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Ministry of Finance

Current Legislation on Resource Fees in Faroese Fisheries

Djóni Højgaard,
Adviser - Ministry of Finance



Faroese Fishery

- Demersal fishery around the Faroes
- Distant water fisheries
- Pelagic fish



Faroese Fishery

- Demersal fishery around the Faroes
- **Distant water fisheries**
- **Pelagic fish**

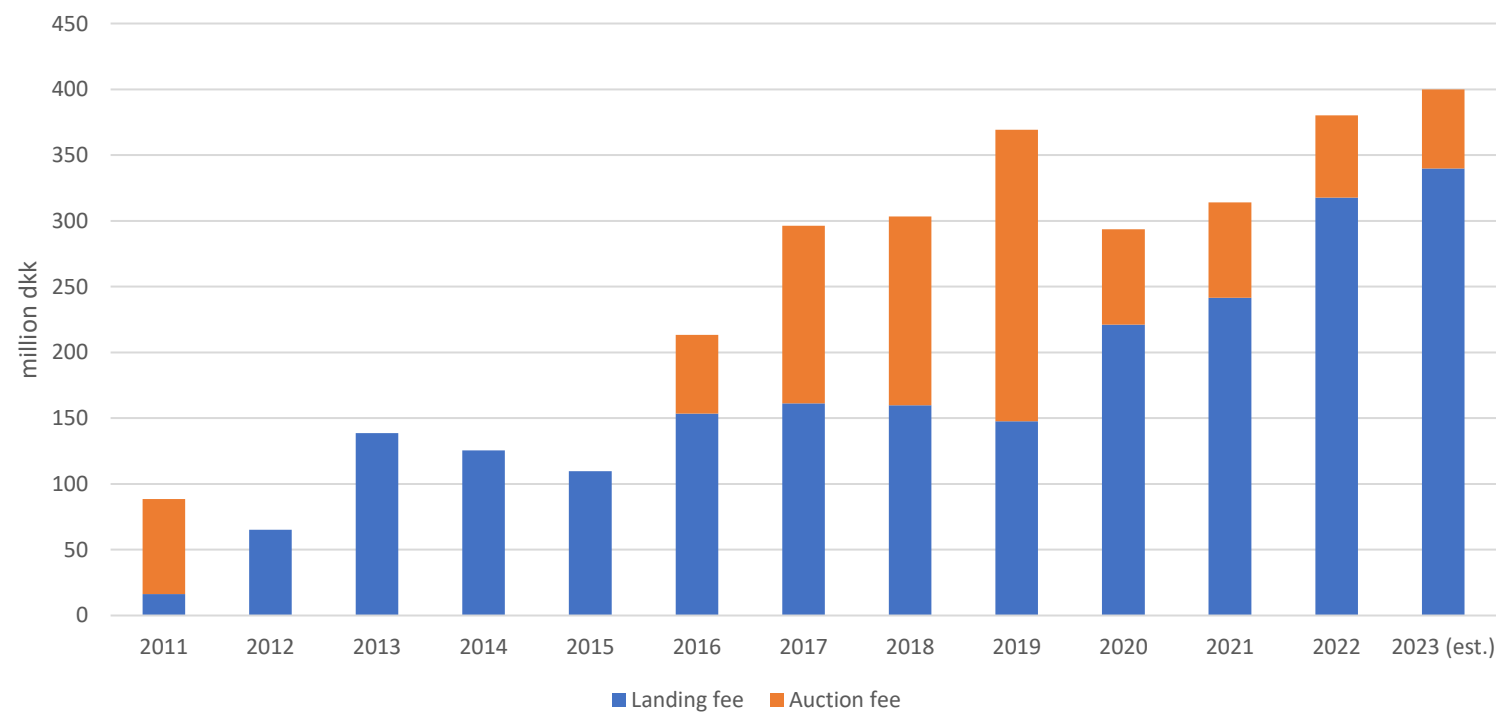


Why Resource fee?

