

#### Aquaculture Stewardship Council

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To whom it may concern By email to the Ministry of Finance postmottak@fin.dep.no

30<sup>th</sup> January 2025

Dear Sir/Madam

# <u>Proposal for a resource rent tax on Norwegian farmed salmon, trout and rainbow trout</u>

I write on behalf of <u>Aquaculture Stewardship Council (ASC)</u> to raise serious concerns about the proposed resource rent tax on Norwegian farmed salmon, trout and rainbow trout.

Our concerns relate to the consultation process, the complexity of the taxation mechanisms proposed, and the consequences of this proposed legislation.

## **Consultation process**

We would expect a national government to apply best practice in its consultation processes, however the lack of inclusion and transparency in this case is blatant and completely unacceptable.

Despite ASC being directly referenced (according to our sources) and our ability to operate being significantly impacted by this proposal, there has been absolutely no contact with ASC since the inception of this project.

We have not been informed officially that ASC certified salmon is part of the proposal with an additional cost proposed, nor have we been identified and included as a key stakeholder in the consultation process. This omission has placed ASC at a clear disadvantage.

The lack of public disclosure and transparency about the detail of these proposal means that ASC was only made aware on 21 January 2025 through general business conversations with partners that ASC is referenced in the plan.

ASC has therefore been unable to comment and raise our concerns through the consultation process, (which seems to only include producers) and which closed on 17 January 2025. ASC was also not invited to consultation meetings which we understand were arranged for 28 and 29 January 2025.

This clear exclusion of a key stakeholder from the communication and consultation processes raises serious questions about the scoping work and governance of this project.

### The proposed taxation mechanisms

Since ASC has not been made aware of the details of the proposed mechanisms and norm price proposal through official channels, and no details have been shared publicly by the Norm Council, we have referenced a newsletter report by Wiersholm, which we have been made aware of, and which is publicly available.

The newsletter states that ASC certified salmon has been singled out in the proposal, with no reference to any other certification scheme, and is to be subject to an additional NOK 2.00 per kg compared to a quality category you have identified, named 'superior salmon'.

The proposal does not consider that often any premium for ASC certified salmon is used as a "hedge" in negotiating, so the price can vary. Therefore, setting an arbitrary price norm for ASC certified salmon would be incorrect.

The mechanism outlined in the newsletter seems to be based on a lack of understanding about the complexities of the salmon market and pricing, laden with bureaucracy and uncertainty which will burden industry and fraught with risk of mis-taxation due to incorrect standardised prices being suggested.

These are our initial comments based on the newsletter, and we may have further comments on the details of the proposal once we have access to official documents.

#### Consequences of this proposal

We believe there are many serious consequences of this proposal which have not been considered. We question whether a risk assessment of the proposal has been carried out.

ASC's mission is to transform seafood farming towards environmental sustainability and social responsibility using market mechanisms, improvement incentives and value-add services from farm to fork.

It is important to note that the ASC label is not a product quality indicator.

Farms who work hard to improve their practice and invest in their business to meet our robust standards can use the ASC label on their products which ensures consumers know the fish they buy has been farmed responsibly.

As global demand for farmed fish continues to grow, it is more important than ever that it does so responsibly for the good of people and planet.

By putting an additional tax on ASC certified fish, the proposal sends the wrong message to the market and is effectively attacking and punishing farms who choose to operate responsibly and to the highest standards. We believe this is illogical and contrary to policies supported by European and international

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organisations, and indeed the Norwegian Government, to drive improvement in responsible practice across the farmed seafood industry.

Due to the significant cost implications, this proposal will disincentivise Norwegian farmers from becoming ASC certified and all the benefits that brings for local communities, workers, fish welfare, farm management and the environment. We have already heard of farms pausing their certification process due to this proposal. Putting barriers in the way of improvement is counterproductive and should not be supported.

We have also heard that salmon farms have decreased and paused investment in research and development projects. You will be aware of the rising number of NGO, media and activist campaigns aimed at retailers in key export markets across Europe, foodservice and consumers, demanding that Norwegian farmed salmon is not sold due to challenges with sealice and jellyfish blooms and resulting poor animal welfare.

The social license to operate of Norwegian farmed salmon is under increasing pressure, and ASC with our transparency and data around performance has been essential in defending the producers who have chosen to become certified. If numbers of ASC certified farms drop in Norway, then it will impact on the social license of the industry in Norway.

The future of Norwegian salmon farming depends on technological advancements to address challenges raised by these campaigns, such as mass mortality, sea lice, and climate change and to explore opportunities offered by alternative production facilities, for example.

Investment is required to support these technological advances and ASC certification is often a requirement attached to loans for aquaculture producers – indeed DNB, Norway's largest bank, part-owned by the government operates this policy, for example. By making ASC certification more costly for farmers, this proposal will also make it harder for them to access green financing to support improvement.

As we have already outlined, this proposal will very likely lead to a reduction in the number of Norwegian farms choosing to become ASC certified. This will in turn impact ASC's revenue. ASC is a not-for-profit organisation and any money we make is reinvested into the programme to continue to drive improvement in seafood farming around the world. Any reduction in reinvestment into our programme is a step further away from a more responsible industry worldwide.

#### Conclusion

Overall, we believe that this proposed taxation will create a financial burden to fish farmers and will likely result in a lower uptake of ASC certification. By imposing additional costs on ASC certified farms, the proposal discourages responsible aquaculture, contradicting international efforts to improve sustainability. Looking at the bigger picture, it hinders the transformation of seafood farming not just in Norway, but in all its immediate markets globally. On the technical side, the taxation mechanism itself is impractical and flawed. This approach lacks transparency and risks mistaxation, increasing bureaucracy and uncertainty for

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industry. Lastly, transparency is a cornerstone of our work at ASC, and we firmly oppose being excluded from the consultation process on this critical proposal. We urge policymakers to reconsider this proposal and engage in a transparent and inclusive consultation process.

Given the serious nature of the concerns we have shared, we request a meeting with the Norm Pricing Council and the project lead to enable ASC to formally receive official information and to discuss our concerns.

We also request that ASC is immediately included in all consultation work and that our feedback in this letter is included and considered as a stakeholder response.

We look forward to your early response.

Yours sincerely

Docusigned by:

Chris Munus

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**Chris Ninnes CEO, Aquaculture Stewardship Council**