ROLE OF JOINT VENTURE “SOVHISPAN” IN NORMALIZATION OF THE SOVIET-Spanish BILATERAL RELATIONS

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The object of this research is to support the statement about the prevalence of the economic interest over the political ones, taking as an example the reestablishment of the Soviet-Spanish bilateral relations. The historical context of the creation of the Soviet-Spanish joint venture “Sovhispan” is highlighted as the final outcome of the secret negotiations and previous business practices between Spain and the Soviet Union in the late 1960s. The Soviet-Spanish economic relations started ten years before their normalization in 1977, the Canary Islands being one of the places of their development. The principal conclusions of the research are: the geostrategic position of Spain was appreciated by the USA, via installation of the military bases on the mainland, and the USSR, using the Canary Islands as an operational base for the Soviet Fishing Fleet. “Sovrybflot”, an internal structure of the Ministry of Fisheries of the USSR, managed the overseas activity of the Soviet Fishing fleet abroad. Thus, the arrival of a vast Soviet fishing fleet in the Canary Islands and the creation of the joint venture “Sovhispan” was a result of its work. “Sovhispan” was a “bridge” in the normalization of the Soviet-Spanish bilateral relations, and bankrupted with the dissolution of the USSR.

Key words: joint venture, Soviet fishing industry and fleet, Soviet foreign policy, Soviet-Spanish bilateral relations, Sovhispan, Sovrybflot.

Introduction

Research subject. The history proves that finally economic interests are above of the political ones, encouraging the contacts search and developing of the trade with the “enemy”. In this context, it would be actual an example of the process of normalization of the Soviet-Spanish bilateral relations, which peculiarities will be exposed in this work.

The strong Spanish-Soviet state-to-state activity began approximately 10 years before its diplomatic recognition in 1977 in the Canary Islands, and played a cru-

**Literature review.** It is highly important to outline the historiography of the Spanish-Soviet bilateral relations, especially some PhD thesis, carried out from Spanish or Russian points of view [1]. Authors have made an emphasis on the restoration of the diplomatic relations between the two countries and referenced “Sovhispan” as a Spanish-Soviet joint venture. Nevertheless, there is no deep research into this enterprise, no quantitative or qualitative estimations about the Soviet fleet and its impact on the Canary economy. Moreover, no deep analysis has been found in the literature relating to the Soviet fishing industry and its projection to and from the Canary Islands.

As for the Soviet and Russian literature, in contrast with the Anglo-Saxon one [2], the information published on Soviet fishing fleet activities abroad [3] is extremely brief. It concerns, generally, the development of the fishing industry within the country [4], the establishment of bilateral relations [5] between the Soviet Union and other countries in the area of fishing or on natural science studies of the oceans [6]. A gap in the historiography, which could completely explain the phenomena of the concentrated Soviet vessels coming to the Canary Islands in the epoch of anti-soviet propaganda, encouraged the present investigation.

**Research aim and tasks.** The aim of this research is to prove the statement of the prevalence of the economic interest over the political ones, taking as an example the reestablishment of the Soviet-Spanish bilateral relations. The main questions are the follows: 1. To appreciate the position of Spain and the geostrategic importance of the Canary Islands in the framework of the Cold war. 2. To value the Soviet fishing industry as one of the USSR’s tools of foreign policy. Therefore, the organization, development and contextualization of Sovrybflot, Sovetskiy Rybolovniy Flot. 3. To appraise the importance of “Sovhispan” in the Spanish-Soviet bilateral relations from 1967 to 1977.

**Discussion**

The Spanish-Soviet bilateral relations broke up in 1939, when General Franco took over power after the Spanish Civil War. Thus, in the late 1960s’ Spain and the Soviet Union were on opposite sides of the international scene, but started, nonetheless, the secret negotiations about economic collaboration.

