Shipbuilding and Ship Repair Workers around the World

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The Argentinean shipbuilding industry

Workers’ struggles in a state shipyard

Cintia Russo

Introduction

The aim of this chapter is to analyse the trajectory and survival of one of the oldest and largest ship repair yards in Argentina – Talleres Dársena Norte (also known as TANDANOR, and today known as Complejo industrial naval argentino, CINAR).

I will also identify and analyse stages in the history of the Argentine shipbuilding industry (ASI) to provide context to the two Argentinean shipyards studied in this book. In this sense, I highlight the role played in this path by two social actors, the state and trade unions: the former is a key factor in the trajectory of the ASI, and the struggles of the latter have achieved the shipyard's survival.1

Founded in 1879, TANDANOR was originally established for the maintenance of the Argentinean naval fleet. TANANDOR/CINAR, with a history of more than a century, has acquired, in the past twenty years, a symbolic status as one of the oldest shipyards in Argentina, and the first to be privatised in 1991, then managed by its workers for nearly a decade, and finally renationalised in 2007. TANDANOR is a representative example of the peaks and troughs of the Argentinean economy.

1 The sources used in these pages are: statistics (national, provincial, and chambers of commerce), institutional documents, and reports and balance sheets of TANDANOR and the trade associations: the Federation of Industry Naval Argentina (FINA), the Association of Buenos Aires shipbuilding (ABIN). For the diagnosis and proposals of the shipbuilding trade unions, I privileged two sources: key informant interviews and the local press.
The shipbuilding industry in Argentina

There are three key periods in the ASI's history during the past fifty years: the first covers nearly three decades, from the 1960s to the 1980s, the second the decade of the 1990s, and the last from 2002-2003 to date.

The first period corresponds to the import-substitution industrialisation period: this period was specifically characterised by the expansion of the industry supported by protectionist policies, investment in equipment, and technological modernisation. According to the economic objectives of the First Five-Year Plan (1947-1951) of the Peron government, the industrialisation effort was related to the needs and concerns of military defence. The Second Five Year Plan (1952-1957) was explicit about the need to provide military equipment to support the decision "to constitute a free and sovereign nation". Astilleros y Fábricas Navales del Estado (AFNE-ARS) was formed in 1953 under this plan, near the Naval Base Rio Santiago, with the explicit mission of ensuring that the shipbuilding industry existed "to strengthen defence and economic independence".

The engine of economic growth during the import-substitution industrialisation period was an active state (as regulator, producer, client, planner, and funds provider). Through a set of regulations and subsidies the state in its role as producer created shipyards for shipbuilding and repair that explained, in large part, the national shipbuilding industry; among the most important were: Astillero Rio Santiago (AFNE-ARS), the leader in building large vessels; and TANDANOR and Taller de Reparaciones Navales (TARENA), both for ship repair.

During the import-substitution industrialisation period, state-owned shipping companies were the most important source of demand for ships, the driving force behind the activities of both public and private shipyards. The state-owned companies and agencies were: the Argentinean navy, Yacimientos Petrolíferos Fiscales (YPF), Yacimientos Carboníferos Fiscales (YCF), Empresa Flota Fluvial del Estado Argentino (EFFEA), and Empresa Líneas Marítimas Argentinas (ELMA). Also, during this phase, technical and professional skills were developed and nurtured, which improved the

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2 Decree-Law 10267/53, 15 June 1953 (created by AFNE); see Kosacoff (ed.), El desempeño industrial argentino más allá de la sustitución de importaciones, and López, “Una puesta en perspectiva de la industrialización sustitutiva de importaciones”.
3 Decree-Law 10267/53, 15 June 1953 (created by AFNE).
4 See Bellini, Stato e industria nelle economie contemporanee.
5 See Calá et al., La industria naval argentina.
6 See Ugalde, Las empresas públicas en la argentina.
performance of the ASI in the long run. AFNE, TANDANOR, Alianza, Asta-rsa, Puerto Belgrano, and Arsenal Naval Zárate created technical schools for training the labour force, which generated a positive spill-over for the rest of the regional industry. AFNE, as the leading shipyard in technical studies for the industry, developed a significant capability in local design engineering, contributing personnel to the wider economy.7

From the late 1950s, as a funds provider, the state improved financing mechanisms managed by the Banco Industrial of the time. In the early 1960s, the Merchant Marine Fund (MMF) was created for financing public and private shipyards, with money acquired from a levy of about 12 per cent of the value of freight.8 In addition, the MMF provided loans and subsidies to public and private shipyards to acquire and build merchant ships, or to modernise shipyards.

