



## Investigation: Dutch government complicit in EU subsidy fraud

Alerted by French fishers who suspected a major fraud of public subsidies by Dutch industrial fishing fleets, BLOOM and Mediapart have investigated the allocation of COVID aid granted in the Netherlands. The results of our study are striking:

1. We show that more than **95% of the Dutch vessels that received a COVID aid frauded** in different ways. Undue subsidies allocated between 15 May 2020 and 3 December 2020 amounted to **5.8 million euros**.
2. This widespread fraud was only made possible thanks to the **Dutch government's complicity** with its industrial fishing fleet: on the one hand, the state arbitrarily excluded small-scale fishing (vessels under 12m) from its aid scheme; on the other hand, it turned a blind eye to the fraud committed by vessels that did not meet the criteria it set.

### I - Systemic fraud to European subsidies

In response to the health and economic crisis caused by the COVID-19 pandemic, the European Union amended in April 2020 some of the rules of the European Maritime and Fisheries Fund (EMFF, 2014-2020)<sup>1</sup> to quickly release 'temporary cessation' subsidies for the fisheries sector.

This type of aid was intended to compensate fishers who were forced to stay docked – i.e. without fishing – for their loss of turnover. The European Commission thus proposed on 2 April 2020 to amend the EMFF Regulation, and these measures were adopted by the Parliament and the Council of the European Union on 23 April 2020 in the form of Regulation (EU) 2020/560, which entered into force two days later. Following these changes at the EU level, it was then up to each Member State to decide on their own criteria of allocation at the national level.

In 2021, **BLOOM had already analyzed the COVID subsidies allocated to the French fisheries sector and showed that the most powerful companies and the most destructive fishing practices** (such as bottom trawling, dredging, and demersal seining) **were the main beneficiaries**.<sup>2</sup> This was a direct result of the discriminatory allocation criteria introduced by the French government, which BLOOM had denounced immediately upon publication.<sup>3</sup> Our new study concerns the allocation of COVID subsidies in the Netherlands. BLOOM is well aware of the harmful practices of Dutch lobbies and public authorities for the environment, coastal economies and democracy. BLOOM indeed fought for more than two years to obtain

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<sup>1</sup> Regulation (EU) 508/2014, available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014R0508>

<sup>2</sup> 82.5% (i.e. EUR 12.2 million) of the COVID subsidies were received by vessels using destructive fishing methods. On the other hand, seven companies/groups representing only 0.8% (53 vessels) of the French fleet received 28.5% of the total subsidies.

The scientific publication is available at: <https://www.sciencedirect.com/science/article/pii/S0308597X21002815>

<sup>3</sup> <https://bloomassociation.org/arrets-temporaires-covid19/>



a ban on electric fishing, a fishing method developed by the Dutch industry and deployed at a commercial scale by trampling on European law. Throughout its campaign, BLOOM had identified and exposed countless lies and cheating by Dutch industrial fishers and policy makers.<sup>4</sup>

**Alerted by French fishers who suspected a major fraud, we looked into the distribution of subsidies to Dutch vessels, but also checked whether these beneficiaries had respected the allocation criteria set by the Netherlands.**

The results of our study are clear: **of the 254 vessels that received a COVID subsidy and that we could identify (out of 269; see below), we show that only 12 vessels (less than 5%) fully complied with the law and therefore duly received subsidies.** All other 95% of Dutch vessels that received a COVID subsidy cheated to varying degrees (detailed below).

## **1 - Flexible allocation criteria that excluded small-scale coastal fishing**

### **1.1 - Legal basis**

#### 1.1.1 - How were subsidies calculated?

In the Netherlands, the conditions for granting temporary cessation subsidies were set out in a ministerial order published on 13 May 2020.<sup>5</sup> The first criterion was that **only vessels over 12 meters in length were eligible for temporary cessations in the Netherlands.**<sup>6</sup> These conditions therefore inevitably favored the most powerful vessels and excluded small-scale coastal fishing, which however represents 41% of the Dutch fishing fleet. Noteworthy, this figure of 41% is by far the lowest in Europe. In comparison, 80% of the French fleet is composed of vessels under 12m. This class even represents 85% of the European fleet as a whole.