During the Cold War confrontation, Franco’s anti-communist rhetoric was valued by the United States, and North American support was showed for the regime, opening the path out of the international political isolation. The late 1950s are characterised in Spain like “the second Franco era”, when the country turned out to the liberalization, through the adaptation of the Stabilization Plan [7]. One of the objectives was the “promotion of foreign investment in Spanish companies”, which permitted the presence of the Soviet public capital.
Spain’s contacts with the Western countries started via American support, whilst Spanish relations with the USSR were secret. It should be outlined the “double standard” [8] of the Spanish foreign policy towards the Soviet Union, characterized by the official anti-communist propaganda and covert search and establishment of business contacts via private companies at the same time.

From the geopolitical point of view, Spain, despite being geographically situated in the Western world, was considered until 1982, howbeit, a non-aligned country of NATO, but it housed USA military bases on its mainland territory since 1953. Thus, and regardless of Spain joining NATO in 1982 [9], the Canary Islands, free of American presence, started accepting the Soviet fishing fleet from the end of 1960s, as a result of the negotiations of the Soviet and Spanish Marine [10]. Furthermore, in 1971, by mutual accordance between the Spanish and Soviet governments, a Soviet economic operational base, “Sovhispan”, was founded [11]. The choice of the Canaries over other Spanish ports by the Soviet Union was conditioned either by its geographical position, being the islands a crossing point of trade routes between Europe, Africa and America, or by the existence of the Law of Free Ports [Free Zone], with the subsequent introduction of the Economic and Fiscal Regime of the Canary Islands in 1972.

It should be explained that the arrival of a vast Soviet fishing fleet made up between 25% and 29% of the annual basis of all foreign navies coming to the Canary Islands [12] (Table 1). This mass entrance was mainly possible due to the high technological level of the Soviet vessels and the great development of industrial ocean fishing. Such strong investments into the fishing industry were promising due to the economic planning of the Soviet economy, where priority was given to heavy industry [13].

Table 1

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Santa Cruz, Tenerife</td>
<td>0</td>
<td>134</td>
<td>448</td>
<td>654</td>
<td>643</td>
<td>775</td>
</tr>
<tr>
<td>The annual basis of soviet vessels among the foreign ones</td>
<td>0</td>
<td>7,12%</td>
<td>16,17%</td>
<td>24,35%</td>
<td>26,55%</td>
<td>29,26%</td>
</tr>
<tr>
<td>La Luz, Gran Canaria</td>
<td>48</td>
<td>433</td>
<td>475</td>
<td>546</td>
<td>669</td>
<td>798</td>
</tr>
<tr>
<td>The annual basis of soviet vessels among the foreign ones</td>
<td>3,16%</td>
<td>22,89%</td>
<td>23,31%</td>
<td>22,13%</td>
<td>22,01%</td>
<td>27,89%</td>
</tr>
<tr>
<td>Total entrances</td>
<td>48</td>
<td>567</td>
<td>923</td>
<td>1200</td>
<td>1312</td>
<td>1573</td>
</tr>
</tbody>
</table>


Due to the planned character of the Soviet economy and the realization of Five Year Plans, the USSR could achieve significant results in its economic de-
velopment generally and in the Fishing industry [in this case] in the mid-1960s of the twentieth century. Explorations in the World’s oceans found large reserves of bio resources, capable of feeding the planet’s population. The Atlantic Ocean was the most productive, especially the North and Eastern Central Atlantic, adjacent to North-West Africa [14].

In the 1960s, as the Soviet vessels worked several thousand miles away of the USSR shores, when the idea of creating a structure capable of managing overseas economic activity emerged. Thus, in 1965, “Sovrybflot” was founded within the Ministry of Fisheries of the USSR, a state-owned company whose purpose was the organization and control of the economic activity carried out by the Soviet fishing fleet abroad. It was governed centrally from Moscow and was divided into four administrative units: Northern Fish (Murmansk), Western Fish (Riga), Far Eastern Fish (Vladivostok), and Southern Fish (Sevastopol) [15]. The destination of Far Eastern Fish was the Pacific and the Indian Oceans, whereas the other fleets had been fishing in the Atlantic Ocean and had increased their catch in the region by 1.6 to 7 times, particularly in the Eastern Central Atlantic, between 1965 and 1970 [16]. Thus, the ever-growing catches by the Soviet fishing fleet in the Eastern Central Atlantic was a decisive factor when steps were taken to approach harbours in the Canary Islands.