In the 1960s the federal government approved a plan to renovate and expand the shipping fleet of state-owned companies’.9 In 1969, the Cargo Preference Act established that imports and exports had to be transported in Argentinean-flagged vessels.10 In this regulatory regime, the merchant navy and the state-owned shipyards were two sides of the same coin. On one hand, ELMA assured participation in foreign trade freight and, on the other, merchant navy ships became one of the main drivers of demand for big yards. Until the 1980s, ELMA was the main shipping line of the country, with 25 per cent of the national fleet, followed by YPF with 15 per cent.11

Consequences of orthodox policies

Decree-Law 2687/93 states:

To dissolve the Merchant Marine Fund [...] that is the intention of the state reforms [...] to leave the field of private functions that do not specifically concern the state. The public sphere should not interfere with free supply and demand, or hinder increased supply and transport services.12

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7 See González Climent, Historia de la industria naval argentina.
9 Decree-Law 15761/60, 30 September 1960 (ELMA, YPF, etc.).
11 CEP, La industria naval en la Argentina, 17..
In the 1990s, Argentina’s neo-liberal policies were enthusiastically implemented, and had an adverse effect on the maritime sector. The reforms were combined as follows: privatisation of state-owned companies that supplied goods and services, market deregulation (regulatory framework reconfiguration), and commercial liberalisation.\(^\text{13}\) The deregulation and denationalisation applied also had an effect on transport because of the privatisation of state-owned shipping companies, the repeal of the cargo-preference policy, and the assignment to private owners, mainly through international investments, of the infrastructure and port management.\(^\text{14}\) The three large state-owned shipyards still operating until the 1980s – ARS, TANDANOR, and Domecq García – were declared subject to privatisation: TANDANOR was privatised in 1991; Domecq García was liquidated and closed in 1994; and ARS avoided privatisation by being transferred in 1993 from the federal government to the government of the province of Buenos Aires.\(^\text{15}\)

The state intervened to dismantle, piece by piece, the institutional setting of the import-substitution industrialisation period. This process began with Decree-Law 1772/1991, which allowed the registration of owners of other countries, and which led to the widespread use of flags of convenience.\(^\text{16}\) Foreign ships enjoyed, then, the right to be considered national-flagged carriers. In turn, the Domestic Trade Deregulation Act\(^\text{17}\) annulled the Cargo Preference Act 18250/69, arguing that, as cited above, “the public sphere should not interfere with free supply and demand, or hinder increased supply and transport services”. Moreover, Decree-Law 1493/1992 allowed foreign vessels bareboat charter for all kinds of activities for a period of three years, including the right to appoint the master and crew.\(^\text{18}\)

The institutional framework of the import-substitution industrialisation period that sustained the ASI for three decades was destroyed in each of its key strategies, namely: the annulment of laws and decrees through the enactment of legislation based on the neo-liberal paradigm, the privatisation and closure of public enterprises (YPF, YCF, etc.), and the dismantling of the national merchant navy and funding mechanisms. ELMA was dismantled in 1997,\(^\text{19}\) and the MMF was dissolved in 1993.\(^\text{20}\) This marked a turning

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\(^{13}\) See Azpiazu and Basualdo, *Las privatizaciones en la argentina*.

\(^{14}\) Decree-Law 24045, 4 December 1991, Privatisation of Entities of the Ministry of Defence.

\(^{15}\) Decree-Law 1787/93, 26 August 1993, AFNE SA, Transfer to the Province of Buenos Aires.

\(^{16}\) Decree-Law 1772, 3 September 1991, Merchant Marine.

\(^{17}\) Decree-Law 2284/91, 1 November 1991, Deregulation of Domestic and Foreign Trade.

\(^{18}\) Decree-Law 1493/92, 24 August 1992, Registration of Foreign Naval Vessels and Artifacts.

\(^{19}\) Decree-Law 343/97, 16 April 1997, Fluvial Maritime Transport.

point, the beginning of the decline that led to the cessation of activities of some state and private shipyards. The consequences of these policies were the reduction in supply of domestic shipyards, and the contraction of the Argentinean merchant navy. In summary, in 2005, only 0.9 per cent of the sea freight foreign trade was of national origin.21

The ASI operated on a consistent basis between 1974 and 1985 (in the number of facilities and employment level); however, between 1985 and 1994, there was a clear downturn characterised by significant declines in the number of facilities and workers. In all, twenty-five shipyards were closed, shipbuilding suppliers almost disappeared, and an estimated 30,000 people directly and indirectly employed in the sector lost their jobs.22

From 1991 to 2009 there was a significant drop in the index of physical volume of production, followed by a slow recovery in 2002, a period known as “post-convertibility”. But it was only in 2007 that this index returned to 1997 levels, which, in turn, represented only 22.4 per cent of 1991 values.23 Productivity evolution shows the same trend, whether by per person employed or per hour worked. In 2009 the two indices reached 57 per cent and 54 per cent less than in 1997. Generally speaking, production levels and productivity rates showed a clear decline from 1995 to 2002, when the situation changed and there was a slight growth. Decree-Law 1010/2004 states:

Considering [...] that is urgent to reorganise trade and navigation, considering the interest of the national treasury [...] to preserve the national cabotage services and allow this activity to be conducted by Argentine companies.