Subsidies for Dutch vessels were then calculated based on a lump sum linked to the engine power of the vessel, for each period of seven consecutive inactive days:

- 2 200 € up to 260 hp;
- 4 400 € between 260 hp and 300 hp;
- 8 800 € above 300 hp.

Contrary to France and in order to avoid a 'first come, first served' rule, subsidies were nevertheless limited to five weeks, i.e. a maximum of 44,000 euros for vessels over 300 hp. However, the possibility to claim subsidies over a flexible period could therefore legitimately

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<sup>4</sup> See the reports about the electric fishing fraud: "hand in hand": <https://www.bloomassociation.org/en/wp-content/uploads/2018/06/electric-fishing-moral-corruption.pdf> or "beyond illegal": <http://www.bloomassociation.org/en/wp-content/uploads/2020/09/beyond-illegal.pdf>

<sup>5</sup> Available at: <https://zoek.officielebekendmakingen.nl/stcrt-2020-25324.html>

<sup>6</sup> 832 vessels fly the Dutch flag, 487 of which are over 12 meters in length, according to the European Union Fleet Register, available at: [https://webgate.ec.europa.eu/fleet-europa/search\\_en](https://webgate.ec.europa.eu/fleet-europa/search_en)



allow unscrupulous fishers to take their usual summer holidays, while receiving the equivalent of a good annual salary.

### 1.1.2 - What were the requirements for subsidized vessels?

To justify their claims for compensation, fishers had to be able to prove their periods of seven consecutive days of inactivity at port. To that end, they were required by law to have their satellite vessel monitoring system (VMS) switched on for the entire period, stops included. As VMS data are not publicly available, we could not use them to follow each vessel's activity. However, another monitoring system – the AIS (Automatic Identification System) – must also be always operational according to Regulation 1224/2009 (also known as the 'Control Regulation'),<sup>7</sup> and although AIS systems are only mandatory for vessels over 15m (and not 12m as for VMS), these data are publicly available and free of charge via the *Global Fishing Watch platform*<sup>8</sup>. In the context of our study, **we were therefore able to track all subsidized Dutch vessels over 15 m identified on this platform (254 out of 269)**, and thus to determine whether the European legal framework and the criteria for granting subsidies have been respected.

### **1.2 - Who are the beneficiaries?**

In order to determine which subsidized vessels respected the law or not, BLOOM analyzed the list of EMFF beneficiaries that was published by the Netherlands on 30 September 2021.<sup>9</sup> Vessels that received COVID subsidies were indicated by the mention *Tijdelijk stopzetten van visserijactiviteiten als gevolg van COVID-19*, i.e. 'Temporary cessation of fishing activities due to COVID-19'. We extracted the Community registration numbers (CFR) of these vessels and matched them to the EU fleet register to access their characteristics (i.e. length, engine power, fishing gear).<sup>10</sup>

The detailed methodology, original data, and scripts '(in R language) used to produce the figures provided here are available here: [https://github.com/associationbloom/temporary\\_cessation\\_frauds\\_mediapart](https://github.com/associationbloom/temporary_cessation_frauds_mediapart)

**COVID subsidies received between 15 May 2020 and 3 December 2020 amounted to €6 million.** Unsurprisingly, our analysis shows that, among the 269 beneficiaries, no vessel under 12 meters in length received any compensation, as they were not eligible under the national regulation.

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<sup>7</sup> Regulation 1224/2009, available at: <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:343:0001:0050:fr:PDF>.

<sup>8</sup> Available at: <https://globalfishingwatch.org/>

<sup>9</sup> Downloadable file from the Dutch Ministry website: <https://www.rvo.nl/onderwerpen/agrarisch-ondernemen/visserij-en-aquacultuur/europees-fonds-voor-maritieme-zaken-en-visserij-efmzv/openbaarmaking-efmzv-subsidies>

<sup>10</sup> The European Union Fleet Register contains historical information on EU fishing vessels. It was downloaded from the following link: [https://webgate.ec.europa.eu/fleet-europa/search\\_en](https://webgate.ec.europa.eu/fleet-europa/search_en)



The maximum allowable subsidy of **44 000 € was granted on 37 occasions**, for vessels that were almost exclusively engaged in bottom trawling and demersal seining, and which ranged in size from 23 to 46 meters (average of 36 meters). It should be noted that 29% of the COVID subsidies went to vessels that were still fishing with electric trawls or until their license was revoked as a result of our campaign.<sup>11</sup>

