BETTER USE OF PUBLIC MONEY: THE END OF FUEL SUBSIDIES FOR THE EU FISHING INDUSTRY. EXECUTIVE SUMMARY

The EU fishing fleet has been exempted from €0.8 - €15.7 billion in fuel taxes between 2010 and 2020. The European Green Deal and Fitfor55 package require industries to reduce emissions and cut fossil fuel subsidies. In the proposal for a revised Energy Taxation Directive (ETD), the proposed tax rate for fishing industry fuel is as low as €0.036 per litre; approximately 20 times lower than average tax rates used for road transport (€0.67 per litre). However, removing fuel subsidies does not necessarily mean a reduction in overall support for the fisheries sector: 17 alternative subsidies outperform fuel subsidies environmentally, socially, and economically, with an average impact score of 188% over fuel subsidies. With €0.33 tax per litre in 2019 (the minimum level of taxation applicable to motor fuels specified in the EU Council Regulation on the taxation of energy products), the EU could have paid the salaries of twenty thousand fishers for a year or six thousand energy reduction & decarbonisation projects. This means €0.036 per litre does not reflect the price of the carbon pollution and will not be sufficient to support a just transition to low-impact and low-carbon EU fisheries. Removing fuel subsidies is a necessary first step for a just transition towards low-impact and low-carbon EU fisheries.

EU fleet tax exemptions

This report demonstrates that in 2019, the EU large-scale fleet was exempted from paying €71 million in the lowest tax scenario (€0.036 per litre), while this amount would have been €653 million at €0.33 per litre and €1.3 billion at €0.67 per litre. For the EU small-scale fleet, this would have been €3.1 million, €28 million, and €57 million, respectively.

Reference year 2019	Litres	Taxes of €0.036 per litre in €	Taxes of €0.33 per litre in €	Taxes of €0.67 per litre in €	Tonnes of CO_2
SMALL-SCALE FLEET	84,804,624	3,085,428	28,283,087	57,423,237	231,194
LARGE-SCALE FLEET	1,956,540,055	71,229,515	652,937,220	1,325,660,417	4,953,048

NOTE: The figures for the proposed tax rate by the Commission in the revised ETD are €0.0351/litre (or 3.51 cents/litre) - a difference of 0.09 of 1 cent per litre, to the figures we have listed in the report (€0.036/litre). This came from a difference in the conversion from gigajoule to marine fuel. We have not updated every figure in the report to account for this since the difference is so tiny and does not significantly influence the tax revenue that the Commission proposes.

Using alternative subsidies to do good

Rather than being lost on fuel tax exemptions, tax revenue could support alternative subsidies with greater positive environmental, social, and economic impacts (Figure A). In 2019, €0.33 tax per litre could simultaneously pay for numerous safety at sea measures (5,049), protection of aquatic species projects (3,267), and professional training initiatives (3,172). At the same time, more costly projects, including energy reduction & decarbonisation (99) and fisheries management projects (86), could also be subsidised.

Focusing on areas of crucial concern for the EU, the tax revenue could have been invested into supporting 20,328 jobs for fishers for a year or enabling 6,427 energy reduction & decarbonisation initiatives.

For a full analysis and descriptions of alternative subsidies, click the link here.

Spanish fleet tax exemptions and alternative subsidies

In 2019, a tax rate of €0.33 would have generated €193 million in revenue (Figure B). This revenue could have been equally divided between six alternative subsidies: supporting 3% of Spanish fishers' salaries and professional training initiatives for 9% of all fishers. In addition, it could have financed decarbonisation measures for 1% of the fleet, regenerative practices for 2%, and low-impact fishing equipment for 4%. On average, these alternative subsidies have an impact score of 7.7, which is a 192% improvement compared to using fuel subsidies (this impact score remains the same for France and Germany).

French fleet tax exemptions and alternative subsidies

In 2019, a tax rate of €0.33 would have generated €109 million in revenue (Figure C). This tax revenue could have been equally divided between six alternative subsidies: supporting 7% of French fishers' salaries and professional training initiatives for 19% of all fishers. It could have also financed measures to reduce energy use and promote decarbonisation for 1% of the fleet, regenerative practices for 2%, and low-impact fishing equipment for 3%.

German fleet tax exemptions and alternative subsidies

In 2019, a tax rate of €0.33 would have generated €12 million in revenue (Figure D). This tax revenue could have been equally divided between six alternative subsidies: supporting 6% of German fishers' salaries and professional training initiatives for 16% of all fishers. Additionally, the funding could have been used to reduce energy consumption and promote decarbonisation for 1% of the fleet, adopt regenerative practices for 1%, and acquire low-impact fishing equipment for 2%.