The hegemonic policies of the 1990s began to change with the new federal administration in 2003, whose objective was the recovery of economic activity. In large part, the regulatory and institutional framework was reformulated; consequently, the measures taken in recent years have tended to partly offset the effects of adjustment. One such example is Decree-Law 1010/2004 for the shipbuilding industry, in which the rationale for repealing some of the previous rules is stated as being in order to “provide the necessary conditions to substantially increase the supply of Argentine

21 CEP, La industria naval en la Argentina, 17.
shipowners, reducing operating costs and allowing them to reach proficiency levels that the market demands”.24

Under Decree-Law 1010/2004, foreign-flag ships rented through the import regime were forced to re-register as national-flag ships. At the same time a special regime was established for the import of supplies and manufactured ship parts, in order to build and repair ships in the country. Two other measures influenced the sector’s reactivation: a special fund created for financing shipbuilding in national shipyards, and a national Ministry of Labour programme called “Más y Mejor Empleo” (More and Better Jobs) to train the workforce.

In the face of the shipbuilding recession of the 1990s, state-owned shipyards restructured their activities and turned to ship repair, while others cut down on their operations or simply closed down. The ASI today operates at 60 per cent of installed capacity, with productivity 40 per cent lower than the world average, largely because there has been no significant investment in capital goods and new technologies in the past thirty years.25 As for the origin of inputs in the domestic shipbuilding industry, in the 1970s about 60 per cent were national; in 2010 this figure was 35 per cent.26

Since 2004, increasing levels of foreign trade have improved maritime transport business opportunities and, indirectly, shipbuilding as well. Currency devaluation and the accumulated productive experience of surviving shipyards are the cornerstones of the sector’s reactivation. However, this process faces some major obstacles: irregularity of orders for shipbuilding, financial shortcomings, and high levels of unused capacity, infrequent technological updates, and an inadequately skilled workforce. The dismantling of state-owned companies during the 1990s eradicated domestic demand for vessels, and today local shipyards basically work on foreign orders.

Almost 90 per cent of the capacity of the ASI (the major shipyards and shipbuilding suppliers and service companies involved in the sector) is provided by: Astillero Río Santiago (ARS, 1953), TANDANOR/CINAR (1879/2007), Shipyards Corrientes (1958), Astillero Punta Alvear (2009), Mestrina (1960), Tecnao (1978), SPI-ALNAVI (2009), SPI-API (2004), Servicios portuarios integrado SA, (Spisa, 1976), Coserena (1980), and Astillero Federico Contessi

24 “This decree establishes the treatment of national flags and foreign flags under the temporary import regime by Argentine owners [...] Moreover, it is only allowed the import of those inputs, parts and/or components that are not produced in the Mercosur”: Decree-Law 1010/2004.
The main activity of the two state-owned shipyards, ARS and CINAR, is the construction and repair of large vessels. The rest of the shipyards mainly construct and repair fishing boats and river barges; out of these private shipyards, only three have been created since 2004. In 2013 there were nearly 9,000 workers, technicians, and professionals directly employed in the shipbuilding industry in Argentina. Of this total, 3,500 employees belonged to Astillero Rio Santiago, ARS, and 1,300 belonged to the Complejo Naval industrial argentino, CINAR; these two public shipyards represent more than half of the employment in Argentine shipbuilding sector.

Although the ASI was favoured by the set of new laws and policies implemented since 2004, it cannot overlook that the recovery of a capital goods industry is a long-term process. To some extent, this recovery is unlikely if not co-ordinated with the rest of the national productive structure, access to credit, and the creation of institutional conditions for continued employment and the best use of human resources.

**The workers and the survival of the state-owned shipyards**

The survival of state-owned shipyards in Argentina through the years of neo-liberal experiment can be explained by the conjunction, sometimes

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27 In terms of location, 80 per cent of the ASI production capacity and institutional conditions (shipyards, supply companies for the shipbuilding industry, infrastructure, financing, and training institutions) is concentrated in Buenos Aires province. The three main zones in this province are Mar del Plata (fishing vessels), Tigre (pleasure craft), and the Southern Metropolitan Region of Buenos Aires. The latter area has the largest capacity in building and repairing large vessels, mainly represented by two state-owned companies, ARS and TANDANOR/CINAR. The concentration of capacity of the domestic shipbuilding industry suggests some characteristics of industrial districts, an attribute that could play a significant role in the region and the ASI in the medium term.

28 Servicios portuarios integrados SA (Spisa) (ALNAVI -2009, located in Campana, Buenos Aires province) specialises in river barges, and Astilleros patagonicos integrados (SPI-API, 2004, in Caleta Paula, Santa Cruz province) has the capacity to build and repair vessels up to 800 tons. Ultrapetrol Company opened in 2009, in the province of Santa Fe, Astillero Punta Alvear, to build barges in series.

