

The Annual Report on the Latvian Fishing Fleet 2025

1. Summary of the report

This report is elaborated according to *Guidelines for the analysis of the balance between fishing capacity and fishing opportunities according to Article 22 of Regulation (EU) No 1380/2013 of the European Parliament and the Council on the Common Fisheries Policy (COM (2014) 545)* (further – Guidelines).

Since 2004, Latvia has complied with the existing rules and requirements of the vessel entry/exit regime without any deviations.

The actions taken for decommissioning of fishing vessels of relevant fleet segment has a positive impact on the balance between the capacity of the fishing fleet and the fish resources allocated to Latvia.

However, the 2022 Action Plan for fleet segment VL2440 did not fully achieve the initially planned quantitative targets, although significant progress in reducing effective fishing capacity has been made. By the end of 2025, eight vessels were decommissioned, representing 89% of the envisaged target in terms of vessel numbers and resulting in substantial reductions in engine power and gross tonnage.

Given that fishing capacity reduction is structurally more relevant than vessel numbers alone and that the relationship between capacity reduction and fleet balance is not linear, continued capacity adjustment remains justified. Therefore, an addendum to the 2022 Action Plan has been prepared, providing for further, proportionate capacity balancing measures within the existing framework.

The amended measures to balance fleet segment VL2440 within 2022 Action plan are included in Annex VII of The Annual Report on the Latvian Fishing Fleet 2025.

The technical indicators show how much fleet capacity could be reduced without reducing total fleet output (landings). They can therefore be considered as the baseline indicator for each fleet segment according to the Guidelines.

The Inactive Fleet Indicator (IFI) for the Latvian VL1218 fleet segment exceeded the permitted level in 2024 due to one inactive vessel. As this is a small segment, the inactivity of one vessel had a significant impact. In the VL2440 segment, the indicator value exceeded 30% due to a reduction in the number of vessels following their decommissioning.

The Vessel Utilisation Indicator (VUI) for the VL0008 segment decreased slightly to 0.28 in 2025. The segment remained 'out of balance'. For the VL0812 segment, the indicator dropped significantly after remaining above the threshold for two consecutive years. This segment is also 'out of balance'. However, caution should be exercised when interpreting the level of activity for the small coastal boat segments due to the seasonal nature of fishing activities. In addition, the presence of seals in the coastal area and the potential for them to damage fishing gear and catches means that, during certain periods, fishermen fish less to avoid interaction with the seals. When seals are present in large numbers, fishermen avoid using their gear to prevent destruction and damage to their property. The VUI for the VL1218 segment over the past nine years has remained relatively close to 1, indicating that this segment is 'in balance'. The VUI for the VL2440 segment increased significantly in 2025, exceeding the reference value and indicating that it is 'in balance' with fishing opportunities, which can be attributed to the positive impact of decommissioning vessels from this segment.

Following the recommendations and applying the interpretation proposed in the Guidelines for the biological indicator - Sustainable Harvest Indicator (SHI) - it can be concluded that:

- for the VL2440 trawler segment in the Baltic Sea (SD 25-32), which mainly exploits the sprat stock with by-catches of herring, the SHI value in 2024 is 1.27, which means that the segment is "in imbalance between fleet capacity and fish resource potential".
- for two segments (trawlers VL1218 and VL2440) in the Gulf of Riga targeting herring with by-catches of sprat, the value of the SHI is 0.86 and it should be concluded that these trawler segments

are in a state of "balance between fleet capacity and fishing opportunities", with a possible indication of under-exploitation.

In accordance with the methodology proposed in the Guidelines, the SHI biological indicator has not been calculated for segments VL0008 and VL0812 due to the lack of quantified parameters and scientific advice for the stocks included in the mixed catch composition of coastal passive gear fisheries.

The SAR indicator has not been calculated because the Latvian fleet mainly exploits three stocks, which are already included in the calculation of the SHI indicator for the fleet segments. According to ICES, one of the stocks - the herring population in SD 25-32 - can be identified as overfished. However, its share of catches in SD 25-32 does not exceed 10%, and the Latvian fleet exerts relatively low fishing pressure on the Central Baltic herring stock, reflecting both its small quota and low catch volumes.

Four Baltic Sea fleet segments were selected and included in the analysis to assess the achievement of balance between fleet capacity and fishing opportunities in Latvian fisheries from 2020 to 2024. For each fleet segment, two economic indicators were calculated to assess whether the fleet segment is economically sustainable in the long and short term.

The Return on Investment (ROI) indicator shows the profitability of investment. A positive ROI and higher than the low-risk long-term interest rate indicates a positive return from investment and suggests that extraordinary profits are being made, thus showing a sign of economic undercapitalisation. The two coastal segments (VL0008 and VL0812) show a positive ROI in 2024, indicating a profitable long-term fishery. After experiencing a negative ROI in 2023 due to significantly higher crew costs, the ROI of the VL1218 segment recovers in 2024. While the VL2440 segment shows a slight decrease in 2024, it still maintains a high positive ROI, suggesting that activity in this segment remains cost-effective. The detailed ROI calculations for each fleet segment and the conclusions are presented in the section 7.3.1 and Annex IV.

The second economic indicator, the Ratio of Current revenue to Break-even revenue (CR/BER), reflects the financial ability of companies in each fleet segment to continue operating vessels on a day-to-day basis. The profitability of the VL0008 segment increased slightly in 2024, though remained below the threshold throughout. While the business is unprofitable and potentially overcapitalised, it is important in socio-cultural terms as it is a traditional activity for the population of coastal settlements. The other segments were highly profitable in 2024. However, while the VL0812 and VL1218 segments increased, the VL2440 segment decreased by 41% compared to 2023. The detailed calculations and conclusions are presented in section 7.3.2 and Annex V.

In this report, the following categories of vessels have been excluded from the analysis of the corresponding indicators:

- Vessels over 40 meters operating in the Atlantic (areas 27 and 34) due to the limited number of vessels involved in the fishery and the confidentiality of the information.
- Part of the coastal vessels listed in the Fishing Fleet Register, which are not involved in commercial fishing and obtained fish only used for own consumption.

2. Opinion of MS on balance of fleet capacity with fishing opportunities

Latvia continues strictly and fully applies the existing rules of the Common Fisheries Policy for the entry/exit regime of the Community fishing fleet. The Fisheries Department (FD) of the Ministry of Agriculture requires that the vessel or vessels of equal or higher capacity be withdrawn from the fishing fleet without public support before the new vessel or vessels are registered. Since 1 May 2004, a total of 418 fishing vessels have been decommissioned and withdrawn from the Baltic Sea fleet. This process has positively affected the balance between the capacity of the fishing fleet and the fish resources allocated to Latvia.

In accordance with the 2022 Action Plan for balancing the capacity of the VL2440 fleet segment with available fish resources, vessel decommissioning was identified as the primary structural measure to address the imbalance between fishing capacity and fishing opportunities. Until the end of 2025 decommissioning of eight vessels of the VL2440 fleet segment carried out under the 2022 Action Plan

represents the direct implementation of this policy framework and accounts for 89% of the initially envisaged target in terms of vessel numbers.

