, Inversiones y violaciones CALVO, Fundación de Estudios para la Aplicación del Derecho, San Salvador, 2006)