
Seasons with Work and Seasons Without Pay

Edgar Lim, plant manager of Permex Producer and Exporter Corporation, looked out onto the sea with satisfaction. It was early March 2014, and the annual Fish Ban was over. It was time to resume harvest and production of the canned seafood products for which his company – and the whole in Zamboanga Peninsula -- was well known. But a sense of unease was taking over him – where were the workers?

Sardine Canning in the Zamboanga Peninsula Region

Sardine canning production in Zamboanga Peninsula was world-reknown, providing canned goods not only within the region but all over the world. The Philippines prided itself as the world's eighth largest fish producer and exporter in 2009,¹ and 80% of sardine production came from Zamboanga Peninsula (ZAMPEN) Region.² ZAMPEN alone was home to numerous sardine canning companies, which provided many job opportunities for Zamboanguenos.¹

Permex Producers and Exporters Corporation was one of the biggest tuna and sardine processing plants in the Philippines, employing about 2,000 workers and processing different sardine canned products for local consumption and foreign exports.³ Mr. Lim had worked for the company almost his whole life, giving his dedication to this company almost since its founding. He started working as an ordinary employee just a month after the company had started, eventually working his way up to become the plant manager. He

ⁱ Zamboanguenos are the people living in Zamboanga Peninsula regardless of what religion and culture they belong.

led a diverse team of professionals in the highly competitive fish canning industry. He had strong business and technical qualifications and a track record of twenty eight years of hands-on experience in manufacturing operations. Through the years, Mr. Lim mastered the ups and downs of the company.⁴

Despite its long existence for more than 30 years, the company also faced a challenge that affected its production: the seasonal fish ban. The Fish Ban was conducted each year from December 1 to March 1. The ban was imposed by the Bureau of Fisheries and Aquatic Resources (BFAR)ⁱⁱ but, as a conservation measure, it was also supported by the commercial sardine canneries to give time for the fish to spawn and grow to the right size before harvest and processing.⁵

Permex Producers and Exporters Corporation

Permex Producers and Exporters Corporation was established in early July of 1985, with the objective to manufacture a wide selection of different sardine canned and tuna products that would be sold locally and overseas. Permex was one of the few EU-accredited sardine and tuna canning plants in the Philippines.⁶ The location of the company in Asia was central to its access to the fresh fish used in many of its products.⁷ Its business collaboration with some of the Philippines' largest fishing companies supported the company's goal of providing fresh and affordable canned sardine and tuna products worldwide.⁸

The Permex facility was located in a 12-hectare lot in Zamboanga City with license to operate in the island of Western Mindanao. From its initial capacity of 10 metric tons with a workforce of 300, the company expanded over the years and became one of the biggest and most efficient tuna and sardine processing plants in the country, gaining a rated capacity to process 120 metric tons of tuna and 150 metric tons of sardines per day.⁹

Permex's Products

Permex had a variety of brands of sardine and tuna products available on the market not only in Zamboanga Peninsula but also widely distributed in other parts of the world. As the company grew bigger, it achieved greater consumer satisfaction and maintained its good quality through the years. In 2016, the company offered more than 20 different varieties of sardine canned products and premium tuna canned products worldwide. (See **Exhibit 1** for sample products available in the market.)

Exhibit 1 Sardines and Premium Quality Tuna Products



Source: Permex Corporation, "PERMEX Producers of World Class Sardines and Tuna Brands" Accessed on December 2, 2016. <http://www.permex.com.ph>

ii Bureau of Fisheries and Aquatic Resources (BFAR) is the government agency responsible for the development, improvement, management and conservation of the country's fisheries and aquatic resources. It was reconstituted as a line bureau by virtue of Republic Act No. 8550 (Philippine Fisheries Code of 1998). The bureau is under the Department of Agriculture.

Tuna and Sardine Sourcing

Permex sourced its tuna and sardine materials from local fishing companies and international fishing companies, conforming to its high standards of quality control.¹⁰

Pier Facilities

Permex's facilities included its own landing pier for the docking of local and foreign fishing boats. The pier could accommodate vessels up to a 8,000 tons in size. In addition to Permex's production area, the company owned six separate warehouse buildings (14,000sq. m.), an ice plant (180 metric tons per day), and a cold storage facility for 1,200 metric tons fish storage at -25C. Its production facility had a fully air-conditioned tuna cleaning area, was maintained at a temperature of 70F, and had space for 450 workers.¹¹

Production Facilities

Permex has its own complete canning machines for canned tuna and canned sardines. Permex's modern facilities and resources equipped the company to engage in deep sea fishing. Permex's production also included seafood canning and fishmeal production. Its fishmeal production was conducted every year after tuna and sardines production, because the production consumed the fish waste and was used as fertilizer and animal food.