While this decommissioning has resulted in a reduction of 56% in engine power (kW) and 48% in gross tonnage (GT) from the maximum allowances set in the 2022 Action Plan in conjunction with respective maximum number of vessels, it nevertheless constitutes substantial progress towards balancing the segment. Fleet balance should not be understood as an arithmetic outcome, but rather as the achievement of a functional and sustainable equilibrium, the full effects of which can only be reliably assessed over several years after 2022 Action Plan implementation.

However, reducing of fishing capacity is structurally more relevant for fleet balancing needs than reducing the number of vessels as such. The vessels already decommissioned were among those with quite meaningful capacity, providing that a significant proportion of fishing pressure has been removed from the segment. Consequently, although reductions in GT and vessel numbers appear more limited, the effective fishing capacity has been anyway meaningfully curtailed. In this regard allowance to apply additional vessels for decommissioning within the current 2022 Action Plan to achieve further reductions of up to 25% more in kW or/and GT directly targets the addressing the segments' capacity imbalance, rather than focusing solely on vessel numbers so far decommissioned according to current 2022 Action Plan.

The proposed thresholds of increased reduction in kW and GT on top of already decommissioned number of vessels represent a reasonable and proportionate compromise between the policy objective of capacity adjustment and the practical feasibility of implementation of the 2022 Action Plan. It will ensure a sufficient level of necessary structural correction within the segment. Simultaneously decommissioning of further 36% higher number of vessels is not expected to significantly affect the overall framework of structural changes or objectives of the 2022 Action Plan.

Moreover, the relationship between capacity reduction and its impact on fleet balance is not linear process. The full impact of decommissioning measures on biological, technical and economic indicators, including vessel utilisation and sustainability indicators, can only be assessed in the years following the full completion of the process. In this context, it is justified to consider the objective achieved once clearly defined minimum thresholds have been reached, rather than requiring full capacity reduction before any meaningful evaluation of outcomes is possible.

Accordingly, the objective will be considered achieved when at least one of the following thresholds is reached: a reduction of 81% in kW, 73% in GT, or 125% of the initial number of vessels of the 2022 Action Plan, reflecting flexibility in how different capacity indicators may evolve over time. This approach remains fully consistent with the intent and structure of the 2022 Action Plan, while avoiding overly rigid interpretations not supported by the practical dynamics of fleet adjustment. Although a positive effect on the VL2440 segment is expected, the results will need to be analysed in subsequent years after the plan has been fully implemented before drawing definitive conclusions.

The amended measures to balance the fleet segment VL2440 within 2022 Action Plan are included into Annex VII of The Annual Report on the Latvian Fishing Fleet 2025.

3. Section A

3.1. Description of the fleets

General Description of the Latvian Fishing Fleet

The Latvian fishing fleet is historically divided into three major groups: High Sea vessels, Baltic Sea (including the Gulf of Riga) offshore vessels and coastal fishing vessels. All fishing vessels flying the Latvian flag are registered in ten Latvian ports.

Table 1. The Latvian Fleet Segmentation for the 2025

Fleet segment	% from total No of vessels	% from total GT	% from total kW
High Seas	1.2	78.7	57.2
Baltic Sea offshore	5.4	18.3	30.0

Baltic Sea coastal	93.4	3.0	12.8
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On 31 December 2024 the Latvian fishing fleet consisted of 663 vessels with a total engine power of 38750 kW and a total gross tonnage of 21701 GT, while on 31 December 2025 the Latvian fishing fleet consisted of 670 vessels with a total engine power of 45109 kW and a total gross tonnage of 26363 GT (Table 3).

3.2. Link with fisheries

High Sea Fleet

The segment is represented by 8 big vessels over 40 meters. These vessels contribute only 1.0% to the total vessel number but cover 78.7% of the total GT and 57.2% of the total KW, respectively.

In 2025, one vessel in this segment operated in the waters managed by the North East Atlantic Fisheries Commission (NEAFC) and three vessels operated in the waters managed by the Fishery Committee for the Eastern Central Atlantic (CECAF).

The main fishing gears for these vessels were midwater and bottom otter trawls and shrimp trawls.

The target species in the NEAFC area were northern shrimp and Atlantic cod, and in the CECAF area - Atlantic horse mackerel and mackerel. This fleet segment constituted a 48.7% of the total Latvian catch in 2025.

Baltic Sea (including the Gulf of Riga) Offshore Fleet

This fleet group consisted of 36 fishing vessels (on 31 December 2025) with an overall length between 12 and 40 m LOA. The number of vessels in this segment represented 5.4% of the total Latvian fishing fleet number, and it contributed 18.3% to the total GT and 30.0% to the total kW.

Vessels in this group operated only in the Baltic Sea (including the Gulf of Riga) in the offshore waters of the International Council for the Exploration of the Sea (ICES) Subdivisions (SD) 22-32.

The main fishing gear used by these vessels was the midwater otter trawl, targeting sprat and herring. This fleet segment accounts for about 48.7% of the total Latvian catch in 2025.

Table 2. Description and segmentation of the Baltic Sea (including the Gulf of Riga) offshore fleet in 2025

Length	Type of gear	Number of vessels			Total fleet catch in 2025 (%) of catch quota		
		31.12.2024	Active in 2025	31.12.2025	Cod	Sprat	Herring
VL1218	Trawler	9	8	9	0	4	28
VL2440	Trawler	28	22	27	0	96	72

Coastal Fishing Fleet

The sector is represented by 626 fishing boats with an overall length equal to or less than 12 m, which represent the majority of the number of vessels or 93.4% of the total, but only 3.0% of the total GT and 12.8% of the total kW.

The coastal fleet segment is very important for the socio-economic reasons of the Latvian coastal regions along the Gulf of Riga and the Baltic Sea coast. Small-scale fishing is the main source of livelihood and employment for the inhabitants of remote coastal communities.

However, the catches of the coastal fishing fleet are relatively small (about 5.1% of the total Baltic Sea catches). These include Baltic herring and round goby, which together account for almost 85% of the catch, as well as garfish, vimba, flounder and other non-TAC species. The coastal fleet mainly uses fixed passive gears. In 2025, this fleet segment accounted for around 2.6% of Latvia's total catch (if including also High Sea fishery).

From 2023, according to Commission Decision (EU) 2021/1167, the segmentation of ships less than 12 metres in length is as follows:

- VL0008PGP - coastal vessels less than 8 metres in length.

- VL0812PGP - coastal vessels between 8 and 12 metres in length.

In 2025, coastal fishermen actively and regularly used 184 boats for the commercial fishing and 16 boats - for self-consumption fishing. Some boats (5) were used for both fisheries. Other fishing boats mostly fished episodically or were used as support boats in fishing operations (Table 3).

Table 3. Description and segmentation of the Baltic Sea coastal fleet in 2025

Length	Type of gear	Number of vessels				
		31.12.2024	Active in 2025 (self-consumption)	Active in 2025 (self-consumption + commercial)	Active in 2025 (commercial)	31.12.2025
VL0008	PGP	553	16	5	138	559
VL0812	PGP	66	0	0	46	67

Vessels of the fleet register that fish for self-consumption are subject to the one gear rule (a maximum of 1 net or 1 herring net or 1 fyke net or 100 hooks can be used at any one time), and the marketing of these catches is prohibited.