Table 2

<table>
<thead>
<tr>
<th>Country</th>
<th>Year of establishment</th>
<th>Joint-venture</th>
<th>Total investment*</th>
<th>% About total investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain, the Canary Islands</td>
<td>1971</td>
<td>Sovhispán</td>
<td>1.269</td>
<td>29,00%</td>
</tr>
<tr>
<td>Iraq</td>
<td>1974</td>
<td>Rafryba</td>
<td>Ceased the activity in 1986</td>
<td></td>
</tr>
<tr>
<td>Guinea – Bissau</td>
<td>1975</td>
<td>EstreladoMar</td>
<td>36</td>
<td>0,82%</td>
</tr>
<tr>
<td>Italy</td>
<td>1975</td>
<td>Sovitpesca</td>
<td>91</td>
<td>2,08%</td>
</tr>
<tr>
<td>Singapore</td>
<td>1975</td>
<td>Marissco</td>
<td>972</td>
<td>22,21%</td>
</tr>
<tr>
<td>France</td>
<td>1975</td>
<td>Fransov</td>
<td>57</td>
<td>1,30%</td>
</tr>
<tr>
<td>Somalia</td>
<td>1975</td>
<td>Somalfish</td>
<td>287</td>
<td>6,56%</td>
</tr>
<tr>
<td>USA</td>
<td>1978</td>
<td>Sovam</td>
<td>1.256</td>
<td>28,70%</td>
</tr>
<tr>
<td>Sweden</td>
<td>1979</td>
<td>Scarus</td>
<td>74</td>
<td>1,69%</td>
</tr>
<tr>
<td>Australia</td>
<td>1979</td>
<td>Asmarfish</td>
<td>n/d</td>
<td>n/d</td>
</tr>
<tr>
<td>New Zealand</td>
<td>1979</td>
<td>Fletsov</td>
<td>n/d</td>
<td>n/d</td>
</tr>
<tr>
<td>New Zealand</td>
<td>1979</td>
<td>Amalsov</td>
<td>n/d</td>
<td>n/d</td>
</tr>
<tr>
<td>New Zealand</td>
<td>1979</td>
<td>Sunmar</td>
<td>n/d</td>
<td>n/d</td>
</tr>
<tr>
<td>Mozambique</td>
<td>1979</td>
<td>Mozopescia</td>
<td>n/d</td>
<td>n/d</td>
</tr>
<tr>
<td>Mauritania</td>
<td>1980</td>
<td>Mavsov</td>
<td>63</td>
<td>1,44%</td>
</tr>
<tr>
<td>Peru</td>
<td>1980</td>
<td>Sovinca</td>
<td>134</td>
<td>3,06%</td>
</tr>
<tr>
<td>Canada</td>
<td>1986</td>
<td>Cansov</td>
<td>137</td>
<td>3,13%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>4.376</strong></td>
<td><strong>100,00%</strong></td>
</tr>
</tbody>
</table>

Source: RGAE, f. 8202, op. 20, d. 2689, l. 6; d. 4603, l. 15; d. 5140, l. 34; d. 5601, l. 3; d. 6616, l. 16–20; d. 7645, l. 9–10; op. 23, d. 139, l. 14; d. 1794, l. 11.

*Miles of Soviet roubles. Proper elaboration.
Being a super power, the USSR expanded its influence and, in the area of fisheries, the Soviet Union sealed contracts with the coastal States [17]. In that framework, “Sovrybflot”, on behalf of the Soviet State, entered into contracts of agency and ship chandlers with foreign companies for the supply and maintenance of ships, offering their technology, part of the catches, and so forth. With the purpose of a successful penetration into the foreign market, one of the goals of “Sovrybflot” was the creation of joint ventures. In a period of over 20 years, “Sovrybflot” established nearly 16 mixed, Soviet-overseas companies all over the world (Table 2).