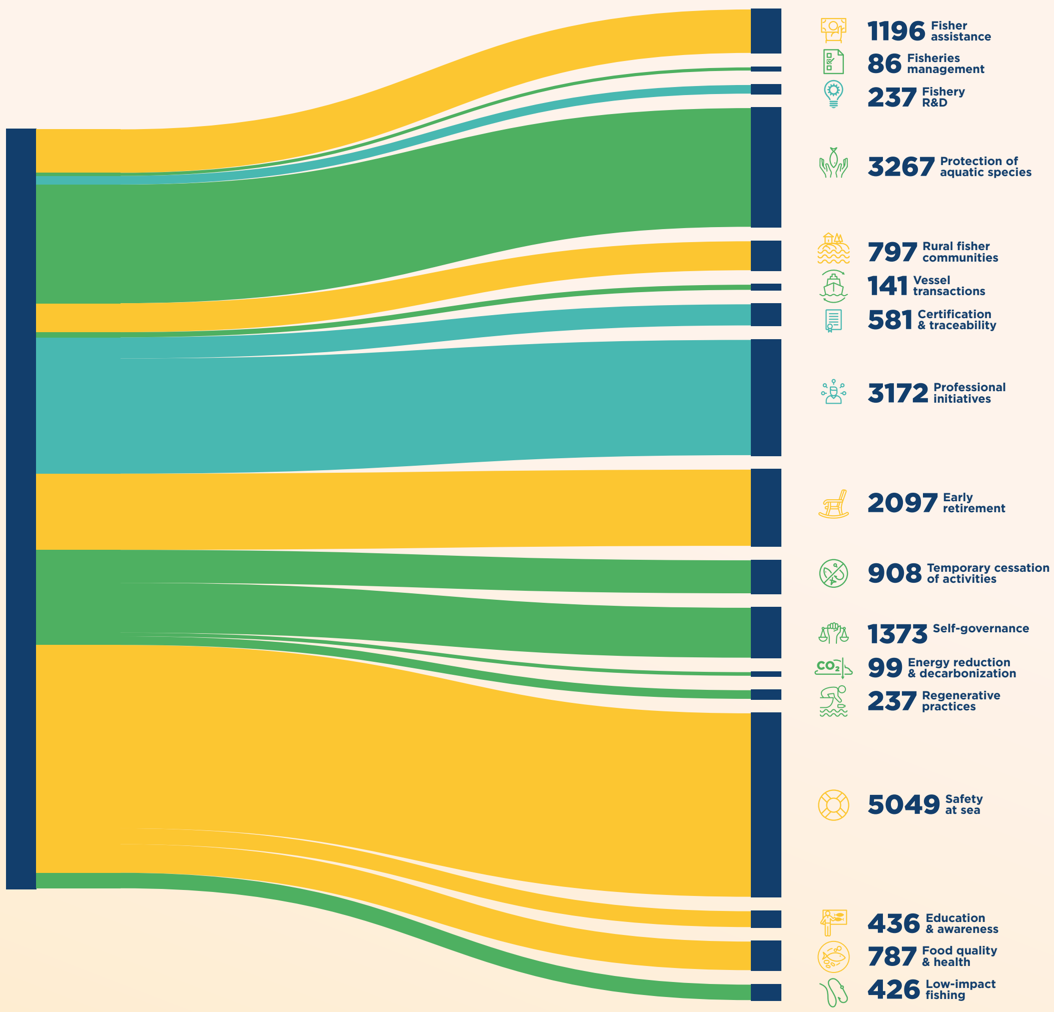

Figure A. Fuel taxes could be equally distributed to the 17 alternative subsidies. The number of initiatives for each subsidy that could be financed with €0.33 per litre tax is referenced next to the subsidy. The colours indicate environmental-focused (green), social-focused (yellow), and economic-focused (blue) subsidies.