The decommissioning plan for the coastal fleet has been achieved in terms of GT and kW, but it has not been fully achieved in terms of the number of vessels. As only passive gears are used in coastal fisheries, the balance in terms of the number of vessels is more important than in terms of GT and kW. However, the high number of this segment vessels which cover both commercial and self-consumption activities are staying inactive and not used in commercial operations.

3.3. Development in the fleets

The increase in the number of vessels is observed in 2025. This is due to the addition of six small coastal vessels to the VL0008 segment, one to the VL0812 segment, and one to the VL40XX segment. The increase in kW and GT is directly linked to the addition of a large vessel to the fleet for work in the CECAF area. All changes in the fleet number and capacity have been made using previously unused/reserved capacity (Table 4).

Table 4. Evolution of the Latvian fishing fleet (from 1 May 2004 to 31 December 2025)

Date	Number of vessels	GT	kW
Census: 1 st of May, 2004	898	44449	74320
31 st December, 2024	663	21701	38750
31 st December, 2025	670	26363	45109
Difference between CEN date and 31 st of December, 2025	228	18086	29211

4. Section B Statement of compliance with entry/exit scheme and with level of reference

In 2025 Latvia fully respected capacity limitations in terms of GT and kW according to the *Commission Regulations 1438/2003* and *916/2004*. National legislation prescribes that all new intentions for entries – purchase or construction of any fishing vessel shall be agreed before with the relevant authorities (the Ministry of Agriculture).

Table 5. Management of entry/exit regime on 31.12.2025

		GT		k	W
1	Capacity of fleet on 1st May 2004	GTFR	44449	kWFR	74320
2	Capacity level for the application of entry/exit regime	GT04	56555	kW04	83930
3	Entries of vessels of more than 100 GT financed with public aid	GT100	0	kW100	0

4	Other entries or capacity increases (not included in 3 & 5)		66458		88261
5	Increases in tonnage GT for reasons of safety	GTS	0	-	-
6	Total entries (3+ 4 + 5)		66458		88261
7	Exits before 1/1/2007 financed with public aid	GTa1	3134	kWa1	7441
8	Exits after 1/1/2007 financed with public aid	GTa2	9862	kWa2	24538
9	Other exits (not included in 7 & 8)		71548		85493
10	Total exits (7 + 8 +9)		84544		117472
11	Power of engines replaced with public aid conditional to power reduction	-	-	kWr	0
12	Capacity of the fleet on 31.12.2025 (1 + 6 – 10)	GTt	26363	kWt	45109
13	Fleet ceiling on 31.12.2025		44000		51951

Line 4 is calculated as: $4 = (12 - 1) + 10 - (3 + 5)$

Line 13: Ceiling GT = $2 - 35\% 3 - 98.5\% 7 - 96\% 8$ and kW = $2 - 35\% 3 - 7 - 8 - 20\% 11$

5. Section C

5.1. Information on general level of compliance with the fleet policy

In 2025, as before, the main organizations responsible for the management of the national fleet and its capacity were:

- Ministry of Agriculture (the Fisheries Department (FD)) with responsibilities:
 - Elaboration of the national Fisheries Policy and functioning of the Latvian Fisheries Integrated Control and Information System (LFICIS);
 - Supervision of implementation of the national fisheries management measures, including national fishing fleet ceiling levels and the fishing fleet capacity adjustment plans;
 - Implementation of the fisheries policy in Latvia (issuing special fishing permits for fishing vessels according to the EU requirements, authorization for entry/exit of the fishing vessels into the Fishing Fleet Register etc.);
 - General management of fishing licenses and fishing authorization for offshore fishing vessels.
- The State Environmental Service (SES) of the Ministry of Environment and Regional Development is responsible for control and enforcement of the fishing activities and vessel monitoring system (VMS) reporting;
- The Latvian Ship Register (LSR) of the Maritime Administration of the Ministry of Transport is responsible for registration of the vessels (also the fishing vessels) into the common ship register;
- The Rural Support Service (RSS) under the supervision of the Ministry of Agriculture is responsible for management of projects implementation with respective national and EU public support from the European Maritime and Fisheries Fund.

5.2. Summary of strengths and weaknesses of the fleet management system

Strengths of the fleet management system:

- Development of the LFICIS provided close collaboration between above mentioned Latvian fishing fleet management institutions, all relevant data in the system in real time is available for the competent authorities;
- The Institute of Food Safety, Animal Health and Environment “BIOR” has to provide and obtain precise information about stock conditions and fleet fishing effort in the Baltic Sea and the Gulf of Riga;
- Functioning of the fishing fleet register is supervised by FD that provides complete and precise data on all concerned vessels;
- Good and practically functioning vessel entry/exit management scheme is established in Latvia.

Weaknesses of the fleet management system:

- Information entered in LFICIS was accessible for changes to correct the previously entered data; however, on the other hand for justified reasons under proper management by competent authorities the data normally could be slightly changed within the time to adjust with real status.

5.3. Plan for improvements in fleet management system

In 2025 still some improvements were done in the LFICIS to comply with all the requirements set by the EU Fisheries control regulation (EC 1224/2009). This ensured not only improvement of the fisheries data quality by the crosschecks and data validation but also facilitates the work efficiency of the personnel working with LFICIS.

At this stage massive work is done to develop and put in place the new UN/FLUX standard for the snapshot reporting in Latvia. It is main priority to deliver UN/FLUX standard reporting as soon as possible in order to comply with the EU requirements.

6. Section D

Information on changes of the administrative procedures relevant to fleet management

There were no significant changes in 2025 in the administrative procedures. However, it should be mentioned that the work with LFICIS improvements and development is continuing. For the years 2012-2025, the Ministry of Agriculture invested quite a lot in development of LFICIS to improve reliability of the data, to make easier its processing and routine work, to improve the forming of the required reports.

7. Section E

Estimation and discussion of balance indicators

7.1. Technical indicators – Vessel Use Indicators

Technical indicators for the Latvian fishing fleet have been calculated according to the guidelines. These indicators show how much fleet capacity could be reduced without reducing the total output of the fleet (landings). The technical indicators can be considered as a baseline indicator for each fleet segment. The maximum number of days at sea was calculated as follows: the average number of days at sea of the top 10 most active vessels in the fleet segment in a given year.

The following categories of fishing vessels were excluded from the analysis:

- Vessels over 40 meters operating in the Atlantic (areas 27 and 34) due to the limited number of vessels involved in the fishery and the confidentiality of the information.
- Part of the coastal vessels listed in the Fishing Fleet Register, which are not involved in commercial fishing and obtained fish only used for own consumption.

7.1.1. The Inactive Fleet Indicator – IFI

The share of inactive vessels in the total fleet has been calculated in terms of number of vessels, GT and kW. To determine the number of inactive vessels by length class, the total number of vessels registered in the fleet register on 31 December of each year and all active vessels in that year were taken into account. The values of the Inactive Fleet Indicator (IFI) for the period 2010-2025 are shown in Annex I.

The IFI indicator for the segment VL1218 which is very low in number exceeded the reference value in 2025 due to the inactivity of one vessel in the segment. In the VL2440 segment, the number of inactive vessels remained the same as the previous years. However, the indicator value exceeded 30% due to a reduction in the number of vessels following their decommissioning from the segment.

