ANNUAL REPORT LITHUANIA

Annual report 2014 to achieve a sustainable balance between fishing capacity and fishing opportunities

21 May 2015

Introduction

Report is composed pursuant to REGULATION (EU) No 1380/2013 OF THE PARLIAMENT AND OF THE COUNCIL of 11 December 2013 on the Common Fisheries Policy, amending Council Regulations (EC) No 1954/2003 and (EC) No 1224/2009 and repealing Council Regulations (EC) No 2371/2002 and (EC) No 639/2004 and Council Decision 2004/585/EC Part IV and COMMISSION REGULATION (EU) No 1013/2010 of 10 November 2010 laying down implementing rules on the Union Fleet Policy as defined in Chapter III of Council Regulation (EC) No 2371/2002 Articles 12 and 13 and COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL (Guidelines for the analysis of the balance between fishing capacity and fishing opportunities according to Art 22 of Regulation (EU) No 1380/2013 of the European Parliament and the Council on the Common Fisheries Policy). It summaries the current state of national fisheries fleet management measures and efforts to achieve a sustainable balance between fishing capacity and fishing opportunities.

1. Capacity

1.1 Description of fleet

Lithuanian fisheries fleet is divided in three segments according to their technical characteristics (overall length and engine power).

First fisheries fleet segment (s1) composes of coastal fishing vessels <12 m and main engine power ≤ 110 kW. Fisheries conduct in the coastal zone of the Baltic Sea. Mostly perch, bream, roach, salmon, pike, cod, flat fish, smelt, pike perch and eels were fished.

Second fisheries fleet segment (s2) – Baltic Sea fishing vessels (mostly >12 meters and main engine power 165 – 220 kW metere700 kW. Fisheries were conducted in the Baltic Sea and North Sea. Main targeted species – cod (catch 1 742 tonnes), herring (catch 2 475 tonnes), sprat (catch 10353 tonnes), place (1 002 tonnes)

The third fisheries fleet segment (s3) – rest of the fleet mainly high seas fishing vessels. The

main pelagic species caught in the High Sea waters: mackerel, horse mackerel and sardines, round sardinella. The High Sea vessels operated mainly in the areas managed in waters under the jurisdiction of the Islamic Republic of Mauritania. Vessels fishing in this area under the Protocol (Fisheries Partnership Agreement) for two years between European Union and Third Countries. Lithuanian vessels fishing under the Lithuanian flag have been operating in the North East Atlantic Fisheries Commission (NEAFC), the North West Atlantic Fisheries Commission (NAFO) regulated waters. Also areas managed by the South Pacific Regional Fisheries Management Organization (South Pacific RFMO), and also in the North Sea area and in Norwegian waters.

Seven Lithuanian vessels were involved in pelagic fishery in Mauritanian EEZ in 2014. The catches in this area – 84 851 tonnes pelagic species (mackerel, horse mackerel, sardines). Four Lithuanian fishing vessels were fishing Maroccan EEZ. During 2014 Lithuanian vessels in Marocco area caught 18 654 tons various kinds of pelagic fishes, mostly mackerel, horse mackerel.

Annual quotas were allocated to Lithuania by Lithuanian Fisheries Service to the individual industry groups within the interest of each fishery.

In 2014 quotas for Lithuania were allocated in NAFO as follows: 48 tonnes shrimp, 161 tons of cod, 1571 tons redfish, 128 tons squid, 22 tons Greenland halibut and 62 tons skate. During 2014 one Lithuanian vessel was involved to the fisheries in this region and caught 7 tons of cod. The rest allocated quotas were exchanged to the quotas in NEAFC Regulatory area.

In 2014 quotas for Lithuania were allocated in NEAFC Regulatory area as follows: 11 tonnes of Greenland halibut, 85 tonnes of roundnose grenadier, 7 tonnes of blue ling and 17 tonnes of skates. After exchanges of fishing quotas with others European Union countries Lithuanian vessels were caught 1478 tonnes of redfish in 2014 and three Lithuanian vessels were caught 948 tons of snow crabs not under the quota regime.