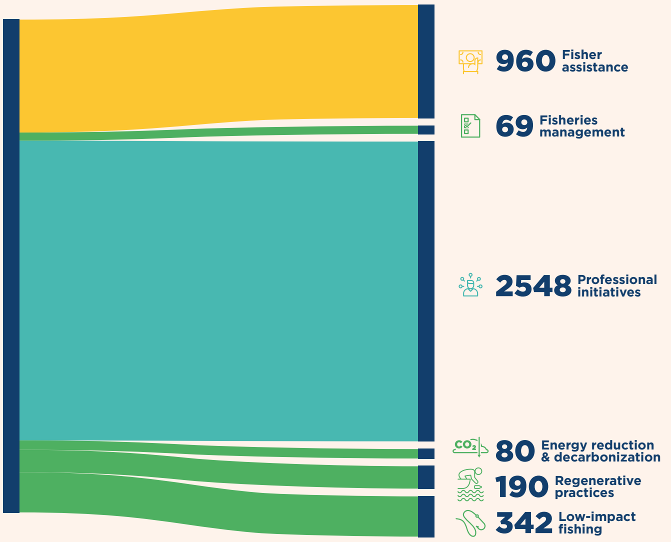

Figure B. Spain's fuel subsidies could be equally distributed between selected alternative subsidies. A tax of €0.33 per litre would have generated €193 million in taxes in 2019. The numbers next to the subsidies refer to the number of initiatives that could be financed by these subsidies. The thickness of the links indicates the number of subsidy types that could be financially supported. The colours indicate environmental-focused (green), social-focused (yellow), and economic-focused (blue) subsidies.

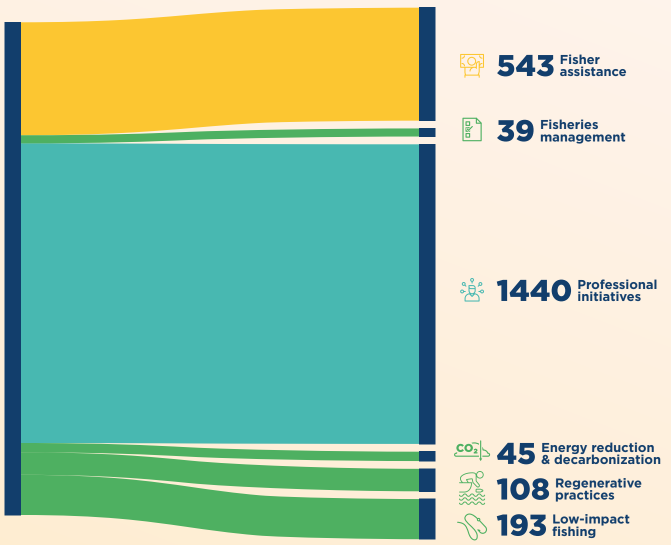

Figure C. France's fuel subsidies could be equally distributed between selected alternative subsidies. A tax of €0.33 per litre would have generated €109 million in taxes in 2019. The numbers next to the subsidies refer to the number of initiatives that could be financed by these subsidies. The thickness of the links indicates the number of subsidy types that could be financially supported. The colours indicate environmental-focused (green), social-focused (yellow), and economic-focused (blue) subsidies.

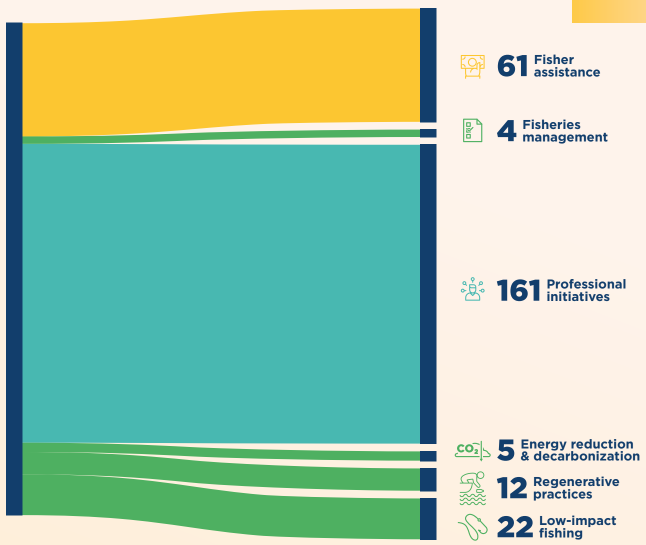

Figure D. Germany's fuel subsidies could be equally distributed between selected alternative subsidies. A tax of €0.33 per litre would have generated €12 million in taxes in 2019. The numbers next to the subsidies refer to the number of initiatives that could be financed by these subsidies. The thickness of the links indicates the number of subsidy types that could be financially supported. The colours indicate environmental-focused (green), social-focused (yellow), and economic-focused (blue) subsidies.

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