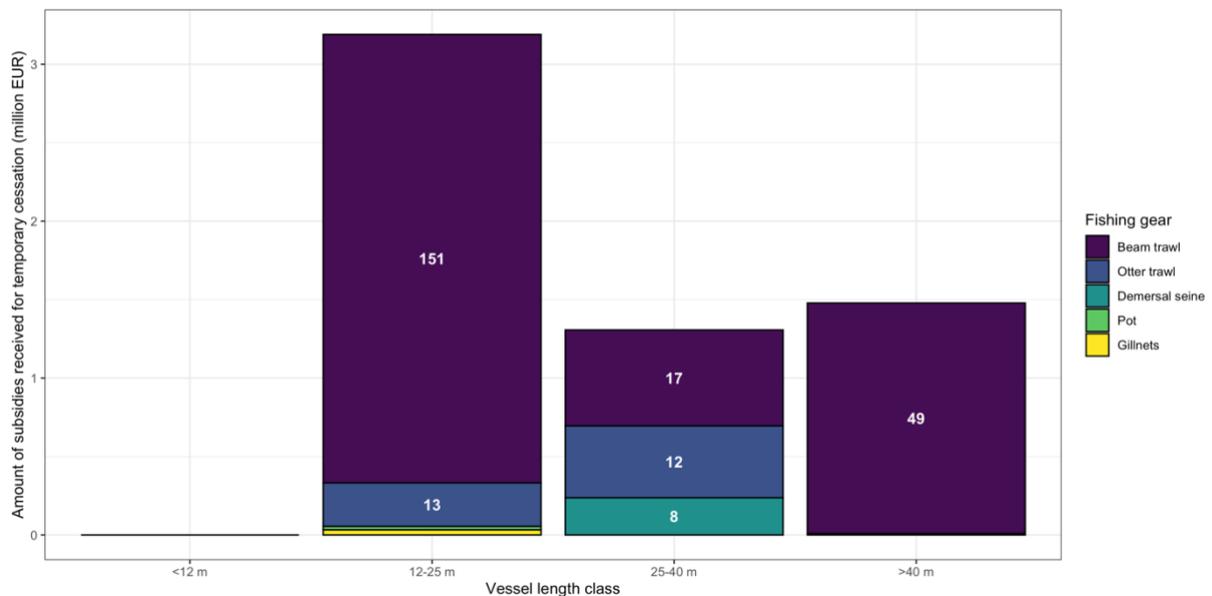


Figure 1: Distribution of aid for temporary cessation (million euros) according to vessel size and type of fishing gear used. The numbers in each bar indicate the number of vessels that had received subsidies.

## 2 - Fraudulent activities

### 2.1 - AIS trajectories

We analyzed the AIS emissions and positions of the 254 subsidized vessels over 15m that we were able to identify through the *Global Fishing Watch platform*.<sup>12</sup> By tracking their movement, it was possible to determine whether the rules had been respected by the fishers receiving subsidies, namely:

- Keeping the AIS on at any time;
- A number of periods of seven consecutive days docked in line with the number of subsidized periods.

Only 12 vessels followed both conditions to the letter. **These 12 compliant vessels received 220,000 euros out of the 6 million euros allocated to vessels over 15 meters.**

<sup>11</sup> 58 beneficiary vessels were still practicing or had practiced electric fishing.

<sup>12</sup> <https://globalfishingwatch.org/>. Ten vessels could not be identified on this platform, although their registration in the official list of FEAMP beneficiaries allowed these vessels to be identified in the European Fleet Register. The cause of this problem (e.g. inactive vessel, etc.) remains unknown for the moment. Five additional vessels were removed from the analysis because their size was less than 15 m.



All other vessels failed on at least one of the two conditions or regarding the European legal framework, as detailed in Figure 2.

