

EVIDENCE OF GOVERNMENT SUBSIDIES IN TURKEY

Goods Subject to Review:

Rainbow Trout

Relevant Commodity Codes:

0301919011, 0302118011, 0303149011, 0304429010, 0304829010, 0305430011

Exporting Country:

Turkey

Existing Measure:

TS0002: Countervailing measures applying to certain Rainbow trout originating in Turkey.

Applicant details:

British Trout Association, 2 Enterprise House, Cherry Orchard Lane
Salisbury, Wilts SP2 7LD

UK Producers Supporting the Application:

Britford Trout Farm, Harome Trout Farm, Kames Fish Farm, Test Valley Trout Farm. Letters of support contained in appendices. These producers represent over 50% of UK table production as detailed in their Statements of Support, which constitutes a major proportion of the total production in the UK.

BTA understands that all UK producers will support this application. Please see Annex C1 for a full list of members.

1. Introduction

We believe that the Turkish trout industry is still subsidised by the Turkish government and the relevant schemes identified in the original transition review are either still in existence or have been replaced by similar programmes. As a result, if the definitive measure were to expire injury caused by subsidised imports is likely to continue at an even higher rate.

The documents outlined in the subsidy prove that the Turkish Government is indirectly or directly subsidising Turkish trout production. The amount the Turkish trout farmers receive is dependent on the size of the production unit and the location and this is evidenced in the enclosed documents.

Given that these Government subsidies have been running for many years the purpose of which is to grow aquaculture in Turkey, it is obvious that the Turkish Government is totally committed to subsidising aquaculture in Turkey and this has been going on for several years.¹ It is evident from the figures that the subsidies are quite substantial in funding terms and

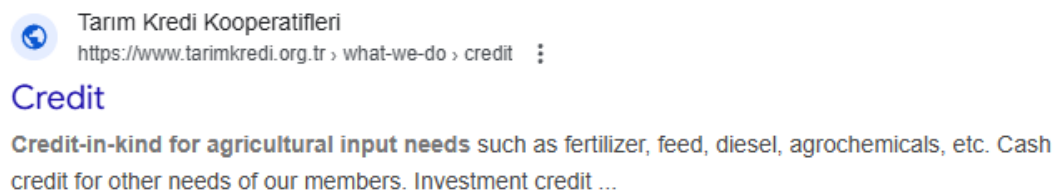
¹ Appendix A0 Commission Implementing Regulation (Eu) 2020/658; Appendix A17 Commission Implementing Regulation (EU) 2025/719

therefore it puts the Turkish trout producers in a very advantageous position when selling trout on the open market throughout the EU and Great Britain.

2. Continued Existence of Subsidy Schemes

As demonstrated below, all relevant schemes identified in the original review remain in existence based on what information is reasonably available to us. As outlined in the Nordic Monitor article of Jan 2025 included in our supporting documents, Turkey is actively attempting to obscure subsidies it provides to its industries, so it is possible there are further subsidies we are unaware of.²

1. Direct subsidies to producers of trout – this is the first scheme that was identified in the original review. This was described as “operating as a production subsidy giving producers of rainbow trout support per kilo of rainbow trout produced. Each year companies apply for support for their production during that year”. The evidence shows that a similar or identical scheme was issued in September 2024. As written in the document, it outlined the process by which trout producers can apply for payments.³
2. Subsidised insurance scheme – this scheme “offers aquaculture producers reduced insurance premiums for aquaculture products grown in seas and inland waters. Losses in fish stock due to natural disasters, diseases, and other similar incidents are covered. Agricultural Insurance Law No. 5363 and Decree No. 2018/380 outline how this programme operates.” As shown in the documents provided, this scheme is offering subsidised insurance to aquaculture industries and remains in existence.⁴
3. Subsidised bank loan – This scheme was described as “The first element provides agricultural support through low interest loans to agricultural companies in Turkey through TC Ziraat Bankası and the Agricultural Credit Cooperatives (ACC). The Ministry of Trade of the Republic of Turkey was not able to provide a list of recipients due to confidentiality agreements with the bank and the ACC. This programme has been in operation since 2004”. The evidence demonstrates that this subsidised loan scheme for the aquaculture industries remains in existence. We have clear evidence from the TC Ziraat Bankası that this scheme remains in existence, we have challenges accessing the website for the Agricultural Credit Cooperatives (ACC) as seems to often be the case for Turkish government websites. However, we believe this screenshot demonstrates its continued existence.⁵