There was only one vessel involved in the shrimps fishery in Svalbard area (Norwegian Exclusive Economic Zone). Lithuania had 647 shrimps fishing days during the year 2014 and catches were 375 tons of shrimps.
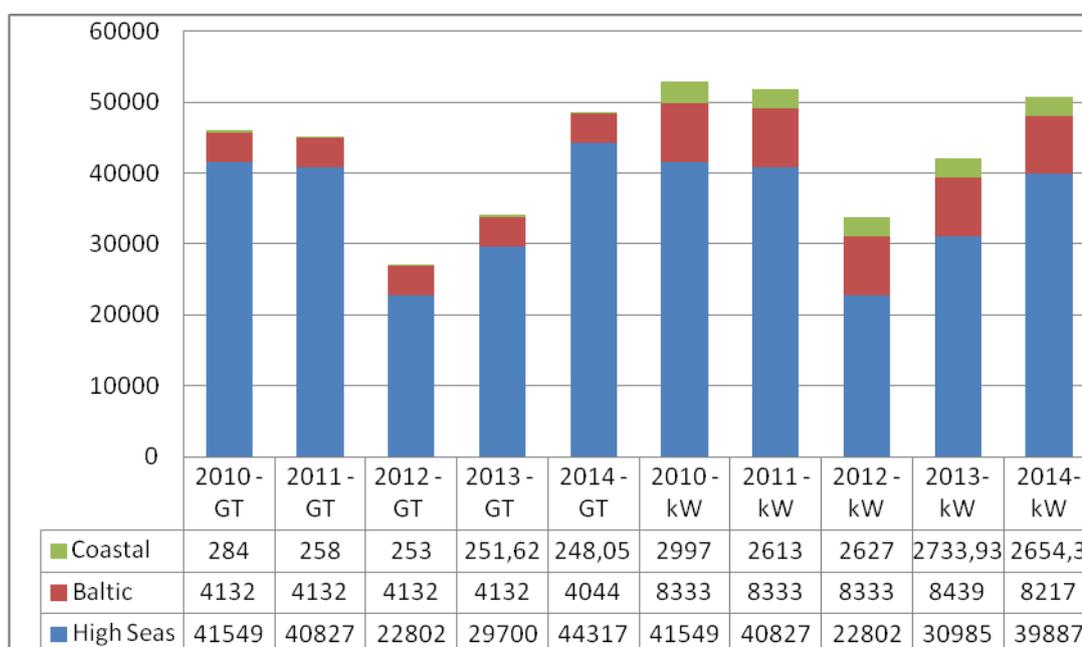
In South Pacific (SPRFMO regulatory area) waters were allocated 4559,1 tons of Pacific jack mackerel quota. During 2014 no any fishing activities were involved in this area. In 2014 European Union waters (included North Sea) two Lithuanian vessels were involved in fishery, they caught 825 tons of sandeel, 10 471 tons of herring, 4 871 tons of horse mackerel, 4 620 tons of blue whiting and 9 411 t tons of mackerel.

1.2 Development of fishing capacity

2014-12-31 fleet were consisted of 142 fishing vessels. These vessels gross tonnage is 48 611 GT and 50 791 kW of engine power. In 2014 fleet reduced by 4 vessels and fishing capacities were: 37 726 gross tonnage GT and 39 390 kW of engine power. Comparing to 2013 the capacity enlarged by 14 188 gross tonnage GT (29,1 %) and 8358 kW (16,5 %) of engine power. The enlarging occured because few of large vessels returning to fleet of high seas (Figure 1). In total capacity does not exceed the ceilings.

Most of the vessels (102) operate in Baltic Sea coastal area. In the length interval from 20 to 40 metres – 29 vessels are registered. High seas fleet is consist of 11 vessels.