During the production, Permex's workforce needed to be full time because the company processed approximately 300 tons of tuna and sardines per day. Permex's processing focused on tuna and sardines, which was the highlight and pride of the company.¹² In terms of availability, tuna was available from January to December and sardines from April to October. No production could occur during the three-month fish ban. The tomato paste used for sardines was always available during production for it was bought ready-made from other country.¹³

Exhibit 2 Sardines Production



Source: Permex Corporation, "PERMEX Producers of World Class Sardines and Tuna Brands" Accessed on December 2, 2016. <http://www.permex.com.ph>

Exhibit 3
Tuna Production



Source: Dakudao, Michael. "Pemex, Zamboanga's leading Tuna and sardines processing plant," *Mindanao Times*, Sept. 1, 2015. Accessed on December 2, 2016 <http://mindanaotimes.net/cultural-potpourri-pemex-zamboangas-leading-tuna-and-sardines-processing-plant/>

Accreditation and Citation

Permex took pride in being the only Philippine fish cannery to attain a "Double Triple A" rating by the Department of Fisheries and Oceans (DFO now CFIA) of Canada in 1991. This rare distinction allowed the company to enjoy preferential status of its products in Canada after passing Canadian Food Inspection Agency's rigid quality management program. The company was also awarded in 1991 a Golden Shell Award for Excellence in export, the first fish cannery to be a recipient of this prestigious award by the Department of Trade and Industry (DTI) and the Center for International Trade and Expositions and Missions (CITEM).¹⁴

Competition

Competition in Zamboanga Peninsula in terms of the sardine industry started to change in the late 1990s. Permex now faced a strong competition from large sardine industry companies such as Mega Fishing Corporation, Columbus Seafood Corporation, Universal Canning Incorporated, Ayala Seafood Corporation, Atlantic Foods Corporation, Century Pacific Foods Incorporated, Seacoast Top Choice Food Corporation, Goldstar Seafood Corporation, Aquatic Seafoods Corporation and Southwest Asian Canning Corporation. Many of these competitors were extremely successful because of their renowned brands as well as their strong marketing capabilities and extensive distribution networks in the Philippines. In comparison, Permex Producers and Exporters Corporation enjoyed a price advantage over its competitors by offering comparable products at a more economical affordable price. The company also satisfied higher demands to its retailers and distributors, which helped increase product availability and product commercialization.

Mega Fishing Corporation (MFC), began as a commercial deep sea purse seineⁱⁱⁱ operation in Zamboanga City on July 1995 with an initial workforce of about 300 employees. The company was able to develop a market niche in the southern part of the Philippines. MFC supplied 80% of the raw materials for various canning companies both in the Metro Manila area and Zamboanga. Moreover, it also supplied the other parts of Mindanao's fresh fish requirements.¹⁵

Columbus Seafood Corporation produced high quality canned sea foods. Its canned sardines, bangus (milkfish), mackerel, and squid were branded 555, Blue Bay, Lucky 7, and Century.¹⁶

Universal Canning, Incorporated (UCI) was one of the largest seafood processing and canning facilities in the Philippines, employing more than 1000 workers and having a rated capacity of producing approximately 1.2 to 1.5 small cans a day.¹⁷

Ayala Seafood Corporation was a subcontractor of Mega Fishing Corporation. MFC, through its own canning factory -- Ayala Seafood Corporation -- started its own brand MEGA SARDINES. Each Mega Sardines product was guaranteed for its high quality and freshness because it took less than 12 hours from "Catching to Canning."¹⁸

Century Pacific Food, Inc. produced canned and processed fish products comprising tuna, sardine, other fish, and seafood-based products under the Century Tuna, 555, Blue Bay, Fresca, and Lucky 7 brands. It also offered corned beef, meat loaf, luncheon meat, and other meat-based products under the Argentina, Swift, 555, Shanghai, and Wow brands; and produced private-label canned tuna, pouched tuna, and vacuum-packed frozen tuna loin products for export to overseas markets, including North America, Europe, Asia, Australia, and the Middle East. In addition, the company provided evaporated, condensed, and full cream powdered.¹⁹

Aquatic Food Manufacturing Corporation was founded in 2005 and was still a small organization in the canned and cured fish and seafood producers industry located in Zamboanga, Philippines.²⁰

Southwest Asian Canning Corporation was one of the newest fish canning processors in Zamboanga City, starting operations on August 13, 2015.²¹

The Dilemma

Sardine production was intended to operate on a seasonal basis due to the annual fish ban. This was ban was imposed by the Bureau of Fisheries and Aquatic Resources (BFAR) and was supported by the canneries. The implementation of fish ban was mandatory for the whole Zamboanga Peninsula, starting every December 1 and continuing up to March 1, allowing fish three months for their breeding season and spawning.

Due to the seasonal production, the canning industry hired workers on a seasonal schedule and on a contractual basis. Workers did not receive any salary during the three-month breeding season, and they voluntarily came back after the fish ban was over.

In July 10, 2014, the sardine canneries in Zamboanga City faced a crisis: a shortage of workers.²² The shortage was so drastic that the cannery owners and plant managers were alarmed. The production of sardines of the locally-based canneries might be affected by the lack of workers and workforce. Mr. Lim, who was not only Permex's plant manager but also the president of Canned Industry at that time, wondered why, even though production at the canneries should have been in full blast by now because the closed season for sardine fishing had ended, there were so few workers. The production work had slowed because only a few of the thousands of workers had reported back to work after the fish ban ended. "Where have the workers gone?" He wondered. "How come we don't have enough workers in Zamboanga City? Could it be workers found alternative jobs for the three-month breeding season? Or do workers not like to return because of intermittent production?" He had to determine the cause of the worker shortage and figure out how to solve it.

Endnotes

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