7.1.2. The Vessel Utilisation Indicator – VUI

The Vessel Utilisation Indicator (VUI) characterises the ratio between the actual effort deployed and the maximum effort that could be deployed by the fleet. All active vessels in the Baltic Sea that had a licence and fished at least one day per year were included in the calculation. The values of the VUI, also known as the Vessel Utilisation Ratio (VUR), are given in Annex II.

The VL1218 trawler segment operates mainly in the Gulf of Riga targeting Baltic herring. The number of vessels in 2025 is 76% lower than in 2006. Considering that the VUI value for the last nine years is higher than 0.9, it can be said that the capacity of this segment is in balance with the fishing opportunities.

The VL1824 net and trawler segment has not existed since 2017. In accordance with the clustering rules (Regulation (EU) 2016/679), one active trawler has been included in the VL2440 trawler segment.

The VL2440 trawler segment operates mainly in ICES SD 25-32, targeting Baltic sprat with by-catches of Baltic herring. The number of vessels in 2025 is 71% lower than in 2006. The VUI for this segment increases to 0.9 in 2024, which is above the threshold of 0.7. It can be said that the capacity of this segment is in balance with the fishing opportunities.

Segment VL0008, small-scale coastal fishing, has been calculated for commercial fishing only. Coastal fishing uses various static gears such as nets, traps, lines and seines. The activity level for this segment decreased slightly, reaching 28% of its potential in 2025. In general, this indicates that for a significant part of the coastal fishermen, fishing is only a part of their activities. This could also be related to the lower availability of fish resources and their seasonality in the coastal areas. Low activity is also associated with high interaction periods and damage caused by seals to coastal fishing gears and catches. During the period when seals are observed in large numbers, fishermen do not use their fishing gear to avoid the destruction and damage to their property. Although the utilization rate of small boats VL0008 is consistently at a very low level, this segment is very important in socio-cultural terms as a traditional activity for the population of coastal settlements.

Segment VL0812, small-scale coastal fishing, has been calculated for commercial fishing only. This segment uses a variety of static fishing gear, including nets, traps, lines and seine nets. After two consecutive years in which the VUI value was greater than 90%, activity levels for this segment fell sharply to 44%. This can be explained by the wide range of activities in this sector. While some vessels operate all year round, most are only active for up to three months. This is also related to the reduced availability of fish in coastal areas, their seasonal occurrence and the high level of seal activity. This segment is of great socio-cultural importance as a traditional activity for the population of coastal settlements.

Summary

In segments with a fleet of 10 vessels or less, any change in the fishing strategy of a vessel or an enterprise could significantly alter the values of the technical indicators. For the Latvian fleet, the segment of trawlers VL1218 can be considered as small in number of vessels, and any conclusion of this balance should be treated with caution and verified over time. Due to the inactivity of one vessel, the IFI indicator exceeds the threshold value in 2025. Although the number of inactive vessels remained unchanged, the IFI indicator for the VL2440 segment increased to 32% in 2025. This is due to the decommissioning of vessels in this segment, as outlined in the 2022 Action Plan of the Fleet Report. In 2025, the VUI for segment VL1218 remains high and stable, approaching the threshold value. However, it can be cautiously concluded that the capacity of this segment remains balanced with fishing opportunities. The VUI value for segment VL2440 has increased to 0.9, indicating a positive step towards balancing capacity with available fishing resources. In 2025, the VUI values for the VL0008 and VL0812 vessel segments are relatively small, at 0.28 and 0.44, respectively. While the indicator value decreased slightly in the VL0008 segment, it dropped by more than twice as much in the VL0812 segment compared to the previous year. This could be explained by the high activity of the largest vessels in each segment, coupled with the low activity and seasonality of the smaller vessels throughout the year. Given the socio-cultural importance of this activity for coastal populations, the development of these segments in relation to available fish resources should be monitored more closely in future years.

7.2. Biological indicators

7.2.1. Sustainable Harvest Indicator – SHI

The Sustainable Harvest Indicator (SHI) was defined for three segments of the Latvian fishing fleet, which together account for about 94% of the total Latvian catch in the Baltic Sea. The SHI values for the period

of 2008-2024 and two fishing areas (the Baltic Sea proper and the Gulf of Riga) were calculated for the following fleet segments:

- VL2440 trawlers in SD 25-32 (excluding SD 28.1) targeting sprat (92% of the mixed sprat/herring catches).
- VL1218 trawlers in the Gulf of Riga (SD 28.1) targeting herring (90% of the mixed herring/sprat catches).
- VL2440 trawlers in the Gulf of Riga (SD 28.1) targeting herring (96% of the mixed herring/sprat catches).

The values of the current fishing mortality rate (F_c), the fishing mortality rate at maximum sustainable yield (F_{msy}), and the F_c/F_{msy} ratios (for herring in SD 25-29,32) for the stocks exploited by the Latvian fleet were taken from the Baltic Fisheries Assessment Working Group report (*ICES Scientific Reports. 7:61. 684 pp.* <https://doi.org/10.17895/ices.pub.29099786>) and Stock Assessment Graphs as presented in published advices (<https://standardgraphs.ices.dk/stockList.aspx>):

- Sprat in SD 22-32 - $F_c=0.456$, $F_{msy}=0.34$.
- Herring in SD 25-27, 28.2, 29 and 32 – $F_c=0.43$, $F_{msy}=1$.
- Herring in SD 28.1 (Gulf of Riga herring) - $F_c=0.23$, $F_{msy}=0.28$.

The calculated SHI indicator values for all species and fleet segments are presented in the Annex III. A value of the SHI biological indicators below “1” is usually considered to indicate a sustainable exploitation of the stock, and a value above “1” is usually considered to indicate overfishing of the stock.

For the segment VL2440 trawlers in SD 25-32 (excl. 28.1), SHI values were calculated separately for the herring and sprat stocks and a weighted average SHI value was calculated for the segment (Figure 1, Annex III). The average SHI values for this segment fluctuate around the reference point "1" over the period 2008-2024 and depend mainly on the ratio of F_c/F_{msy} values for sprat, which accounts for most of the mixed catches (around 92% in 2024). Catches of herring in this segment should be considered as a permanent by-catches in the sprat fishery.

The separate SHI indicator (F_c/F_{msy} ratio) for herring SD 25-32 (excl. 28.1) decreased in 2024 (0.43) compared to 2023 (0.85). The separate SHI indicator for sprat stock SD 22-32 increased to 1.34 in 2024 compared to 2023 (1.06). As a result, the weighted average SHI value for the VL2440 trawler segment increased to 1.27 in 2024, indicating that the segment is "not in balance between fleet capacity and fish resource potential".