4. Investment encouragement certificate – As outlined in the original investigation, “The Ministry of Trade of the Republic of Turkey reported that schemes 9 – 12 are part of one programme but contains four separate sub-schemes: “Regional Investment

² Appendix A14: <https://nordicmonitor.com/2025/01/turkey-prepares-for-trade-wars-with-secret-subsidies-to-turkish-businesses/>

³ Appendix A2: 2024 scheme <https://www.alomaliye.com/2024/09/17/su-urunleri-yetistiriciligi-desteklemesine-dair-teblig-no-2024-28/>; Appendix A1: 2023 scheme <https://bolu.tarimorman.gov.tr/Sayfalar/Detay.aspx?Ogeld=572&Liste=Duyuru>

⁴ Appendix A3: https://www.tarsim.gov.tr/subPage_en/aquaculture-insurance

⁵ Appendix A4: 2025 scheme: <https://www.ziraatbank.com.tr/en/sme/agriculture/animal-husbandry-and-aquaculture-loans/aquaculture-loans>

Incentive Scheme” (RIIS), “Large Scale Investment Incentive Scheme” (LSIIS), “Strategic Investment Incentive Scheme” (SIIS), and “General Investment Incentive Scheme” (GIIS). Eligible companies can apply for an investment incentive certificate, entitling them to certain support measures during the specified period. These measures include VAT exemptions, tax reductions, interest rate supports and other similar means. These programmes are administered by the Ministry of Industry and Technology”. We have clear evidence that these programmes remain in existence.⁶

3. Injury Factors

UK Producer Overview

The UK Trout farming sector is made up of farms owned and run by individuals (owner drivers) in some cases third generation family members; this is very different to the salmon farming owners that are multinational companies. Based on 2023 production data provided by Scottish Government and CEFAS, approximately 13,450 tonnes of trout were produced in the UK. 2,270 tonnes of these are for restocking therefore approximately 11,200 tonnes were produced for the table trout market.⁷

BTA has 23 full farming members and 22 associate members representing approximately 90% of the table trout farm production.⁸ The tonnages of BTA members [redacted commercially sensitive]. The largest member is Kames producing approximately [redacted commercially sensitive] of rainbow trout in Scotland with a turnover of £11, 898,117 for 2023/24. The smaller members would be turning over approximately £40-70,000.⁹ This makes trout producers in the UK particularly vulnerable to unfair trading practices as SMEs do not have the resources to deal with big fluctuations in market prices. SMEs within the trout industry are trading at very tight margins so do not have the financial resilience.

As many of the producers are relatively small, they do not submit their accounts. One of the larger producers, Kames Fish Farming Limited, reported a loss of -9.77% in their last filed accounts (2023/24)¹⁰ and a profit margin of 6.75% for 2022/23 and 4.28% for 2021/22.¹¹ However, this is a larger producer and we believe that the wider industry operates at approximately 8-10% profit.

Turkish Trout Production

The production figures for trout across the EU shows that Turkey is the largest producer of trout and therefore has a good supply to break into the UK trout market. FEAP estimated that Turkish production of portion trout (which represents only part of the overall trout market, amounted to 126k tonnes in 2023 which represented over 50% of portion trout production

⁶ Appendix A5: <https://www.trade.gov.tr/investment/schemes/regional-investments>; Appendix A6: <https://trade.gov.tr/investment/schemes/large-scale-investments>; Appendix A7: <https://www.trade.gov.tr/investment/schemes/general-investments>; Appendix A8: <https://www.trade.gov.tr/investment/investment-incentives>; Appendix A15 Investment Incentive System of Turkey

