

Risky business

In the risky business of deep-sea fishing, few companies make a success of a small quota, but with its recent purchase of a second trawler, Basani Fishing has demonstrated it is the exception to the rule.



Arthur Shipalana

In a 2015 thesis, University of Cape Town economist, Diederick Ferrandi, notes: "Hake trawling is inherently risky, particularly in South Africa... and economic risk is particularly acute for small operators".

Basani Fishing's Arthur Shipalana is the first to agree with Ferrandi. Give him half a chance and the affable businessman – who cut his teeth in the motor industry in Port Elizabeth and later ventured into the property business – will tell you with a good-natured chuckle about his false start in fishing, and how the purchase and refurbishment of his company's first trawler, *Basani*, very nearly cost him his shirt.

Basani Fishing was founded in the late 1990s as a result of a burgeoning friendship between Arthur and Willem

Walters, a west coast entrepreneur with deep roots in the fishing industry. Like other black-owned fishing companies at the time, Basani Fishing took advantage of government policy that favoured black-owned, small and medium enterprises, and managed to secure a quota in the deep-sea trawling industry, South Africa's most capital intensive industrial fishery. But a toehold in the deep-sea trawl fishery means little without a fishing vessel and so Arthur and Willem bravely purchased one in Spain.

"We secured a loan from the bank and we had enough money to purchase the vessel, but there was a lot of work to be done on it," he remembers.

It was during the refit and renovation of the *Basani* in Las Palmas that costs began to spiral out of control and Arthur feared he would lose everything. A chance encounter with a business run by an uncle and nephew team from Spain turned this dire situation around and with their intervention, Arthur managed eventually to sail a seaworthy *Basani* to South Africa and put it to work in the hake fishery.

"It came down to trust, nothing else," he says with a disbelieving shake of his head.

His Spanish backers have since become partners and the relationship has proved beneficial to both parties.

Spain has a healthy appetite for hake and by helping Basani Fishing get on its feet, Arthur's Spanish partners have secured a reliable supply of premium quality South African hake. Their company, *Cosecha del Mar*, imports the entire annual catch of the *Basani* (about 2 000 metric tons per year) and supplies the sea-frozen

products to fish markets in Italy, Portugal and Spain.

"The fish sells itself," says Arthur, explaining that the *Basani* brand has earned an enviable reputation for quality. The eventual success of the *Basani* led to the purchase of a second trawler; earlier this year Basani Fishing launched the R51 million *Zamani 1*. The advantage of having two vessels is that the company is able to spread its risk—early next year the *Basani* will undergo comprehensive maintenance that requires her to be out of service for four months. The *Zamani 1* will fill the breach.

Basani Fishing collaborates with the much larger I&J to optimise the use of its vessels. This kind of arrangement is common in the deep-sea trawling industry where companies tend to work together in "clusters".

The cluster system helps the industry to efficiently utilise fishing capacity and keep processing factories supplied with raw material. For this reason, says Arthur, there is room for both big and small in the industry.

"Over the years we have received strong support from I&J," he says, "they have demonstrated their commitment to helping a company such as ours to make it in this fishery."

There can be little doubt that Basani Fishing is one of the success stories to come out of the transformation of the South African fishing industry, and that the future is bright for this small company that has overcome so many obstacles to survive in the capital intensive and highly competitive business of deep-sea fishing.