Figure 1. Fishing fleet capacity by the segments 2010 - 2014

	2010 - GT	2011 - GT	2012 - GT	2013 - GT	2014 - GT	2010 - kW	2011 - kW	2012 - kW	2013- kW	2014- kW
Coastal	284	258	253	251,62	248,05	2997	2613	2627	2733,93	2654,3
Baltic	4132	4132	4132	4132	4044	8333	8333	8333	8439	8217
High Seas	41549	40827	22802	29700	44317	41549	40827	22802	30985	39887

1.3   Compliance with entry/exit scheme and with level of reference

Lithuania is one of the countries which entered the Europe Union 2004 May 1 and uses Entry/Exit scheme as defined in Council Regulation (EC) No 1380/2013 Article 23. For 2014 the same like for previous recent years no public aid was granted and the entry of new capacity into the fleet is compensated by the previous withdrawal of the same amount of capacity. For the 2013 Lithuania is compliant to capacity fleet ceiling. Changes in the data are presented in the table 1. In the reporting period no vessels with a capacity of over 100 GT entered the fishing

industry with public support, also no engines of any fishing vessels of a length of 12 meters or more have been replaced with public support.

Table 1. Entry/Exit regime 2014-12-31

	Lithuania	**GT**		**kW**	
1	Capacity of the fleet on 01/05/2004	**GTFR**	76 738	**kWFR**	80 702
2	Capacity level for the application of the entry-exit regime	**GT 04**	77 282	**kW 04**	82 102
3	Entries of vessels of more than 100 GT financed with public aid	**GT10 0**	0	**kW 100**	0
4	Other entries or capacity increases (not included in 3 & 5)		108 484		107 370
5	Increases in tonnage GT for reasons of safety	**GTS**	0		
6	**Total entries (3 + 4 + 5)**		108 484		107 370
7	Exits before 1/1/2007 financed with public aid	**GTa1**	1 616	**kWa**	3 135
8	Exits after 1/1/2007 financed with public aid	**GTa2**	2 334		5 482
9	Other exits (not included in 7 and 8)		132 661		137 281
10	**Total exits (7 + 8 + 9)**		136 611		140 416
11	Power of engines replaced with public aid conditional to power reduction		0	**kWr**	0
12	**Capacity of the fleet on 31/12/2014 (1+6-10)**	**GTt**	48 611	**kWt**	47 656
13	**Fleet ceiling on 31/12/2014**		73 489		73 516

1.4   Impact of fishing effort reduction schemes.

Lithuania's fishing fleet in the Baltic sea was significantly reduced before the multiannual cod management plan for the Baltic came into force (Council Regulation (EC) No 1098/2007 of 18 September 2007 establishing a multiannual plan for the cod stocks in the Baltic Sea and the fisheries exploiting those stocks, amending Regulation (EEC) No 2847/93 and repealing Regulation

(EC) No 779/97), therefore this plan had not much impact on fleet reduction. From 2005 to 2007 the capacity of Baltic Sea fleet was reduced by 2 711 GT and 4821 kW and by 37,5 % and 35,3 %. Lithuania take a note that fleet reduction after 2007 occured due to the High Seas vessels withdrawal from the fleet (table 1 „exits").

2. Biological indicators of exploitation of stocks (cod, herring, sprat) in the Baltic Sea

Lithuanian Baltic cod quota consists of two parts: Eastern cod stock (25-32 ICES Subdivisions) and Western cod stock (22-24 ICES Subdivisions). Every year Lithuania swaps Western cod quota to Eastern cod quota therefore western cod not included in analyses for biological indicators.

Analysis of the national current (F) and targeted (Ft=Fmsy) fishing mortality has shown that the ratio was less than 1 for all three stocks (cod, herring sprat) in 2013 (Figure 2):

- total F/Fmsy for Eastern cod - 0,636668341,
- total F/Fmsy for herring - 0, 363733858,
- total F/Fmsy for sprat - 0,908807371.

Thus, the biological indicators have revealed that the capacity of the Lithuanian Baltic fishing fleet is in balance for the two Baltic stocks but theoretical risk of imbalance can be seen for sprat (F/Fmsy value 0,908807371). The distribution of mortality rates by all Lithuanian cod fishing segments (Figure 2) has shown that cod fishing with bottom trawls, herring and sprat fishing with pelagic trawls had the biggest impact on mortality rate.

Biological indicators (based on 2013 ICES and national data) have shown that the Lithuanian Baltic Sea fishing fleet engaged in the Baltic fishery especially cod, herring is in balance with the fish stocks. Due to unexpected sprat quota decrease (during 2011-2015), high level of F/Fmsy, fierce fights of fishing companies for the sprat quota, the risk of imbalance can be seen for sprat fishing fleet.