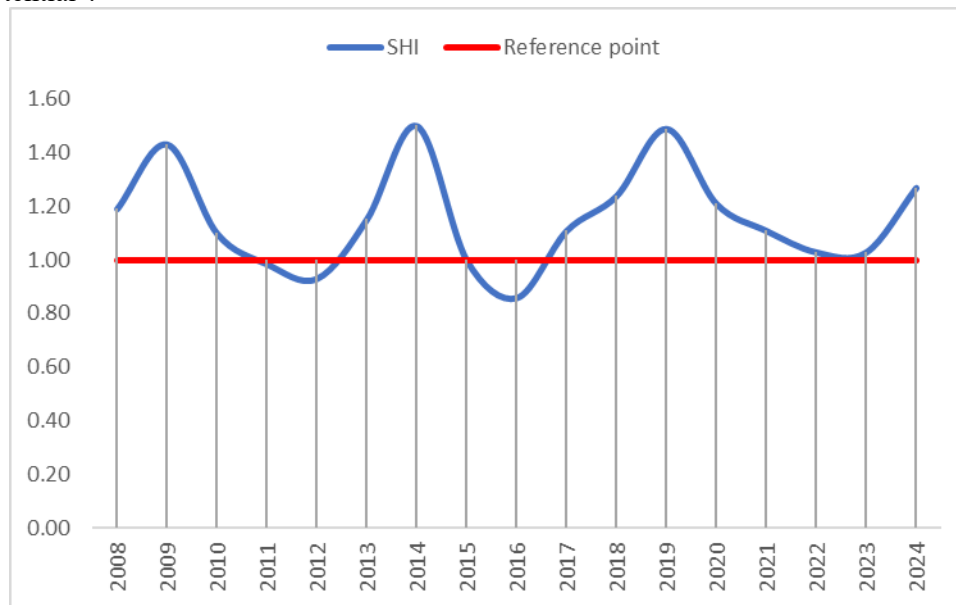


Figure 1. Changes in the SHI biological indicator over the period of 2008-2024 for the VL2440 trawler segment in the Baltic Sea.

For the trawler segments VL2440 and VL1218 in the Gulf of Riga, the share of herring in mixed catches is similar for the two segments considered (90-95%) and catches of sprat are recorded as by-catches. The long-term dynamics of the SHI indicator for these segments show a rather large fluctuation around the reference point "1" for the period 2008-2024 (Figure 2, Annex III).

In 2024, the weighted average value of the SHI parameter (0.86) for both trawler segments in the Gulf of Riga decreased compared to 2023 (1.02). This indicates that the segments (VL2440 and VL1218) are in balance between fleet capacity and fish resource potential, with a possible indication of under-exploitation.

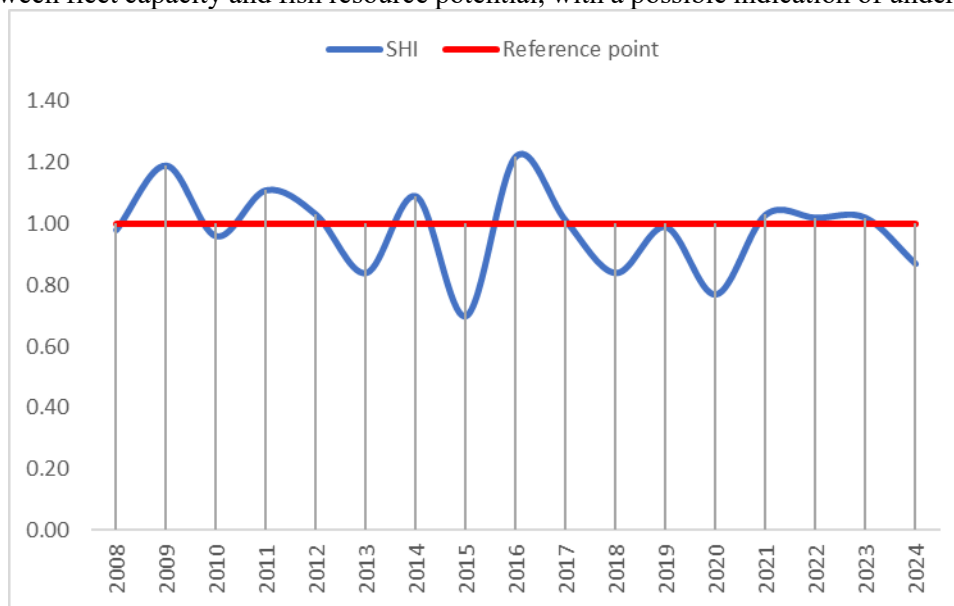


Figure 2. Changes in the biological indicator SHI over the period of 2008-2024 for the segments of trawlers VL1218 and VL2440 in the Gulf of Riga.

Following the recommendations and applying the interpretation proposed in the Guidelines, it can be concluded that:

- for the segment of trawler VL2440 in the Baltic Sea proper (SD 25-32, excluding 28.1), which mainly exploits the sprat stock with by-catches of herring, the SHI value (1.27) indicates a state of "imbalance between fleet capacity and fish resource opportunities".
- for two segments (trawlers VL1218 and VL2440) in the Gulf of Riga targeting herring and sprat (by-catch), the value of the SHI is 0.86 and it should be concluded that these trawler segments in the Gulf of Riga are in a state of "balance between fleet capacity and fishing opportunities", with a possible indication of under-exploitation.
- biological indicators for the Baltic cod stock have not been assessed due to the total ban on targeted fishing for cod in the eastern part of the Baltic Sea.

7.2.2. Stocks at Risk indicator – SAR

The Stocks at Risk indicator (SAR) was not calculated for the Latvian fishing fleet. The only stock at risk partially exploited by the VL2440 segment is Herring in SD 25-32. According to ICES, this stock can be identified as overfished. However, its share in the VL2440 mixed catches in SD 25-32 does not exceed 10%, and therefore it does not meet the criteria outlined in the Guidelines. The Latvian fleet exerts relatively low fishing pressure on the Central Baltic herring stock, reflecting both its small quota and low catch volumes.

7.3. Economic Indicators

The methodology used for the economic indicators analysis has been proposed in Guidelines.

To assess the achievement of balance between fleet capacity and fishing opportunities in Latvian fisheries from 2020 to 2024, four Baltic Sea fleet segments (VL0008; VL0812; VL1218; VL2440) were selected and included in the analysis. For each fleet segment, two indicators proposed in the Guidelines were calculated to assess whether the fleet segments are economically sustainable in the long and short term.

The economic indicators show the extent to which a fleet is economically over- or undercapitalised in both in the short and long term. To assess the long-term profitability of the fleet, the Return on Investment (ROI) indicator has been calculated. The second indicator used - the ratio of current revenue to break-even revenue (CR/BER) - reflects the financial ability of companies with vessels in a given fleet segment to continue operations on a day-to-day basis. The indicator characterises the economic situation in the short term.

The following categories of vessels have been excluded from the analysis of the corresponding indicators:

- Vessels over 40 meters operating in the Atlantic (areas 27 and 34) due to the limited number of vessels and the confidentiality of the data.
- Part of the coastal vessels listed in the Fishing Fleet Register, which are not involved in commercial fishing and obtained fish is used only for their own consumption purposes.

For the calculations and analysis, the data collected within the frame of Data Collection Programme (implemented under *Reg. (EU) 2017/1004; Commission Delegated Decision (EU) 2021/1167* Table 7 Fleet economic variables and Table 6 Fishing activity variables) have been used.

The economic indicators have been calculated for the active Baltic Sea fishing fleet by economic segments provided in Table 8 *COM (EU) 2021/1167*. All commercial vessels operating in the coastal zone have been included in the segments VL0008 and VL0812 (VL0010 until 2022).