29 Figure courtesy of Jorge Moreno, general secretary of the union Sindicato de Trabajadores de Talleres y Astilleros Navales (SITTAN) (1990-2009). Today he is a representative of the workers’ ownership in the company directorate of TANDANOR; interviewed 7 August 2013.

30 The most important Argentinean maritime trade unions include: Sindicato Argentino de Obreros Navales y Servicios de la Industria Naval de la República Argentina (SOINRA), Federación marítima, portuaria y de la industria naval de la Republica argentina, Sindicato Argentino de Obreros Navales (SAON); Sindicato Obreros de la Industria Naval (SOIN); Asociación de Trabajadores del Estado (ATE); and SITTAN.
contradictory, of a set of elements, namely: the participation of the shipbuilding unions; the workers’ actions of resistance that strongly confronted the hegemonic project through union struggles to keep the shipyards running; and the workers’ organised resistance to privatisation, which was strengthened by regional and social movements (supported by a nationalist and industrialist ideology). In addition, I include the resistance of the managers in charge of the public shipyards and those responsible for the strategic needs of the Argentinean navy, whose interests seem to have played in favour of resisting privatisation.31

At the end of the crisis of 2001, the consensus among the shipbuilding unions considered the main cause of the collapse of the ASI to be the regulatory framework of the 1990s that facilitated the importation of vessels, discouraging the purchase of locally produced ships. Although Decree-Law 1010/2004 changed the institutional conditions for the ASI, for the unions, the future viability of the industry depends on the implementation of specific public policies.

They argue not only for the repeal of 1990s regulations, but the restoration of policies and institutional conditions that somehow recreate those of the industrialisation by import substitution.32

The maritime unions propose, then, a new law for the merchant marine and shipbuilding industry – an explicit policy referring to the introduction of ship mortgage credit, strengthening of human resources training, modernisation of transport infrastructure, improving the navigability of the waterway Paraguay-Paraná-Río de la Plata, and other issues. Above all, they consider that the restoration of the level of previous production in the shipbuilding industry requires the integration of these policies. Even if Decree-Law 1010/2004 can be identified as a turning point in the recovery of the ASI it is considered that “a decree has no force of law”.33 The unions are concerned with the present conditions of production and the perspective of the shipbuilding industry in order to preserve the employment level in the sector. Therefore, the unions debate the necessity of establishing a new regulatory framework and a new set of policies for the entire system as a

31 Russo and Frassa, “Trayectoria reciente y perspectivas futuras de la industria naval pesada argentina”, 84.
32 Daniel Zárate, responsible for the institutional relationships department, TANDANOR/CINAR, interviewed 25 February 2013; Jorge Moreno, interviewed 7 August 2013; Juan Carlos Casarico, welder, forty-seven years working in Astillero Rio Santiago, thirty years on board ship and twelve years as an instructor at School of Astillero Rio Santiago (ETARS), interviewed 15 July 2012.
33 Jorge Moreno, interviewed 7 August 2013.
whole: water transport, port infrastructure, and domestic shipbuilding firms.

The propositions cover a wide range of public policies to sustain the competitiveness of the maritime sector in the medium term. Thus, from 2004 to the present, a consensus was reached among the unions, which founded the National Dialogue Table of the Argentina Shipbuilding Industry. In 2008, they presented a document that summarised this consensus: “The Strategic Plan for the Development and Growth of the Shipbuilding Industry in Argentina”. The propositions of the round-table basically emphasise the following agenda:

1. A single law for the shipbuilding industry and merchant marine that gives sustainability and predictability to the sector, through incentives for national fleet renewal and incorporation of new vessels to avoid buying used vessels;
2. The creation of a shipbuilding division in the federal administration;
3. The creation of a development-oriented financial institution that includes the shipping industry; and
4. The promotion of human resources training.

These propositions consider the need to:

a. Increase domestic shipbuilding and repair, including for recreational and tourism purposes.
b. Promote the conversion and technological modernisation of naval shipyards and workshops, complementing public and private investment.
c. Evaluate customs taxes.
d. Evaluate asymmetries with Brazil.
e. Participate in projects related to production for defence and security in Argentine interior waters, and seas, working with the National Navy and the Argentine Naval Prefecture.
f. In terms of human resources, it is considered a vital step to encourage professional naval technical education as part of the National Education System.

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34 This committee is also integrated with other associations of shipowners, business chambers, entrepreneurs, and business leaders: Federación de la Industria Naval Argentina (FINA); Consejo Profesional de Ingeniería Naval (CAPIN); Asociación Bonaerense de la Industria naval (ABIN); Astillero Río Santiago; Cámara santafecina de la industria Naval (CSIAN); Facultad de Ingeniería Universidad de Buenos Aires (and other Argentinean universities), Facultades de ingeniería, Universidad Tecnológica Nacional (UTN).