Conclusions

Analysis showed that Lithuanian fishing fleet engaged in the Baltic is in balance with current cod and herring stock size. Risk of imbalance can be seen for sprat fishing fleet.

Figure 2. Calculations of biological indicators.

Based on 2013 data	Baltic Sea		
	Cod 25-32	Herring 25-32	Sprat
Catch per segment (100 tonnes):			
Bottom trawlers	15,53		
Coastal segment	1,9	1,1	
Gil-neters	0,66		
Pelagic trawlers		23,67	103,54
Total EU catch (100 tonnes)			
Total EU catch acc. To ICES stock assessments (100 tonne	313,55	1010	2724
Curent F (ICES stock assessments)	0,328	0,123	0,347
Curent F applied per fleet segment			
Bottom trawlers	0,016245702		
Coastal segment	0,001987562	0,00013396	
Gil-neters	0,000690416		
Pelagic trawlers		0,002882584	0,013189567
Target F	0,46	0,26	0,29
Lithuania's quota (100 tonnes)	39,33	26,33	125,1
Lithuania's quota (%)	4,842	2,919	5,0045
Target F in relation to Lithuania's quota	0,0222732	0,0075894	0,01451305
F/Ft by species in the fleet segment			
Bottom trawlers	0,729383404		
Coastal segment	0,089235574	0,017650986	
Gil-neters	0,030997621		
Pelagic trawlers		0,379817134	0,908807371
Catch composition in the segment (%)			
Bottom trawlers	85,8485351		
Coastal segment	10,50304035	4,440855874	
Gil-neters	3,648424544		
Pelagic trawlers		95,55914413	100
F/Ft weighted by catche composition for segment			
Bottom trawlers	0,626164968	0	0
Coastal segment	0,009372448	0,000783855	0
Gil-neters	0,001130925	0	0
Pelagic trawlers	0	0,362950003	0,908807371
Total of all weighted F/Ft	0,636668341	0,363733858	0,908807371
Percentage of fleet segment catch used for F/Fcalculatio	100	100	100

3.

3. Economic indicators

3.1. Fleet segment description

By fishing area Lithuanian fishing fleet is distributed by three segments – Coastal, Baltic and High Seas. However Lithuanian fishing fleet indicators calculations where done estimating five main segments including vessel length and fishing gear (using similar approach as in Data collection framework):

OFR TM-40XX – segment consists of long distance fishery trawlers predominantly operating in CECAF (Area 34) and in North Atlantic (Area 27). In CECAF region fleet targeting mainly small pelagic species, such as Cunene horse mackerel and Round sardinella, whereas vessels from Area 27 are fishing sand eels, Atlantic redfish and northern prawns.

AREA27 TM 24-40 – covers pelagic trawlers 24-40 m and more than 40 m. in length, which are operating in Baltic Sea. Target species for the main gear are European sprat and Baltic herring.

AREA27 DTS 24-40 – segment consist of 24-40 m demersal trawlers, fishing in Baltic Sea. Target species for the main gear are Baltic cod and European flounder. Segment performance relatively depends on the multiannual management plan for cod in the Baltic Sea.

AREA27 DFN 10-12 – Segment combines passive gear vessels over 10 m. operating in Baltic Sea and coastal area. Main species are Baltic cod and European flounder.

AREA72 PG 00-10 – small scale fishery segment which operates in coastal area of Baltic Sea. Main species are European smelt and Baltic cod.

Two principal segments from Baltic Sea (AREA 27) fisheries, TM 24-40 and DTS 24-40 are interrelated by the share of different quotas within the same vessel. For instance a significant part of DTS 24-40 fleet use a second gear for pelagic species and thus during years can shift between segments.

3.2 Return on investment (ROI)

Return on Investment compares the long-term profitability of the fishing fleet segment to other available investments. If this value is smaller than the low-risk long term interest rates available elsewhere, then this suggests that the fleet segment may be overcapitalized and if ROI is less than zero and less than the best available long-term risk-free interest rate, this is an indication of long-term economic inefficiency that could indicate the existence of an imbalance.