According to the recommendations of the workshop on capital value estimation (Salerno, 7-10 October 2019), the net profit from 2018 was calculated based on the cost of capital and capital value provided by the perpetual inventory method (PIM), which provides a more accurate economic assessment from a macro perspective. Long-term interest rates for the calculation of indicators have been taken from the European Central Bank as the average Latvian interest rate for the last five years, available at: <https://data.ecb.europa.eu/data/datasets/IRS/IRS.M.LV.L.L40.CI.0000.EUR.N.Z>

7.3.1. Return on Investment (ROI)

Return on investment (ROI) shows the profitability of the investment and is defined as net profit after depreciation of the capital stock, divided by the capital value of the fleet. Subsidies are not included in the calculation. According to the guidelines, a positive ROI greater than the low-risk long-term interest rate indicates a positive return on investment and suggests that exceptional profits are being made, which is a sign of economic undercapitalisation. Values of ROI that are positive but less than the low-risk rate would give negative values for the indicator, indicating that in the long run it would be more beneficial to invest elsewhere, which is a sign that the fleet is likely to be overcapitalised and therefore economically inefficient. Negative ROIs may themselves indicate economic overcapitalisation. The ROI results and calculations for each fleet segment are presented in Table 6 and Annex IV.

Table 6. Return on Investment (ROI – risk-free long-term interest rate %)

Fleet Segments	2020	2021	2022	2023	2024
VL0008 PGP	125	71	40	43	71
VL0812 PGP			290	304	489
VL1218 TM	402	297	447	-195	431
VL2440 TM	249	175	273	463	453

Application and interpretation

During the period analysed, from 2020 to 2024, the ROI indicator shows stable positive values for the segment VL2440 trawlers, which characterises a cost-effective segment activity. This is mainly because the segment's target species are sprat and herring, which provide the necessary turnover for the segment. The catches of sprat and herring for the segment contribute 57% and 41% respectively to the total volume of landings and 62% and 35% respectively to the total value of landings in the Baltic Sea in 2024. Catches of sprat and herring contribute 50% and 40% respectively to the total volume of landings and 49% and 46% respectively to the total value of landings of whole Baltic Sea fleet in 2024. Despite reductions in TACs of 10% and 17% for sprat and herring respectively in 2024, the ROI has only decreased by 2%. This is explained by an increase in average prices of 24% for herring and 18% for sprat.

Overall, the ROI for VL1218 trawlers operating in the Gulf of Riga was positive, except in 2023. This indicates the potential profitability and efficiency of the investment. The negative ROI in 2023 was primarily due to crew wages increasing by almost two-and-a-half times.

In 2024, the ROI indicators for segments VL008 and VL0812 increased by over 60% compared to 2023. Both segments have had a positive ROI for the past three years, suggesting they are cost-effective in the long term.

In general, the ROI is positive for the entire fleet during the analysed period (2020–2024) and is increasing, which indicates that economic activity is cost-effective in the long term. However, the profitability of segment VL1218 is negative in 2023 due to excessive crew wages, a situation that is stabilised in 2024.

The detailed ROI calculations for each fleet segment are presented in the Annex IV.

7.3.2. Ratio of Current revenue to Break-even revenue (CR/BER)

Break-even revenue (BER) is the revenue required to cover both fixed and variable costs so that no losses are incurred, and no profits are made. Current revenue (CR) is the total operating revenue of the fleet segment, consisting of income from landings and non-fishing income. Data on subsidies are excluded from the calculation. In addition, income and expenses from the fishing rights have a value of 0, as there is no market for fishing rights in Latvia. The opportunity cost of capital is included in the calculation.

As defined in the guidelines, the ratio of current fleet revenue to break-even revenue shows how close a fleet's current revenue is to the revenue required for the fleet to break even in the short term. If the ratio is greater than 1, sufficient revenue is being generated to cover variable, fixed and capital costs, indicating that the segment is profitable and may be undercapitalised. Conversely, if the ratio is less than 1, there is insufficient income to cover variable, fixed and capital costs, indicating that the segment is unprofitable and may be overcapitalised. If the CR/BER result is negative, it means that variable costs alone exceed current revenues, indicating that the more revenues generated, the greater the losses. The ratio of current revenue to break-even revenue (CR/BER) indicates a profitable fishery in the short term. The CR/BER results and calculations for each fleet segment are presented in Table 7 and Annex V.

Table 7. Ratio of Current revenue to Break-even revenue (CR/BER)

Fleet Segments	2020	2021	2022	2023	2024
VL0008 PGP	2.08	0.85	0.66	0.41	0.43
VL0812 PGP			3.65	2.2	2.5
VL1218 TM	4.90	2.77	5.26	0.21	1.88
VL2440 TM	1.89	1.33	2.03	3.26	1.92

Application and interpretation

The profitability of the Latvian fleet segments increases in 2024, except for the VL2440 segment, whose profitability decreases by 41%, though it remains well above the threshold of 1. The CR/BER for the VL0008 segment has been below 1 for the last three years. This suggests that the business is unprofitable and potentially overcapitalised, as it is not generating sufficient revenue to cover its variable, fixed, and

capital costs. However, this segment is important in socio-cultural terms, as it is a traditional activity for the population of coastal settlements.

The detailed CR/BER calculations are presented in the Annex V.

Annex I. Technical indicators - The Inactive Fleet Indicator (number and proportion of inactive vessels)

Values for trawlers VL1218

Year	Inactive vessels			% of total		
	No of vessels	kW	GT	No of vessels	kW	GT
2010	1	110	29	5	3	3.4
2011	1	110	29	7.1	4.5	7
2012	1	110	29	8.3	5.2	8.1
2013	1	147	29	8.3	6.6	8.1
2014	0	0	0	0	0	0
2015	1	147	29	8.3	6.6	8.1
2016	1	147	29	8.3	6.6	8.1
2017	0	0	0	0	0	0
2018	0	0	0	0	0	0
2019	0	0	0	0	0	0
2020	0	0	0	0	0	0
2021	0	0	0	0	0	0
2022	0	0	0	0	0	0
2023	0	0	0	0	0	0
2024	1	165	27	11.1	8.7	9.8
2025	1	184	27	12.5	10.9	11.8

Values for trawlers VL2440

Year	Inactive vessels			% of total		
	No of vessels	kW	GT	No of vessels	kW	GT
2010	8	1790	788	11.4	9.7	9.4
2011	7	2392	1002	11.7	13.6	13.1
2012	7	1712	805	11.7	9.6	10.5
2013	5	1102	579	8.9	6.5	7.9
2014	2	699	214	3.8	4.3	3.1
2015	2	698	222	3.9	4.3	3.3
2016	2	607	230	4.4	4.1	3.7
2017	2	606	221	4.3	3.9	3.6
2018	4	1047	441	9.1	6.9	7.5
2019	6	1838	675	13.9	12.6	11.7
2020	8	2109	811	20	15.4	14.9
2021	9	1984	929	29	5.2	4.3
2022	5	1249	481	16.1	10.9	11.4
2023	7	1690	718	21.2	14.8	15.4
2024	7	1690	718	25.9	16.2	17.2
2025	7	3069	1077	31.8	33.7	29.7

Annex II. Technical indicators - The Vessel Utilisation Indicator
Values for boats VL0010 using polyvalent passive gears