⁷ Appendix A12 BTA Trends in Trout Production

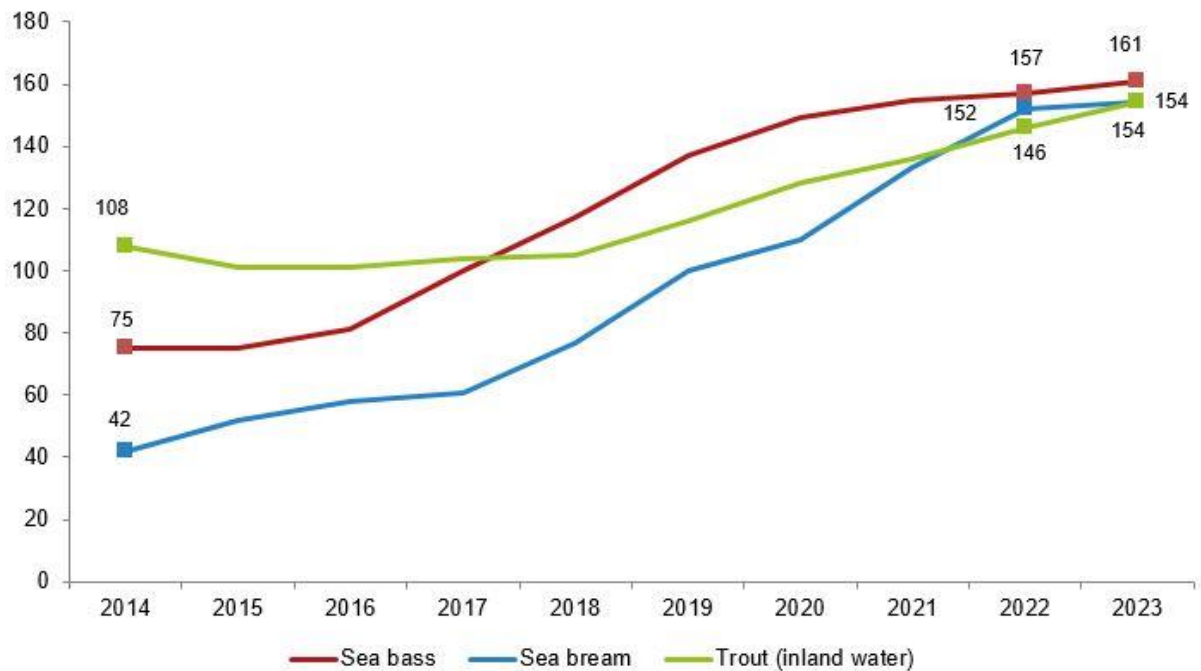
⁸ See Appendix C1

⁹ This lower end is based on tonnage produced by the smaller producers and an estimated whole fish price of £x. The higher end is based on the same tonnage but a gilled and gutted price of £y. Please see Appendix X for more information.

¹⁰ Appendix A16 Kames Company Accounts 2023/24

¹¹ Appendix A11 Kames Company Accounts 2022/23

within the EU. This is corroborated by the TURKSTAT Corporate 2023 production figures which have total trout production (including large trout) of 154,000 tonnes.¹²



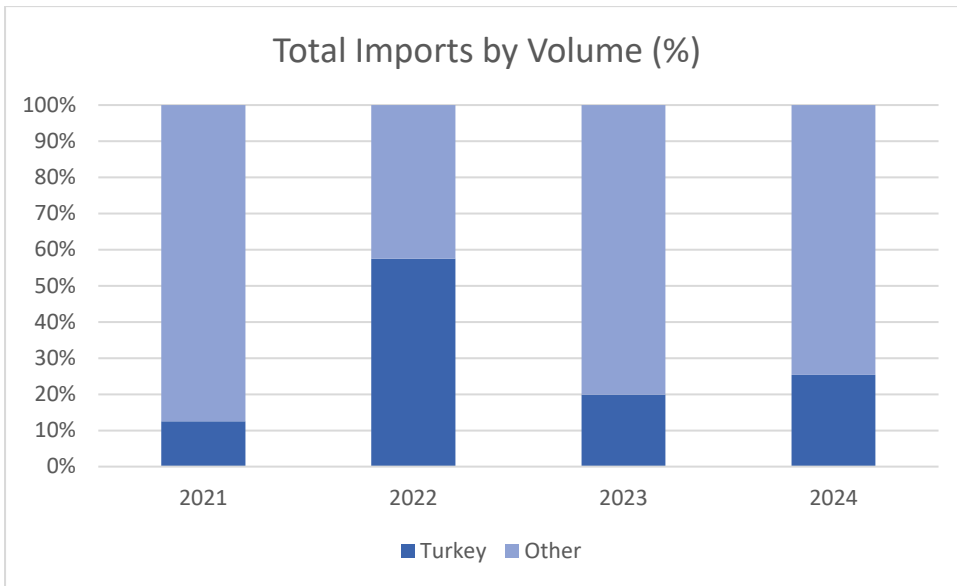
Source TURKSTAT 2023 (Appendix A9)

Turkish trout production is increasing in the Black Sea mainly using open pen farming producing 2.5kg to 3.5 kg trout. There is a very strong demand in the UK Trout market for 2.5kg to 3.5 kg but cheap imports represent a serious threat to continued production in the UK. Getting growth back into the British Trout Sector can only help with UK food self-sufficiency.