In terms of ROI development during 2011-2013 period in Lithuanian fishing fleet, long distance vessels, pelagic trawlers of Baltic Sea and segments using passive gears demonstrated an increasing trend and relatively high ROI values, compared to risk free long term interest rates, indicating a relatively high economic efficiency. In 2013 overcapitalization and economic inefficiency was determined in demersal trawler segment, which significantly depends on Baltic cod stocks and its multiannual management plan. The gradual decrease of ROI and obtained net losses in 2013, as well as low ROI value in comparison to low risk interest rates, indicates a warning sign of long term

future of this segment and show imbalance between capacity and opportunities. Detailed information of ROI and economic parameters is presented in figure and tables below

ROI of Lithuanian fleet presented by segments
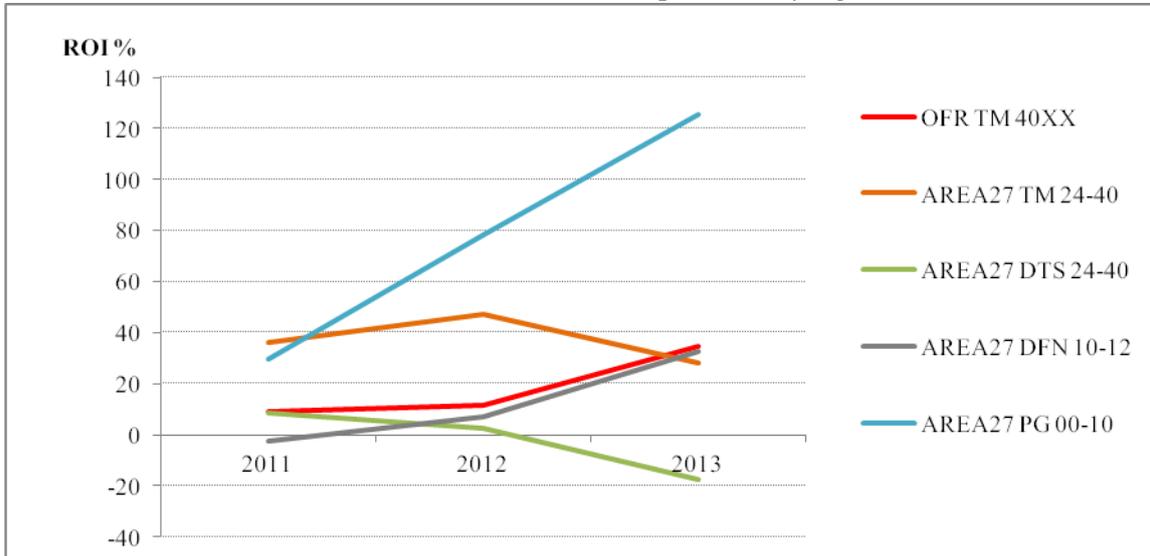
Data source: AIRBC

ROI for the fleet segment OFR TM- 40XX (long distance fleet)

Values for calendar year (€000)	2011	2012	2013
Income from landings + other income	39013,8	35890,9	59374,2
Crew costs + unpaid labor costs + fuel costs + repair & maintenance costs + other variable costs + non variable costs	33128,1	29127,3	47806,0
Capital costs (depreciation + interest payments	1940,6	1917,4	1421,9
Net profit	3945,1	4846,2	10146,4
Fleet capital asset value (vessel replacement value + estimated value of fishing rights)	43470,6	41056,8	29339,4
ROI = Net profit / capital asset value (%)	9,08	11,80	34,58
ROI – risk free long term interest rate*	2,32	4,82	27,55

Data source: AIRBC

* - arithmetic average of long-term interest rate for the previous 5 years in relation to reference year. Data source European Central Bank.

ROI for the fleet segment AREA27 TM 24-40 (Baltic Sea)

Values for calendar year (€000)	2011	2012	2013
Income from landings + other income	3075,0	3106,0	3404,1
Crew costs + unpaid labor costs + fuel costs + repair & maintenance costs + other variable costs + non variable costs	2040,2	1809,1	2463,6
Capital costs (depreciation + interest payments	95,7	94,6	135,8
Net profit	939,2	1202,2	804,7
Fleet capital asset value (vessel replacement value + estimated value of fishing rights)	2577,2	2548,8	2865,6
ROI = Net profit / capital asset value (%)	36,44	47,17	28,08
ROI – risk free long term interest rate*	29,68	40,19	21,05

Data source: AIRBC

* - arithmetic average of long-term interest rate for the previous 5 years in relation to reference year. Data source European Central Bank.