Year	Number of vessels	Capacity (average)	Effort (average)		Maximum effort (based on observed max)		Technical indicator	
		GT	days	GT*days	days	GT*days	days ¹	GT*days ²
2009	259	2.3	37	88	206	477	0.18	0.19
2010	260	2.2	42	101	175	382	0.24	0.26
2011	252	2	38	84	157	321	0.24	0.26
2012	210	1.7	41	78	215	363	0.19	0.21
2013	200	1.7	44	84	205	347	0.21	0.24
2014	223	1.9	51	104	203	383	0.25	0.27
2015	204	1.9	53	102	223	420	0.24	0.24
2016	200	2	50	90	188	368	0.26	0.25
2017	196	1.89	52	98	193	365	0.27	0.27
2018	194	2	49	103	173	350	0.28	0.28
2019	196	2	47	94	171	342	0.27	0.27
2020	190	2.1	51	99	227	474	0.22	0.22
2021	192	2.2	47	109	222	488	0.21	0.22
2022	153	2.03	35	78	142	310	0.23	0.25

Values for boats VL0008 using polyvalent passive gears

Year	Number of vessels	Capacity (average)	Effort (average)		Maximum effort (based on observed max)		Technical indicator	
		GT	days	GT*days	days	GT*days	days ¹	GT*days ²
2022	116	0.9	36	34	140	129	0.25	0.26
2023	125	0.9	41	38	156	142	0.26	0.27
2024	138	0.89	46	42	156	139	0.29	0.30
2025	154	0.9	48	44	175	158	0.28	0.28

Values for boats VL0812 using polyvalent passive gears

Year	Number of vessels	Capacity (average)	Effort (average)		Maximum effort (based on observed max)		Technical indicator	
		GT	days	GT*days	days	GT*days	days ¹	GT*days ²
2022	37	5.5	34	214	81	445	0.42	0.48
2023	39	5.7	42	535	95	575	0.45	0.93
2024	43	5.6	46	576	107	618	0.43	0.93
2025	46	5.7	54	323	131	742	0.41	0.44

Values for trawlers VL1218

Year	Number of vessels	Capacity (average)	Effort (average)		Maximum effort (based on observed max)		Technical indicator	
		kW	days	kW*days	days	kW*days	days ¹	kW*days ³
2006	33	153	133	21987	236	36180	0.56	0.61
2007	31	153	144	24156	290	44239	0.5	0.55
2008	28	156	139	23495	231	36110	0.6	0.65
2009	23	160	142	24797	258	41269	0.55	0.6
2010	17	168	156	27244	207	34752	0.75	0.78
2011	16	172	172	31023	260	44590	0.66	0.7
2012	13	180	160	29651	232	41760	0.69	0.71
2013	11	183	176	32837	217	39770	0.81	0.83
2014	11	190	159	30281	197	37430	0.81	0.81
2015	11	188	161	30382	251	47256	0.64	0.64
2016	11	188	147	27997	221	41608	0.67	0.67
2017	11	190	178	34015	188	35737	0.94	0.95
2018	11	190	178	34225	189	35927	0.94	0.94
2019	11	194	145	28130	157	30458	0.92	0.92
2020	9	193	189	36604	189	36981	0.99	0.99
2021	9	204	168	34236	180	36720	0.93	0.93
2022	9	204	187	38211	187	38042	1	0.99
2023	9	204	174	35946	174	36015	0.99	0.99
2024	9	210	124	26204	124	26274	0.99	0.99
2025	8	211	137	28954	137	29059	0.99	0.99

Values for trawlers VL2440

Year	Number of vessels	Capacity (average)	Effort (average)		Maximum effort (based on observed max)		Technical indicator	
		kW	days	kW*days	days	kW*days	days ¹	kW*days ³
2006	75	265	110	28526	199	52758	0.55	0.54
2007	70	270	118	32706	205	55431	0.58	0.59
2008	69	266	106	28741	184	48929	0.58	0.59
2009	60	308	91	25569	191	58780	0.48	0.44
2010	49	301	105	33199	176	52911	0.6	0.63
2011	48	308	102	30791	197	60606	0.52	0.51
2012	48	320	111	34344	214	68578	0.52	0.5
2013	46	321	115	37437	217	69549	0.53	0.54
2014	45	320	107	33801	180	57620	0.6	0.59
2015	44	326	113	36169	193	62870	0.59	0.58
2016	44	333	105	34050	184	61243	0.57	0.56
2017	44	336	118	39672	180	60590	0.66	0.65
2018	40	342	127	43414	173	60243	0.73	0.73
2019	37	357	105	37539	158	56459	0.66	0.66
2020	32	336	143	37388	155	56270	0.67	0.67
2021	29	368	100	37861	152	55973	0.66	0.68
2022	26	373	115	41601	167	62110	0.69	0.67
2023	26	373	123	43957	150	52901	0.82	0.83

2024	27	387	95	33554	158	54960	0.6	0.61
2025	22	414	123	49299	146	54997	0.84	0.90

¹ ratio between average days at sea and maximum days at sea.

² ratio between average GT*days at sea and maximum GT*days at sea.

³ ratio between average kW*days at sea and maximum kW*days at sea.

Annex III. Biological indicators SHI for Latvian Fleet segments in 2022-2024

Area	Fleet segment	Parameters	2022				2023				2024			
			COD 25-32	HER 25-29, 32 (excl.28.1)	SPR 22-32	HER GOR (28.1)	COD 25-32	HER 25-29, 32 (excl.28.1)	SPR 22-32	HER GOR (28.1)	COD 25-32	HER 25-29, 32 (excl.28.1)	SPR 22-32	HER GOR (28.1)
SD 25-32	VL2440 trawlers	Catch,t	0.24	3457	29413		0	2771	27533			1971	22644	
		Fc	n/d	n/d	0.36		n/d	n/d	0.36		n/d	0.43	0.456	
		Fmsy	n/d	n/d	0.34		n/d	n/d	0.34		n/d	1	0.34	
		F/Fmsy	n/d	0.82	1.06		n/d	0.85	1.06		n/d	0.43	1.34	
		F/Fmsy for segment		1.03				1.03				1.27		
28.1 Gulf of Riga (GOR)	VL1218 trawlers	Catch,t	0		737	767	0		542	7469	0		703	6321
		Fc	n/d		0.36	0.28	n/d		0.36	0.29	n/d		0.456	0.23
		Fmsy	n/d		0.34	0.28	n/d		0.34	0.28	n/d		0.34	0.28
		F/Fmsy	n/d		1.06	1.01	n/d		1.06	1.02	n/d		1.34	0.82
		F/Fmsy for segment			1.02				1.02				0.87	
	VL2440 trawlers	Catch,t	0		1203	15051	0		740	18373	0		706	15047
		Fc	n/d		0.36	0.28	n/d		0.36	0.29	n/d		0.456	0.23
		Fmsy	n/d		0.34	0.28	n/d		0.34	0.28	n/d		0.34	0.28
		F/Fmsy	n/d		1.06	1.01	n/d		1.06	1.02	n/d		1.34	0.82
		F/Fmsy for segment			1.03				1.02				0.84	