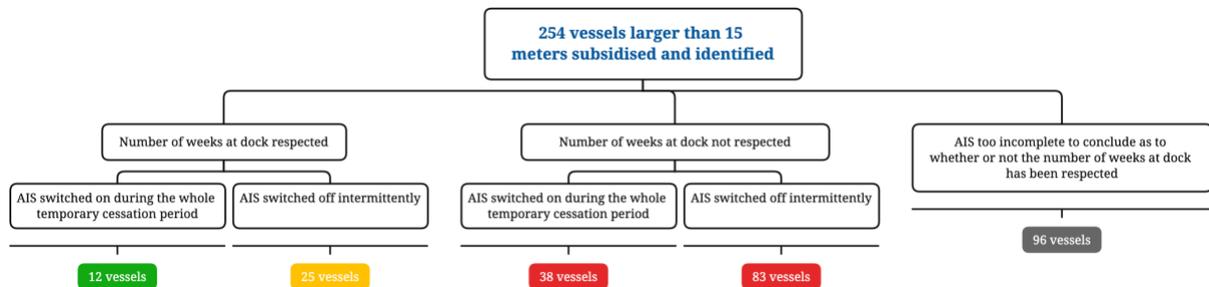


Figure 2: Identification of fraudulent vessels based on the study of their AIS trajectory

We identified 25 vessels that intermittently switched off their AIS but turned it on sufficiently to prove that the required time at port was respected. At any rate, these vessels did not comply with the European legal framework and should not have received any subsidies. Out of the vessels that did not meet the required time at port to receive compensation, 38 had their AIS switched on throughout the period. For the others that did not keep their AIS on at all times, we made the conservative assumption that all periods during which AIS was switched off corresponded to periods of inactivity at port. By doing so, it was possible to demonstrate that at least 83 of these vessels were unable to have met the requirements.

Finally, for the remaining 96 vessels, AIS data were insufficient to conclude whether these vessels respected their compensated periods of inactivity. At the very least, all these vessels but the first group of 12 did not comply with the obligation to maintain their AIS on and should therefore not have received any subsidies.

## 2.2 - Study of auction data

Thanks to auction data transmitted by a whistleblower,<sup>13</sup> we were able to further our analyses. In particular, these data allowed us to refine our analysis for the 96 vessels for which we could not ascertain a fraud (or not), due to incomplete AIS coverage.

Among them, we were able to identify 24 vessels that did not respect their periods of inactivity (Figure 3). This leaves only 72 vessels out of this category, for which we cannot say with certainty whether they frauded with regards to inactivity periods, in addition to AIS fraud, as both AIS and auction data are too fragmentary.

<sup>13</sup> Of the 254 vessels identified as having received subsidies, 88 landed at least once at one of the auctions for which the whistleblower was able to transmit information.

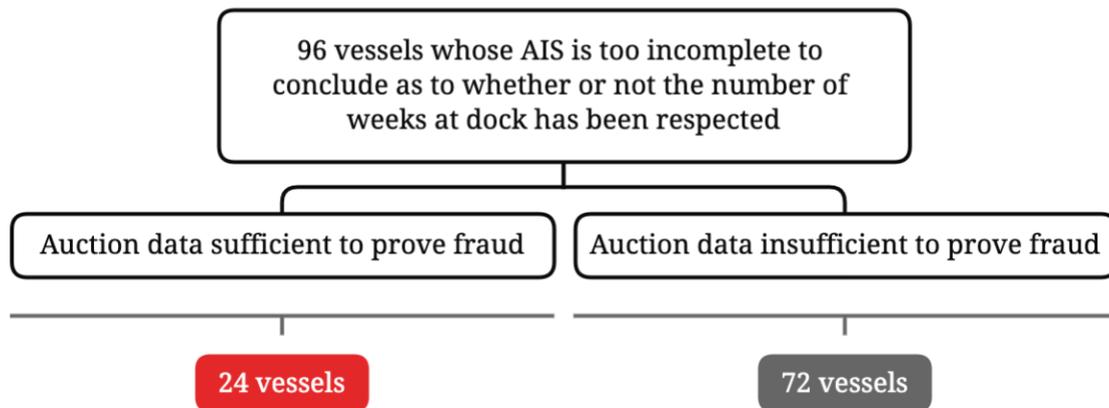


Figure 3: Identification from auction data of fraudulent vessels.