ROI for the fleet segment AREA27 DTS 24-40 (Baltic Sea)

Values for calendar year (€000)	2011	2012	2013
Income from landings + other income	4289,5	3770,6	3348,5
Crew costs + unpaid labor costs + fuel costs + repair & maintenance costs + other variable costs + non variable costs	3797,6	3483,1	3861,2
Capital costs (depreciation + interest payments	187,5	196,2	191,7

Net profit	304,4	91,2	-704,4
Fleet capital asset value (vessel replacement value + estimated value of fishing rights)	3625,4	3721,1	4046,2
ROI = Net profit / capital asset value (%)	8,40	2,45	-17,41
ROI – risk free long term interest rate*	1,64	-4,53	-24,44

Data source: AIRBC

* - arithmetic average of long-term interest rate for the previous 5 years in relation to reference year. Data source European Central Bank.

ROI for the fleet segment AREA27 DF 10-12 (Baltic Sea and coastal area)

Values for calendar year (€000)	2011	2012	2013
Income from landings + other income	354,8	303,0	259,2
Crew costs + unpaid labor costs + fuel costs + repair & maintenance costs + other variable costs + non variable costs	344,6	262,4	169,8
Capital costs (depreciation + interest payments	20,4	16,7	12,6
Net profit	-10,2	23,9	76,8
Fleet capital asset value (vessel replacement value + estimated value of fishing rights)	430,6	328,6	234,6
ROI = Net profit / capital asset value (%)	-2,37	7,26	32,72
ROI – risk free long term interest rate*	-9,13	0,28	25,69

Data source: AIRBC

* - arithmetic average of long-term interest rate for the previous 5 years in relation to reference year. Data source European Central Bank.

ROI for the fleet segment AREA72 PG 00-10 (coastal area)

Values for calendar year (€000)	2011	2012	2013
Income from landings + other income	227,1	358,1	323,1
Crew costs + unpaid labor costs + fuel costs + repair & maintenance costs + other variable costs + non variable costs	180,5	223,9	212,2
Capital costs (depreciation + interest payments	7,5	8,7	5,3
Net profit	39,1	125,6	105,7
Fleet capital asset value (vessel replacement value + estimated value of fishing rights)	131,5	160,5	84,1
ROI = Net profit / capital asset value (%)	29,71	78,22	125,63
ROI − risk free long term interest rate*	22,95	71,24	118,60

Data source: AIRBC

* - arithmetic average of long-term interest rate for the previous 5 years in relation to reference year. Data source European Central Bank.

3.3. The ratio between a fleets current revenue (CR) and break-even revenue (BER)

The ratio between CR and BER shows how close the current revenue of a fleet is to the revenue required for the fleet to break even in the short term. If the ratio is greater than 1, then enough income is generated to cover variable, fixed and capital costs, indicating that the segment is profitable, with potential under-capitalization. Conversely, if the ratio is less than 1, insufficient income is generated to cover variable, fixed and capital costs, indicating that the segment is unprofitable, with potential over-capitalization. If the CR/BER result is negative, this means that variable costs alone exceed current revenue, indicating that the more revenue is generated, the greater the losses will be.

In 2013 Lithuanian fleet, with an exception of demersal trawlers from Baltic Sea, was characterized by potential under-capitalization and efficient economic performance. Only demersal trawler segment AREA DTS 24-40 constantly decreased CR/BER during 2011-2013 and indicates insufficient income to cover increasing expenditures. It also warns the existence of great imbalance.