35 Estigarribia, “La mesa nacional de concertación de la industria naval argentina”.
TANDANOR/CINAR: the recovery of a state-owned shipyard

The shipyard was created in 1879 for the repair of large ships. In 1922, it became the Buenos Aires Naval Arsenal (ANBA), run by the navy and the General Administration of Ports, legally established as a corporation, with a significant share of state capital. The shipyard inherited its infrastructure from the navy and the Port Administration, and in 1970 ANBA became Talleres Dársena Norte.

In the 1970s, in order to respond to the increased demand for repairs, TANDANOR expanded its facilities, joining another state-owned shipyard, TARENA. By agreement with the American company Pearlson Engineering in 1978, TANDANOR acquired a ship-lift system, Syncrolift, which remains in operation until today.

For almost a century, from 1879 until 1983, the shipyard depended on the commander in chief of the navy, when it was transferred to the Ministry of Defence until its privatisation in 1991. After a period of private management, 1991-1999, the workers assumed management of TANDANOR, between 1999 and 2007; in 2007, the shipyard returned to the jurisdiction of the Ministry of Defence.

In the early 1990s, the first privatisation of a public company in Argentina took place: after more than a century as a state-owned shipyard, TANDANOR was privatised in 1991. That year, the Ministry of Defence ordered the sale of a 90 per cent stake in TANDANOR, and authorised the sales contract and the call for tenders. On 1 January 1992, Investing North Dock (INDARSA) acquired the shipyard. According to the State Reform Law (which regulated the privatisation programme), a stock-ownership plan was considered, in which workers would own 10 per cent of the shares. However, this programme was not implemented during INDARSA’s management of the shipyard (1991-1999). In 1999, as INDARSA had not completed the transaction (of USD $59,760,000), the federal courts declared the shipyard bankrupt. From that point until 2007, the company was operated and managed by its workers with a legal auditor.

During the “post-convertibility” period, there was debate about the uncertainty caused by the privatisation of infrastructure and services.

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36 Decree-Law 23696, 17 August 1989, State Reform.
37 Eng. Mospán, naval engineer, former production manager of TANDANOR, interviewed 14 April 2012.
38 See Reinert, “The Role of the State in Economic Growth”, and Schorr, Modelo nacional industrial.
The government reconsidered the need to participate in certain privatised companies with investments or directly in management (Energía Argentina, Enarsa, Aguas y Saneamiento, AySA, and ArSat Argentina Satelital). The government’s decision on TANDANOR marked the beginning of a policy to confront the detrimental effects of the privatisations of the 1990s, a policy that culminated with an important milestone, the 2012 renationalisation of the petroleum company Yacimientos Petrolíferos Fiscales.

From 2005, TANDANOR’s case was the subject of National Congress debates that focused on the transfer of the company to the state and the creation of a new state-owned corporation (Astilleros Argentinos SA). General agreement about its renationalisation had been reached but there was still a controversial point: the expenditure to be made in order to purchase the bankruptcy of INDARSA, a concessionaire company. In the end, Decree-Law 315/2007 was signed, allowing the renationalisation of the shipyard TANDANOR.39

Under the Ministry of Defence’s ruling, in 2009 TANDANOR and the Almirante Storni shipyard formed the Complejo Industrial Naval Argentino (CINAR), a company-owned property with 90 per cent equity held by the Ministry of Defence, and 10 per cent in the hands of workers.40

CINAR has a strategic location within the port area of Buenos Aires city, situated in the south channel of the estuary of the Rio de la Plata. Today this channel is the only access to the waterway of the Rivers Paraguay, Parana, and La Plata with suitable ports for ocean vessel operations. The strategic importance of this naval site lies not only in the fact that Buenos Aires is a terminal port in the Southern Cone but also in the dimensions of the complex, allowing the repair of ships and submarines on a large scale.

The Almirante Storni shipyard (previously named Domecq García), a manufacturing plant of submarines for the National Navy, was shut down in 1994 with two hulls about half-completed. The closure of this specialised facility forced the navy to send the ARA Santa Cruz to Brazil for her mid-life upgrade. In 2003, the shipyard was reopened and the submarine ARA San Juan completed her overhaul there.

As a state-owned shipyard, CINAR belongs to the Production System for National Defence (Ministry of Defence) along with other companies:41

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39 The Ministry of Defence requested, in 2012, the reopening of the summary proceedings against the officials involved in the fraudulent privatisation of the shipyards.
41 Investigaciones Aplicadas, INVAP, established in 1976, manufactures satellites and nuclear power plants; Fabricaciones Militares, founded in 1941, and Fábrica argentina de aviones, FAdeA, was created in 1926 and reopened in 2009.
INVAP, Investigaciones Aplicadas, Fabricaciones Militares, and Fábrica argentina de aviones, FAdeA. The management of CINAR as part of the strategy of the Production System for National Defence diversified their production and services, offering construction and repair of oil platforms for the Brazilian oil company Odebrecht, entering the heavy engineering industry.  