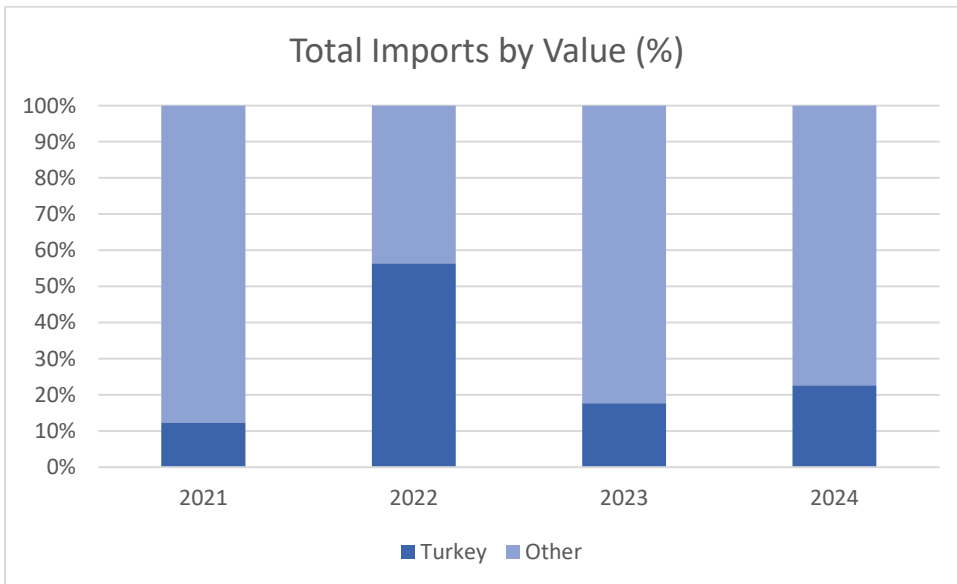
Imports of the Goods Concerned

Despite the existence of the countervailing duties, Turkish imports have remained high for the duration of the measure. This can be seen in the following two charts based on HMRC import data.

¹² Appendix A10 FEAP 2023 estimate: Appendix A9 TURKSTAT 2023 estimate: <https://data.tuik.gov.tr/Bulten/Index?p=Su-Urunleri-2023-53702&dil=2>



Source HMRC Overseas Trade Data Table



Source HMRC Overseas Trade Data Table

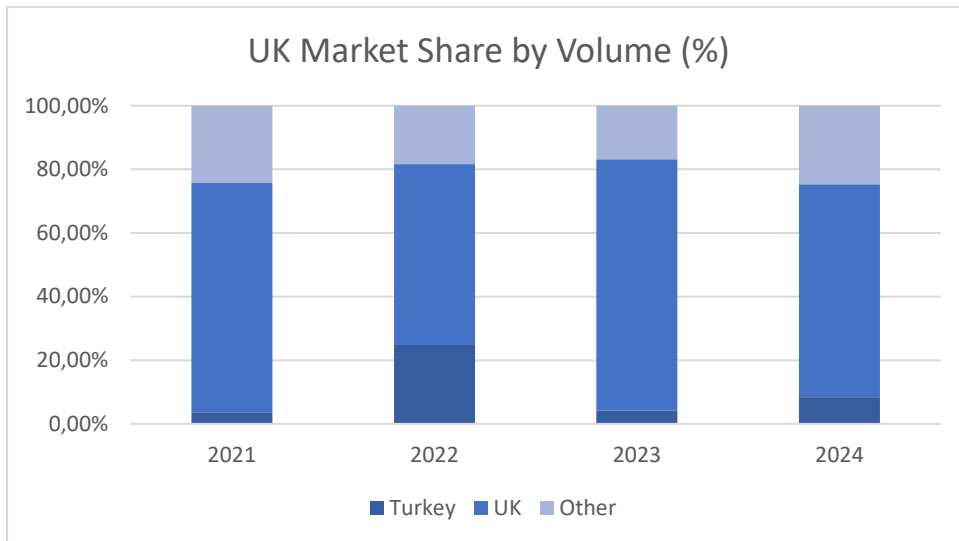
The presence of this subsidised product on the market has put UK producers under significant pressure. We would anticipate this would be exacerbated were the measure terminated. Excluding the 2025 data, as the year is incomplete, there is a clear upward trend in Turkish imports by volume from 12.57% in 2021 to 23.35% in 2024.