Ratio between CR and BER for the segment OFR TM- 40XX (long distance fleet)

	Values for a calendar year (€'000) Use Segments total figures	2011	2012	2013
1	Current revenue (CR) = Income from landings + other income	39013,8	35890,9	59374,2
2	Fixed costs = Non variable costs + depreciation + opportunity cost of capital	6848,1	5804,8	5827,3
3	Variable costs = Crew costs + Unpaid labor costs + Energy costs + Repair & maintenance costs + Other variable costs	31159,3	28105,7	45463,1
4	BER = 2 / (1 - [3 / 1])	34014,8	26760,8	24871,6
5	CR / BER = 1 / 4	1,15	1,34	2,39

Data source: AIRBC

Ratio between CR and BER for the segment AREA27 TM 24-40 (Baltic Sea)

	Values for a calendar year (€'000) Use Segments total figures	2011	2012	2013
1	Current revenue (CR) = Income from landings + other income	3075,0	3106,0	3404,1
2	Fixed costs = Non variable costs + depreciation + opportunity cost of capital	429,0	642,0	551,3
3	Variable costs = Crew costs + Unpaid labor costs + Energy costs + Repair & maintenance costs + Other variable costs	1881,0	1439,7	2249,5
4	BER = 2 / (1 - [3 / 1])	1104,9	1196,7	1625,5
5	CR / BER = 1 / 4	2,78	2,60	2,09

Data source: AIRBC

Ratio between CR and BER for the segment AREA27 DTS 24-40 (Baltic Sea)

	Values for a calendar year (€'000) Use Segments total figures	2011	2012	2013
1	Current revenue (CR) = Income from landings + other income	4289,5	3770,6	3348,5
2	Fixed costs = Non variable costs + depreciation + opportunity cost of capital	1290,2	830,8	1047,5
3	Variable costs = Crew costs + Unpaid labor costs + Energy costs + Repair & maintenance costs + Other variable costs	2940,0	3108,3	3289,7
4	BER = 2 / (1 - [3 / 1])	4101,0	4730,0	59735,8
5	CR / BER = 1 / 4	1,05	0,80	0,06

Ratio between CR and BER for the segment AREA27 DFN 10-12 (Baltic Sea and coastal area)

	Values for a calendar year (€'000) Use Segments total figures	**2011**	**2012**	**2013**
1	Current revenue (CR) = Income from landings + other income	354,8	303,0	259,2
2	Fixed costs = Non variable costs + depreciation + opportunity cost of capital	58,0	67,1	43,6
3	Variable costs = Crew costs + Unpaid labor costs + Energy costs + Repair & maintenance costs + Other variable costs	336,1	234,9	155,3
4	BER = 2 / (1 - [3 / 1])	1100,7	298,8	108,8
5	CR / BER = 1 / 4	0,32	1,01	2,38

Ratio between CR and BER for the segment AREA27 PG 00-10 (coastal area)

	Values for a calendar year (€'000) Use Segments total figures	**2011**	**2012**	**2013**
1	Current revenue (CR) = Income from landings + other income	227,1	358,1	323,1
2	Fixed costs = Non variable costs + depreciation + opportunity cost of capital	41,1	51,1	41,3
3	Variable costs = Crew costs + Unpaid labor costs + Energy costs + Repair & maintenance costs + Other variable costs	155,8	192,7	182,0
4	BER = 2 / (1 - [3 / 1])	130,9	110,6	94,7
5	CR / BER = 1 / 4	1,73	3,24	3,41

3.4. Methodology

Calculations of balance indicators are based on DCF metadata and in report presented on a fleet segment basis. Data collection scheme for primary data was census, based on annual survey. Questionnaires (code DR-1) are approved by the Order of the Lithuanian Minister of Agriculture No 3D-707 on 4-th August of 2010. Institution, responsible for economic and certain transversal data collection and processing is State enterprise Agricultural Information and Rural Business Centre (AIRBC).

The economic indicators for the purpose to eavluate the extent of economic over or under capitalisation in a fleet, the return on investment (ROI) as well as break even revenue (BER) and current revenue (CR) were analyzed in report. Data are presented in tables as shown in guidelines. Both indicators require the use of the interest rate in each MS of a low risk long term investment for comparison purposes. According to The Commission recommendation, harmonised 5 year average long-term interest rates for convergence assessment calculated by the European Central Bank, were used (http://www.ecb.int/stats/money/long/html/index.en.html).