CINAR’s current performance is based on the technical capacity of the workforce and the investments made and technology installed during the late 1970s. The skilled component in repair shipyards is crucial, which is why TANDANOR continues its investment in the technical skills of its workers. Although in the past five years it has invested in equipment and infrastructure maintenance, the cornerstone of TANDANOR’s competitiveness is still the Syncrolift: a system for lifting boats and ships out of the water for maintenance work or repair. The vessel is manoeuvred over a submerged cradle, which is then lifted by a set of synchronised hoists or winches. The vessel can be worked on in place, or it can be moved inland so the Syncrolift can be freed for other use.

CINAR, with very little spare capacity, is able to perform technologically complex repairs (such as on icebreakers and submarines). Some 70 per cent of CINAR repairs target the private sector, and of that total 35 per cent are foreign vessels. The repair and modernisation of the Argentinean navy icebreaker *Almirante Irizar* are paradigmatic of the technical capacity of CINAR.  

CINAR’s reputation is based on its location, facilities, equipment, and skilled labour force. The sum of these components allows CINAR to compete in the MERCOSUR ship repair service market.

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43 Jorge Moreno, interviewed 7 August 2013.

44 This includes re-equipping the complex, recovering cranes, and recovering and replacing all the machines that were sold by the weight during the 1990s.

45 José Carlos Pietranera, interviewed 25 July 2010.

46 In April 2007 the icebreaker suffered an accident and was badly damaged. Then the following alternatives were considered: buying a new icebreaker, repair in the owner’s yard in Finland, repair only the damage, or a reconstruction and upgrading of the icebreaker. The Ministry of Defence finally decided on the last option and then discussed which shipyard would perform this reconstruction. Finally, TANDANOR was chosen as the shipyard responsible for the repair, and on 15 September 2009 the contract was signed between TANDANOR and the National Navy. The completion of the work is proposed for 2014.

47 José Carlos Pietranera, interviewed 25 July 2010.
TANDANOR workers face the ups and downs of politics and national economy

Since the late 1960s and mid-1970s, in large industrial centres of Argentina, workers have taken part in a movement of intense struggle. This proletariat, with a significant degree of autonomy from national union leaders, carried on strong and rebellious practices, questioned existing relations of exploitation, such as the ways in which labour organisations represented their interests. Opposition to the union bureaucracies and the persistent exercise of direct democracy became privileged instruments of struggle and organisation which spread to many associations in different parts of the country. At the same time, these groups of workers maintained varying degrees of commitment to political movements of both Marxist leftist as well as Peronist origins.

The union of TANDANOR is politically identified with the Peronist movement and had characteristics different from those of the working organisation of other yards. Although TANDANOR workers in the 1970s carried on fighting for improvements in working conditions and wages, they had less conflict with business leaders than other yards (e.g., the private shipyard ASTARA and Rio Santiago Shipyard). With the coup d'état of March 1976, as part of a climate of violence that was becoming more intense, official and paramilitary repression repeatedly targeted the unions and their leaders, whether they were independent or were linked to different organisations. In TANDANOR there was persecution of workers’ leaders with the collaboration of and allegations by certain union and business leaders who supported the coup, denouncing the activists and workers’ delegates, and increasing the pressure and internal controls within the yard.

During the military dictatorship (1976-1983), the state-owned shipyard, TANDANOR had a strong link with the interests of the Argentinean navy, so the controls on the workers and the work process within the shipyard were intensified.

48 Two cases are notable: the struggles in the private shipyard ASTARSA and in the state-owned shipyard Rio Santiago. In ASTARSA, under the radicalisation of political and union experiences of those years, a group of workers created an organisation independent of the traditional union of ASTARSA (SOIN). Clashes with the owners of the shipyard intensified while the company adopted an increasingly intransigent position against the workers’ demands. This process led to the intervention of the independent workers’ organisation. Between mid-1974 and late 1976, as part of a growing climate of repression, the military and paramilitaries abducted and killed militant workers of ASTARSA. Rio Santiago Shipyard is analysed in Chapter 16 of this book.
With the advent of democracy in 1984, working conditions and workers’ income, in general, improved. There were no significant conflicts in TANDANOR but the level of production of the yard began to show signs of slowdown, accentuated at the end of the 1980s. This process was not specific to TANDANOR; it affected the entire maritime sector. In this period, TANDANOR workers focused their claims on maintaining the purchasing power of wages in the face of severe inflation. Successive quasi-hyperinflation episodes between 1989 and 1991 formed the national context of the struggles in the yard. In this recessionary environment, the implementation of neo-liberal reforms has been intensified. The government proposed the first privatisation of a state-owned enterprise: TANDANOR.