Imports by value shows a similar trend, increasing from 12.36% in 2021 to 22.67% in 2024. The lower overall proportion of value compared to volume also demonstrates that Turkish Rainbow Trout is sold at a lower price compared to the majority of other imports due to the impact of the subsidy programs. This allows them to compete unfairly with UK producers and against the fair competition of many of the other imports.

2022 is anomalous due to the impact of the end of COVID lockdowns driving demand. However, it helps to show the capacity of Turkish producers to shift their production to allow

for an increase in the production capacity of the goods. This demonstrates the continued threat that their subsidised production poses to UK producers if measures were to lapse.

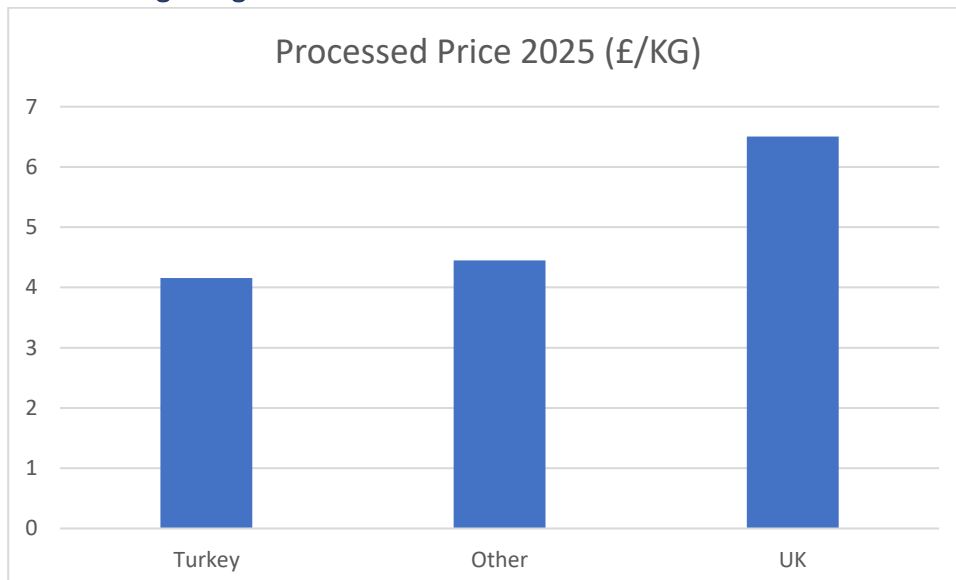
UK Market Share



Source: HMRC import data; BTA UK production Estimates; FEAP portion fish data; see Trout Import Data & Market Share.xls

Despite the existence of the countervailing measures Turkey has been able to increase its share of the UK market from 3.49% in 2021 to 6.06% in 2024. If the measures were removed the UK could expect that Turkey would increase their share even more significantly. Meanwhile the UK market share has decreased from 72.28% to 66.95% in the same period. This injury would be exacerbated if the measures were removed.

Undercutting Margin



In order to calculate an undercutting margin, we used the import price of frozen trout (03031490) as the closest proxy to a UK gilled and gutted equivalent. We started with a 2025 UK retail price and assumed a 33% markup to make a fair comparison adjustment on the basis of the level of trade. On this basis we calculated an undercutting margin of 36.06%. However, we believe this is a conservative estimate and were the TRA to recalculate they would likely

find that this margin would be even higher. This undercutting margin also serves to explain the increase in Turkish market share from 2021 to 2024.

That these imports are having an adverse effect can be seen from Kames financial reports that were detailed above, as prices are reduced to compete with the unfairly subsidised Turkish product. It is believed that the EU trout prices are depressed by 10% due to the effects of low prices from Turkish Trout.

We believe that this provides evidence that there would be significant injury were the measures to be revoked. We would expect volumes to increase since Turkish producers would be able to make higher margins at the same export price. If the countervailing duties do not remain in place this could have a further impact on lowering the market price by another 10 to 15% in line with what has occurred in the EU.

Attractiveness of UK Market and Trade Deflection

Currently, as everyone knows, world markets are very turbulent and the constant threat by the USA to change tariffs from products produced in the EU could be very damaging. The trout/salmon producers in Turkey are paying a 15% tariff to the USA. If the countervailing duties in UK were removed, the UK could be used as a dumping ground for Turkish trout. For example, in the last year we have seen evidence of an increased threat from Norway on our trout markets in the UK. Norway produces approximately 65,000 tons of large table trout.