The return on investment (ROI) for a fleet is presented as the net profit (profit after capital stock depreciation) of the fleet divided by total capital asset value of the fleet. The commercial value of any fishing rights held was not included. Data on direct income subsidies was excluded from the calculation. For the estimation of the fleet capital asset value, Perpetual Inventory Method (PIM) was used according to the advice from the PGECON[1] working group on best practices for calculating fleet depreciated replacement values.

Data for the break even revenue (BER) and current revenue (CR) calculation, except for opportunity costs, was also obtained from Data collection framework (DCF) data. As required in guidelines, data on direct income subsidies was excluded from the calculation whereas fishing rights were not available as it is not allowed by the law. Presented CR/BER ratio gives a long term view since opportunity costs is included in calculation.

4. Vessel use indicators

4.1 Inactive fleet indicator

Active and inactive vessels distribution in fleet is provided in table 2. Majority of inactive fleet is in coastal fleet segment with length up to 10 meters. Relatively small part of fleet capacity is inactive.

Table 2 Active/inactive vessels 2014-01-01

Active vessels				Inactive vessels				
Length	Number	GT	KW	Length	Number	GT	KW	Percentage of all vessels, %
VL00-10	52	54,63	1093,57	VL00-10	44	68,17	873,80	30,56
VL10-12	7	64,65	434	VL10-12	3	35,94	174,66	2,08
VL12-18	-	-	-	VL12-18	1	22,37	110	0,69

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[1] Planning Group on Economic Issues (PGECON), 16th – 19th April 2012, Salerno (Italy)

VL18-24	-	-	-	VL18-24	1	74	166	0,69
VL24-40	24	3202	6083	VL24-40	4	345	789	2,78
VL>40	5	23893	23596	VL>40	3	5682	7163	2,08

4.2 The vessel utilisation indicator

The vessel utilisation indicator is not applicable because Lithuania does not allocate fishing opportunities under the effort regime (gtDays/kwDays).

5. **Summary report on the weaknesses and strengths of the fleet management system and general level of compliance with fleet policy instruments**

At 31 December 2014, Lithuanian fishing fleet comprised of 142 vessels. Fleet is broken in three segments: High Seas, Baltic and Coastal. The main species caught in the Baltic Sea: cod, herring, sprat, flat fish. In High Seas pelagic fishes are main targets.

Strengths:

IT systems are widely used in fleet management. Constant monitoring of fleet capacity ceiling by the segment is carried out using crosschecks with fishing authorizations, first sales information, data from VMS (vessels monitoring system). This approach ensures efficient fisheries control and fleet management.

Biological analysis showed Lithuanian Baltic fishing fleet is in balance for herring and for Eastern cod.

High value of ROI indicator for pelagic trawlers, small scale fisheries and long distance fleet shows efficient utilization of invested asset base. Comparison of return on investments with a risk free long term interest rate for these vessels indicated relatively high returns on capital.

Weeknesses:

Biological analysis showed risk of imbalance can be seen for sprat fishing fleet (pelagic trawlers in Baltic sea).

DTS 24-40 m. segment, related to cod fisheries demonstrated gradually decreasing trend of ROI during past three years. This indicates a warning sign on future expectation and show overcapitalization or inefficient use of capital and stipulates possible fleet imbalance. Decrease in economic performance was mostly related to net loss, resulted by high operating costs compare to income. The same issue was illustrated by CR/BER decrease in DTS 24-40 m. segment when income was not sufficient to cover increasing expenditures.

Compliance with fleet policy:

There is not significant evidences that Baltic fishing fleet is imbalanced however some warning signs and trends are observed. To ensure constant with fleet management balance Lithuania will prepare corrective action plan for this segment in order to avoid possible imbalances in the future.

6. Changes to the administrative procedures relevant to the management of the fleet

Changes in the administrative structure in 2014:

- National legal act regarding the restriction of fishing capacity transfer between fleet segment ceilings in certain conditions have been published.

- To ensure management of fishing vessels engine capacity (kW), national act with description of the procedures propulsion engines installation, changes or technical modifications for Lithuanian fishing vessels operating in marine waters have been prepared.

- It should be mentioned that the IT system IZDIS development is still lasting. For the year 2014 the Fisheries Service (FS) invested in development of IZDIS to improve reliability of the data, to ensure robust and efficient fleet management.