From the very beginning, the TANDANOR workers resisted privatisation. The union of TANDANOR that led these struggles against privatisation was SITTAN (Sindicato de Trabajadores de Talleres y Astilleros Navales). SITTAN is an enterprise-level union whose main goal since the 1990s has been to preserve its members’ source of employment, yet the union had to face and develop strategies and actions that exceeded the limit of the company. In the protest demonstrations in front of the seat of national government, the TANDANOR workers, with the support of their families, joined the struggle of other workers who were also resisting privatisation of public enterprises. Given that the union has historically had more of a negotiating tradition, it agreed, initially, to adjust to new conditions. Finally, SITTAN led negotiations with the government to keep the shipyard open, and accepted privatisation and promises to improve pay and working conditions. It must be emphasised, however, that in 1991 TANDANOR/INDARSA owed the workers several months’ wages.

During the private administration of TANDANOR, 1991-1999, the financial results were very poor (see Figure 16.1). TANDANOR’s performance deteriorated rapidly in this period, since the aim of the owners was to dismantle the shipyard to conclude a real-estate deal more profitable than the repair of ships.49 The shipyard is located in an urban area near the port of Buenos Aires, which during the 1990s was subject to restructuring and real-estate appreciation with high levels of profitability. From 1999 until 2007 the shipyard was operated and managed by its workers with a legal auditor. When the workers took over the management of the shipyard, INDARSA owed them 18 months’ salary.50 By 2000, there were 140 workers

49 Eng. Mospán, interviewed 14 April 2012.
50 Eng. Mospán, interviewed 14 April 2012; Haydee Raubvogel, Assistant to the Vice President, TANDANOR/CINAR, interviewed 15 August 2013.
and about 10 naval engineers and technicians with an average age of 57. The deep crisis and high unemployment in the Argentina of 2001-2002, and the near dismantling of the domestic shipbuilding industry, formed the context of the resistance and struggle of TANDANOR's workers. These struggles had two basic objectives: to collect the debt owed to them and to keep the shipyard open. They collected the debt accumulated in 2006 and retained the source of employment.

The workers’ participation and actions, although defensive, paved the way to the company’s renationalisation. And, when the new government elected in 2002 decided to reverse the privatisation, the workers demanded participation in the strategic decisions of the company until their future share in management and definite nationalisation were decided. From

51 Jorge Moreno, interviewed 7 August 2013.
2007 until the creation of CINAR, the shipyard recuperated slowly, but from 2009 onwards there began a strong revival in the level of production (see Figure 16.1).

The management in the hands of the unions and the involvement of middle management of the company – engineers and managers – spanned nearly five years. During that time the yard was maintained with repairs that had been negotiated in previous years, but the level of productivity was very low. The few repair orders that were received at this stage hardly allowed the retention of labour. Funding was central to the continuity of the activities of the shipyard. In principle, repair contracts required a downpayment, so it was possible to pay part wages. But these resources were very limited, and many workers had to leave the yard. Many skilled workers (especially welders) went looking for work in other metallurgical industries. In those years of resistance, the workers, with the support of their families, chose to accept low incomes in exchange for retaining their jobs. All were convinced that the yard must return to state control. During this period, the workers’ organisation did not undergo major changes, but decision-making was more participatory and democratic. This can be linked to management models of the recuperated factories movement that had already begun in Argentina with the 2001 crisis.

Since nationalisation, changes in the extent of production and the technological conditions of the shipyard have had significant impacts on the workforce, and have influenced production and labour relations in many aspects, not merely in the increase of the numbers of workers, but especially in the decrease in the average age of workers, which dropped from 57 in the 1990s to 35 in 2010. Historically, the participation of women in the labour force of the yard was always very low: in 2010 this percentage did not exceed 5 per cent.

From the wage scale I would highlight just two aspects. First, we can see that the gap in wages between the highest- and lowest-paid categories has reduced; and, second, if we compare the national minimum wage with the monthly salary of the lowest-category operator of CINAR, for 2010 and 2012

52 Jorge Moreno, interviewed 7 August 2013
53 Jorge Moreno, interviewed 7 August 2013.
54 Azpiazu and Shorr, *Hecho en Argentina*.
55 Daniel Zárate, responsible for the Institutional Relationships Department, TANDANOR/CINAR, interviewed 25 August 2013.
56 Haydee Raubvogel, Assistant to the Vice President, TANDANOR/CINAR, interviewed 15 March 2013.
Figure 16.2  Daily wage according to category and speciality (Argentine pesos)

Note: Category I: Mechanical engineering, naval boilermaker, naval electrician, surface treatment operator, helmsman, plant maintenance operator, official firefighter; Category II: Operator general tasks, security guard, service operator; Category III: Operator general tasks.
Source: Based on data from Collective Bargaining Agreements. SITTAN, 2012

(approx. ARG $3,800 and ARG $7,000, respectively) we observe that these wages are remarkably higher.57

Figure 16.3 shows the different stages of the shipyard’s trajectory since 1970: between 1990 and 2007 there was a low level of employment for a period in which the shipyard kept its doors open despite its mediocre performance, and almost no return.58 As noted earlier, the recovery of the shipyard can be observed from the renationalisation in 2007 and the creation of CINAR. The level of employment follows this trajectory. In this sense, since 2009, the number of direct employees has increased, but this phenomenon has had a special feature: the increase in sub-contracted (non-unionised) workers as shown in Figure 16.3.