A similar threat is posed by the fact that one of largest Turkish trout markets is Russia. Given the current vulnerable situation with Russia's diplomatic and trade relations, there could be cause for concern if there is a reduced demand from Russia for Turkish trout. Were the Russian market to be unavailable to Turkish exporters, the lack of countervailing measures in the UK would make the UK an attractive market. In the first half of 2025 Russia accounted 150m USD of sales out of 217m USD of sales for Turkish trout.¹³

Export Markets

It is estimated that approximately 1000 to 1200 tonnes of trout is exported. Whilst the USA is subject to a 10% tariff, it still remains a good market but could make UK trout uncompetitive on price in the USA. This could mean more trout available for the UK market which would provide an opportunity to encourage demand for trout in the UK. Cheaper Turkish trout undercutting UK markets would pose a significant threat to this.

Since BREXIT, it is increasingly difficult to export trout from the UK into the EU and should Turkish trout be offered in the UK at a lower price than the UK producers receive, there is very little chance of the UK creating new markets in the EU.

Additional Injury Considerations

There are also a number of differences between Turkish and UK criteria for trout farming. The extra financial burdens that can influence the cost of production for the UK trout sector are set out below. These and other factors make the UK market particularly attractive to Turkish producers.

- **Welfare Standards:** BTA has major concerns that not all Turkish trout is produced to the high welfare standards that are required in the UK. With these high standards of health and welfare in the UK comes a very heavy financial burden that, again, if competing on price against subsidised Turkish trout would simply make the sector

¹³ Appendix A13 <https://www.salmonbusiness.com/turkish-trout-export-value-up-led-by-demand-from-russia-belarus-and-japan/>

financially unviable and, in time, this could lead to a closure of a number of farms and with that the loss of employment in rural areas.

- **Water Access and Site Licences:** Rainbow trout produces in the UK must pay annual fees for the abstraction and discharge of water for non-consumptive (i.e. we return it to the river system rather than other industry users such as agriculture who are consumptive). The cost of these licenses seems to be increasing each year again making the pricing on UK Trout less competitive against Turkish Trout.
- **Quality Fish Feed:** UK trout producers are not allowed to use fish feed containing LAPS (Land Animal Proteins) which are an affordable alternative to the more expensive marine ingredients for the provision of the essential Omega-3 within our fish food. Turkish trout producers are allowed, and take advantage of, the cheaper LAPS ingredients within their fish food. Fish feed with a marine reliance costs £85/tonne more than that containing LAPS.
- **Pigmented Fish Feed:** UK rainbow trout quality control standards stipulate a minimum pigmentation level which attributes to an additional cost of £40/tonne of fish feed as compared to the unpigmented fish food used in Turkey. While the resulting product may be perceived differently and may not be a route that UK trout producers wish to go down, this is still a financial burden that is imposed upon UK producers and not on Turkish producers. This would be particularly relevant in terms of an unfair advantage for processed and added value products where the pigmented colour of the end product is less obvious.
- **Lower Stocking Densities:** UK rainbow trout welfare standards have adopted a maximum stocking density of 60kg/m³. This threshold is not a standard regulation in Turkey which operates stocking densities closer to 80kg/m³ (as was traditional within the UK portion industry prior to the regulatory requirements). As such the Turkish trout producers are able to produce 33% more tonnage for the same overheads in comparison to UK trout producers.
- **Higher Labour Costs:** Trout producers are subject not only to the minimum living wage requirements but a further set of mandatory employee regulations as set out by the Agricultural Wages Board. These stipulate far reaching employer expenses which are not shared by other industries outside of agriculture. However, unlike traditional agriculture, aquaculture is not supported via any form of production subsidy.
- **Environmental Regulations:** Trout producers are subject to stringent environmental regulations restricting the use of cheap and effective fish treatments and waste management practises still widely used within Turkish trout production.

4. Conclusion

At this stage the demand for trout within the UK is strong and supply and demand are in a fine balance. Any upset to this balance would be very damaging to the trout farming sector. Trout is generally sold at tight margins and therefore there is no flexibility to reduce prices if UK trout producers had to compete against cheap trout imports from Turkey.

The BTA's view is that the present countervailing duties have been very successful in mitigating the possible risks to a very fragile UK trout market. The EU also has countervailing duties against Turkish trout. Should the UK drop countervailing duties and the EU retain theirs, the UK would be in an incredibly vulnerable situation to cheap Turkish Trout.