Payment for *exclusive* right to exploit natural resources which
is owned by the Faroese people



Resource Fees on Fisheries



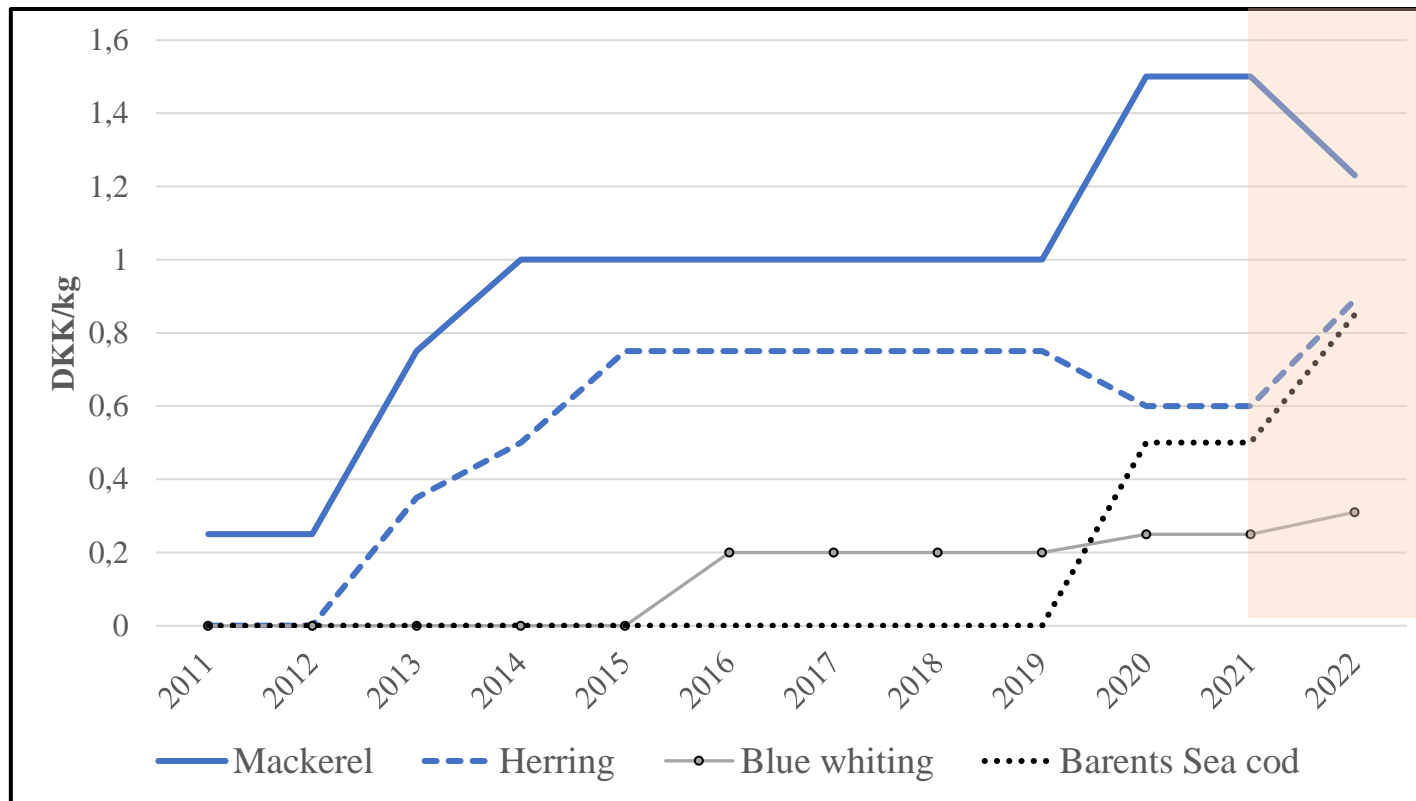


Resource Fees on Fisheries

	Auction fee (2022) - DKK/kg	Landing fee (current)- DKK/kg
Mackerel	5.52	1.23
Herring	3.79	0.89
Blue Withing	0.69	0.31
Barent Sea (Cod)	5.44	1.08



Landing Fees by Species





The Landing Fee System (2021-)

Principles behind the fee system:

- Fixed fee – not a tax
- Correlates with the Resource Rent
- Simple and transparent



Based on the Price

Type	Basis for the fee	Fee-period
Pelagic fishery	average landing prices on unprocessed fresh fish previous year	1. Aug. - 31. July
Demersal fish in the Barents Sea	average landing prices on cod sold on public auction in the Faroes the previous year	1. Jan. - 31. Dec.