As noted above, unionised workers have been involved in the design of the company’s strategy, particularly after 2000. It is, however, necessary to clarify that workers who have a stake of 10 per cent of the shares in the

57 The minimum salary is set by the National Council for Employment, Productivity, and Minimum Wage (Ministry of Labour). The minimum monthly salary in 2010 was ARG $1,840 and in 2012 ARG $2,670.
company are those working in the yard at the time of nationalisation in 2007.\textsuperscript{59} In 2011-2012, there were 1,258 workers: of this total, only 390 were unionised workers; 700 were non-unionised workers and 146 in administrative and other services (42 naval technicians, and 44 professionals, comprising 23 engineers, 6 engineer officers, 6 accountants, and 9 other professions).\textsuperscript{60}

The non-unionised workers are in reality the “adjustment variable” or weakest link when the activity level of the shipyard drops. The current union of CINAR is SITTAN, and working conditions and wages differ between workers who belong to SITTAN and those who are sub-contracted. Those affiliated to SITTAN enjoy a labour and wage system that guarantees stability in jobs, with wages adjusted annually in joint negotiations. While the information about categories and wages refers to unionised workers, SITTAN workers admit in interviews that there is a remarkable difference

\textsuperscript{59} Jorge Moreno, interviewed 7 August 2013.

\textsuperscript{60} CI\textsuperscript{N}AR, \textit{Informe al Honorable Congreso de la Nación}, 3.
between the labour regime and wage levels of both types of workers. For sub-contracted workers, the labour regime is more precarious and wages are lower.\textsuperscript{61}

**Conclusions**

Founded in 1879, TANDANOR was established for the maintenance of the Argentinean navy’s fleet. In 1991, under President Carlos Menem’s privatisation plan, the shipyard was privatised and in 1999, after the principal stockholder declared bankruptcy, its workers took over the management of the shipyard until its renationalisation in 2007.

In order to understand the trajectory of this shipyard I have contextualised the evolution of the entire shipbuilding industry in Argentina. The consequences of the 1990s orthodox neo-liberal policies in the shipbuilding industry were mainly: the closure of private shipyards, the almost complete disappearance of the maritime manufacturing workshops, a significant technological setback, and the eventual loss of know-how through the loss of skilled labour. Thus, for two decades, the deterioration in competitive conditions in the evolutionary path of the ASI was persistent.

In spite of political change since 2003, which promoted a sustained industrial growth model to reverse the regressive tendencies of the previous period, the ASI did not undergo structural changes in its composition or in its dynamics. Although 80 per cent of Argentine shipyards are located in the province of Buenos Aires, neither the provincial nor the federal government has a special division which could articulate policy for the sector. Lack of substantial investment, bureaucracy, and, especially, lack of long-term growth have placed this industry in “survival” mode, with operations based on old technical and material capacities.

The performance and trajectory of the ASI have shown a marked dependence on an institutional, regulatory framework, and strategic state policy relating to defence and industry as a whole. However, the unions consider that for two decades, in the maritime value chain, a special link has been missing: the state.

From 2004 to date, as noted above, the maritime unions have begun a National Dialogue Table of the Argentina Shipbuilding Industry. This consensus has led to a comprehensive vision and a common agenda between the different links in the production chain.

\textsuperscript{61} Jorge Moreno, interviewed 7 August 2013.
Located in the Southern Metropolitan Region of Buenos Aires, the state-owned companies, TANANDOR/CINAR and Astillero Río Santiago, have most of the productive capacity and represent more than 50 per cent of the workforce of the country’s maritime sector. In the past twenty years, TANDANOR/CINAR’s workers have been the main actors in attempting to ensure the continued survival of the shipyard, demanding that the government recognise the importance of maintaining a repair yard, to preserve not only their source of employment but also their productive capacity and human resources. They fought for public management of the shipyard. Cristina Kirchner’s government’s decision to recover the ASI with Decree-Law 1010 in 2004 was reaffirmed, and culminated in the renationalisation of TANDANOR in 2007 and the creation of CINAR in 2009.

Nevertheless, the National Dialogue Table of the Argentina Shipbuilding Industry considers it imperative to strengthen the domestic value chain: construction and repair of vessels (large-sized, fishing, tourism, and commercial transportation), naval workshops and industry services, and technical and professional training institutions. In short, in the view of the maritime unions, the state should address not only the modification of the regulatory framework for the shipbuilding industry, but also the establishment of a clear policy of regional integration for it.