“Sovhispan”, as a result of the secret negotiations between Spanish and Soviet government between 1969–1971 [18], was the most successful and the first joint venture, established in the Canary Islands, Spain. It operated as a consignee and a supplier of vessels, paying special attention to the ships of the Soviet flag. Via “Sovhispan”, the USSR reduced costs for its vessels’ supply, improved its fishing logistic [19], while Spain took advantage in the development of the trade with the Soviet Union.

The main shareholder of the joint venture, with 50%, was “Sovrybflot”, while 25% of the shares belonged to the private company “VaporesSuardiaz”, an enterprise that belonged to the “Spanish government trust”, and the remaining 25% was held by the “Compañía General de Tabacos de Filipinas”. The latter was openly declared as “privately-owned”; however, the Spanish government held 46% of its shares [20].

The signing of the Spanish-Soviet Commercial Treaty in 1972 and the diplomatic normalization of 1977 created favourable conditions for the Spanish-Soviet relations and marked the approach between the two countries. “Sovhispan”, formed as a joint venture of international trade, in 1973 accounted between 5–8% of the total volume of import and export trade between Spain and the Soviet Union, which was estimated at 80 million American dollars [21].

“Sovhispan” until 1991 attempted stable revenues, increasing turnover, and capital. The breakdown of the USSR and the dissolution of the mainstream Soviet fleet within the national fleets of the Russian Federation, Ukraine, Georgia and the Baltic State translated into a drastic plunge in the number of above-mentioned national vessels which came to the Canary Islands [22], and as a consequence, led to the bankruptcy of “Sovhispan”.

Conclusions

During the Cold war era the geostrategic position of Spain was appreciated by the superpowers: the USA established its military bases on its mainland territory since and the Soviet Union founded its operational base for the fishing fleet in the Canary Islands.

The strong investments into the heavy industry, and the high technological level of the Soviet vessels made them possible working several thousand miles
away of the USSR shores. Thus, in 1965 “Sovrybflot” or Soviet Fishing Fleet Abroad was created, with the purpose to coordinate all the overseas activity. One of the goals of Sovrybflot was the establishment of the joint ventures with the coastal countries. A Soviet-Spanish joint venture “Sovhispan”, launched in 1971, was the most successful enterprise.

The Spanish-Soviet intensive contacts started 10 years before the arrival of diplomatic normalization in 1977, playing a crucial role in its securing. The intensive presence of Soviet vessels in the Canary Islands since 1967 was more significant among other overseas ships appearing, which justified the establishment of the Soviet consignee. Thus, “Sovhispan” was a result of the undisclosed consultations between Spanish and Soviet government in the late 1960s, where each country took an advantage of that collaboration.

Due to the globalization, the dissolution of the USSR echoed in the Canary Islands: the arrivals of the national fleets of the Independent States of the former Soviet Union reduced drastically, which culminated with the bankruptcy of “Sovhispan”, despite the efforts of the Spanish authorities to save it.

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В данной статье рассматривается история создания и деятельности совместного советско-испанского предприятия «Совиспан», ставшего результатом тайных переговоров и деловой практики между Испанией и Советским Союзом. Изложенный материал позволяет продемонстрировать превалирование экономических интересов над политическими в двусторонних советско-испанских отношениях в рассматриваемый период. Авторы устанавливают, что развитие советско-испанских экономических связей (с многочисленными заходами советских рыболовных судов в канарские порты) началось на десятилетие раньше их дипломатического урегулирования в 1977 г. Создание совместного предприятия, а также интенсивное присутствие советского рыболовного флота на Канарских островах являлось частью работы государственного предприятия «Соврыбфлот» Министерства рыбной промышленности СССР. «Совиспан» сыграл важную роль в процессе восстановления дипломатических отношений между двумя странами, и только после распада СССР прекратил свое существование.