The Landing Fee System

Example:

Average price on unprocessed fresh mackerel from 1. July 2021 to 30. June 2022 was 6.63 DKK/kg

The recourse fee from 1. August 2022 to 31. July 2023 is therefore:

$$6.63 \text{ DKK/kg} \times 18.5\% = 1.23 \text{ DKK/kg.}$$

Blue Withing

Fish price		Landing fee	
From	to		%
0,00	1,30		11,0%
1,30	1,50		12,0%
1,50	1,70		13,0%
1,70	1,90		14,0%
1,90	2,10		15,0%
2,10	2,30		16,0%
2,30			17,0%

Herring

Fish price		Landing fee	
From	to		%
0,00	2,50		15,5%
2,50	3,00		16,0%
3,00	3,50		16,5%
3,50	4,00		17,0%
4,00	4,50		17,5%
4,50	5,00		18,0%
5,00	5,50		18,5%
5,50	6,00		19,0%
6,00			19,5%

Mackerel

Fish price		Landing fee	
From	to		%
0,00	6,00		17,5%
6,00	6,50		18,0%
6,50	7,00		18,5%
7,00	7,50		19,0%
7,50	8,00		19,5%
8,00	8,50		20,0%
8,50	9,00		20,5%
9,00	9,50		21,0%
9,50			21,5%

Demertial fish (Barent Sea)

Fish price		Landing fee	
From	to		%
0,00	13,50		2,50%
13,50	14,00		2,75%
14,00	14,50		3,00%
14,50	15,00		3,25%
15,00	15,50		3,50%
15,50	16,00		3,75%
16,00	14,50		4,00%
16,50	17,00		4,25%
17,00	17,50		4,50%
17,50	18,00		4,75%
18,00			5,00%



The Landing Fee System

Example:

Average price on round Cod, sold on auction from 1. Dec. 2021 to 30. Nov. 2022 was 21.63 DKK/kg

The recourse fee from 1. Jan 2023 to 31. Dec 2023 is therefore:

$$21.63 \text{ DKK/kg} \times 5\% = 1.08 \text{ DKK/kg.}$$

Blue Withing

Fish price		Landing fee	
From	to		%
0,00	1,30		11,0%
1,30	1,50		12,0%
1,50	1,70		13,0%
1,70	1,90		14,0%
1,90	2,10		15,0%
2,10	2,30		16,0%
2,30			17,0%

Herring

Fish price		Landing fee	
From	to		%
0,00	2,50		15,5%
2,50	3,00		16,0%
3,00	3,50		16,5%
3,50	4,00		17,0%
4,00	4,50		17,5%
4,50	5,00		18,0%
5,00	5,50		18,5%
5,50	6,00		19,0%
6,00			19,5%

Mackerel

Fish price		Landing fee	
From	to		%
0,00	6,00		17,5%
6,00	6,50		18,0%
6,50	7,00		18,5%
7,00	7,50		19,0%
7,50	8,00		19,5%
8,00	8,50		20,0%
8,50	9,00		20,5%
9,00	9,50		21,0%
9,50			21,5%

Demertial fish (Barent Sea)

Fish price		Landing fee	
From	to		%
0,00	13,50		2,50%
13,50	14,00		2,75%
14,00	14,50		3,00%
14,50	15,00		3,25%
15,00	15,50		3,50%
15,50	16,00		3,75%
16,00	14,50		4,00%
16,50	17,00		4,25%
17,00	17,50		4,50%
17,50	18,00		4,75%
18,00			5,00%



Exemptions

- Demersal fleet part of mackerel quota - Have no landing fees.
- *Subsidy* for the demersal fleet
- *Value* of exemption:
 $32,000 \text{ ton} \times 1.23 \text{ DKK/kg} = 40 \text{ million DKK}$



The Fee System

Strengths:

- Fee not tax
- Correlates with the resource rent
- Simple and transparent

Weaknesses:

- Based on old prices
- Based on own prices for pelagic fish
- Exemption for Demersal fleet
- Only fees for the most profitable fisheries



Changes in Resource Fees?

- Same system – new numbers
- Removal of exemption for demesial fleet
- Resource fee on capelin



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Thank you