We were thus able to identify five categories of vessels based on AIS and auction data:

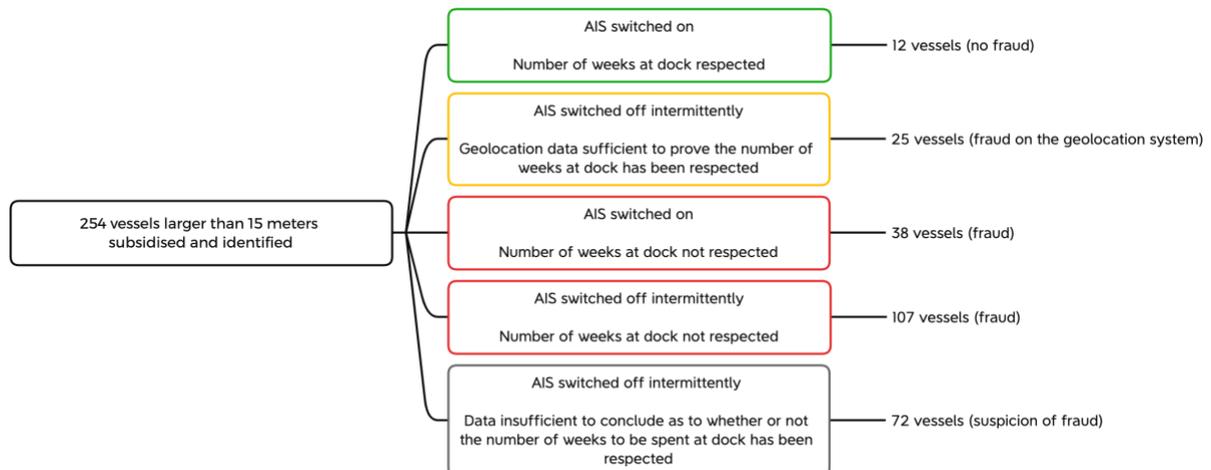


Figure 4: Summary of vessel profiles in relation to compliance with the conditions for receiving compensation

## II - Complicity of the Dutch government with its industrial fishing fleet

This undoubtedly common fraud scheme once again illustrates the complicity of the Dutch government with its industrial fishing fleet:

1. The decree was formulated in such a way as to exclude small-scale coastal fishing from the scheme;
2. No controls were obviously made before or after granting subsidies, although such controls could have been conducted by simply cross-checking data as we did. This is required by Article 109 of Regulation (EC) 1224/2009:<sup>14</sup> "Member States shall perform cross-checking, analyses and verifications of [...] data through automated computerised algorithms and mechanisms" (+ details of data to be controlled).

<sup>14</sup> Available at: <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:343:0001:0050:fr:PDF>.



These breaches of regulations and undue allocations of public subsidies are not isolated cases, as evidenced by multiple, recent examples of fraudulent practices:

- The entire electric fishing file, which is a long suite of lies and frauds (see in particular our advocacy<sup>15</sup> document and a first study based on auction data we had access to at that time<sup>16</sup>);
- The more than 21 million euros of public subsidies that were unduly allocated to electric trawlers to — allegedly, to a large extent — conduct scientific research that was never carried out;<sup>17</sup>
- Lack of landings control: only two inspectors oversee controlling 400 million kilos of pelagic fish landed in the Netherlands each year<sup>18</sup>;
- Extensive engine power fraud revealed in a European Commission's report in 2019.<sup>19</sup>

**Fraud is not an isolated or occasional practice but a recurrent adjustment variable to maximize the profits of the industry. Fraud is one of the essential components of the industrial fishing business model, especially in the Netherlands. It only works with the help of public authorities upstream (in the formulation of unfair regulations) and downstream (in the absence of control).**

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<sup>15</sup> Available at: <https://www.bloomassociation.org/wp-content/uploads/2018/11/plaidoyer-peche-electrique-v3.pdf>.

<sup>16</sup> Available at: <http://www.bloomassociation.org/en/wp-content/uploads/2020/09/beyond-illegal.pdf>.

<sup>17</sup> See our scientific publication on the subject: <https://www.sciencedirect.com/science/article/pii/S0308597X18308819>.

<sup>18</sup> See Bram Logger's article on the subject: <https://www.groene.nl/artikel/twee-inspecteurs-voor-de-totale-zee>

<sup>19</sup> Available at: <https://op.europa.eu/en/publication-detail/-/publication/a867cbac-8e90-11e9-9369-01aa75ed71a1>.