Annex IV. ROI calculation

Year	Values for calendar year (€000)	VL0010PGP	VL0008PGP	VL0812PGP	VL1218TM	VL2440TM
2020	Income from landings + other income	2 608 197			2 953 103	16 237 019
	Low risk long term interest rate %	0.50			0.50	0.50
	Crew costs + unpaid labour costs + fuel costs + repair & maintenance costs + other variable costs + non variable costs	1 190 815			1 877 296	10 481 597
	Capital costs (depreciation + interest payments)	160 507			32 100	277 761
	Net profit = (Income from landings + other income) – (crew costs + unpaid labour + energy costs + repair and maintenance costs + other variable costs + non variable costs + depreciation)	1 256 876			1 043 707	5 477 662
	Fleet capital asset value (vessel replacement value + estimated value of fishing rights)	1 003 297			259 541	2 193 438
	ROI = Net profit / capital asset value %	125.27			402.14	249.73
	ROI – risk-free long-term interest rate %	124.77			401.64	249.23
2021	Income from landings + other income	1 535 204			2 830 208	14 284 192
	Low risk long term interest rate %	0.86			0.86	0.86
	Crew costs + unpaid labour costs + fuel costs + repair & maintenance costs + other variable costs + non variable costs	211 321			2 025 241	10 598 369
	Capital costs (depreciation + interest payments)	194 877			32 100	245 011
	Net profit = (Income from landings + other income) – (crew costs + unpaid labour + energy costs + repair and maintenance costs + other variable costs + non variable costs + depreciation)	1 129 005			772 867	3 440 812
	Fleet capital asset value (vessel replacement value + estimated value of fishing rights)	1 576 033			259 541	1 957 751
	ROI = Net profit / capital asset value %	71.64			297.78	175.75
	ROI – risk-free long-term interest rate %	70.78			296.92	174.89
2022	Income from landings + other income		682 935	489 940	3 118 027	17 449 172
	Low risk long term interest rate %		0.69	0.69	0.69	0.69
	Crew costs + unpaid labour costs + fuel costs + repair & maintenance costs + other variable costs + non variable costs		82 993	165 788	2 095 078	10 544 719
	Capital costs (depreciation + interest payments)		142 748	13 618	30 294	307 619
	Net profit = (Income from landings + other income) – (crew costs + unpaid labour + energy costs + repair and maintenance costs + other variable costs + non variable costs + depreciation)		457 194	310 533	992 655	6 596 833
	Fleet capital asset value (vessel replacement value + estimated value of fishing rights)		1 119 479	106 950	221 993	2 412 841
	ROI = Net profit / capital asset value %		40.84	290.35	447.16	273.41
	ROI – risk-free long-term interest rate %		40.15	289.66	446.47	272.72
2023	Income from landings + other income		758,401	561,975	3,304,167	20,667,657
	Low risk long term interest rate %		1.28	1.28	1.28	1.28
	Crew costs + unpaid labour costs + fuel costs + repair & maintenance costs + other variable costs + non variable costs		79,416	84,393	3,688,923	9,382,748

	Capital costs (depreciation + interest payments)	151,109	19,233	27,510	298,409
	Net profit = (Income from landings + other income) – (crew costs + unpaid labour + energy costs + repair and maintenance costs + other variable costs + non variable costs + depreciation)	527,877	458,349	-412,266	10,986,500
	Fleet capital asset value (vessel replacement value + estimated value of fishing rights)	1,180,010	150,272	212,981	2,365,970
	ROI = Net profit / capital asset value %	44.73	305.01	-193.57	464.36
	ROI – risk-free long-term interest rate %	43.46	303.74	-194.85	463.08
2024	Income from landings + other income	1,202,858	826,014	3,651,786	20,521,385
	Low risk long term interest rate %	1.86	1.86	1.86	1.86
	Crew costs + unpaid labour costs + fuel costs + repair & maintenance costs + other variable costs + non variable costs	252,343	97,871	2,653,433	9,917,370
	Capital costs (depreciation + interest payments)	142,038	18,479	28,159	291,287
	Net profit = (Income from landings + other income) – (crew costs + unpaid labour + energy costs + repair and maintenance costs + other variable costs + non variable costs + depreciation)	808,477	709,664	970,195	10,312,729
	Fleet capital asset value (vessel replacement value + estimated value of fishing rights)	1,107,545	144,621	224,054	2,267,691
	ROI = Net profit / capital asset value %	73.00	490.71	433.02	454.77
	ROI – risk-free long-term interest rate %	71.13	488.84	431.15	452.90

* Net profit (economic) calculated by PIM.

Annex V. Ratio of current revenue to break-even revenue (CR/BER) calculation

Year	Nr.	Values for a calendar year (€'000) Use Segment total figures	VL0010 PGP	VL0008PGP	VL0812PGP	VL1218TM	VL2440TM
2020	1	Current revenue (CR) = Income from landings + other income	2 608 197			2 953 103	16 237 019
	2	Fixed costs = Non variable costs + depreciation +opportunity of capital	700 721			234 198	4 944 136
	3	Variable costs = Crew costs + Unpaid labour costs + Energy costs + Repair & maintenance costs + Other variable costs	1 152 249			1 804 968	6 911 940
	4	BER = 2 / (1 - [3 / 1])	1 255 278			602 378	8 608 832
	5	CR / BER = 1 / 4	2.08			4.90	1.89
2021	1	Current revenue (CR) = Income from landings + other income	1 535 204			2 830 208	14 284 192
	2	Fixed costs = Non variable costs + depreciation +opportunity of capital	1 554 737			311 000	5 294 362
	3	Variable costs = Crew costs + Unpaid labour costs + Energy costs + Repair & maintenance costs + Other variable costs	206 849			1 969 546	7 232 684
	4	BER = 2 / (1 - [3 / 1])	1 796 838			1 022 696	10 724 754
	5	CR / BER = 1 / 4	0.85			2.77	1.33
2022	1	Current revenue (CR) = Income from landings + other income		682 935	489 940	3 118 027	17 449 172
	2	Fixed costs = Non variable costs + depreciation +opportunity of capital		143 345	17 026	44 023	3 198 309
	3	Variable costs = Crew costs + Unpaid labour costs + Energy costs + Repair & maintenance costs + Other variable costs		82 397	163 837	2 081 350	7 718 998
	4	BER = 2 / (1 - [3 / 1])		163 012	25 579	132 408	5 735 545
	5	CR / BER = 1 / 4		0.66	3.65	5.26	2.03
2023	1	Current revenue (CR) = Income from landings + other income		758 401	561 975	3 304 167	20 667 657
	2	Fixed costs = Non variable costs + depreciation +opportunity of capital		1 656 822	222 450	865 918	3 527 311
	3	Variable costs = Crew costs + Unpaid labour costs + Energy costs + Repair & maintenance costs + Other variable costs		79 002	72 873	3 122 207	9 172 035
	4	BER = 2 / (1 - [3 / 1])		1 849 481	255 593	15 724 033	6 341 654
	5	CR / BER = 1 / 4		0.41	2.20	0.21	3.26
2024	1	Current revenue (CR) = Income from landings + other income		1 202 858	826 014	3 651 786	20 521 385
	2	Fixed costs = Non variable costs + depreciation +opportunity of capital		2 213 967	293 909	631 224	6 587 171
	3	Variable costs = Crew costs + Unpaid labour costs + Energy costs + Repair & maintenance costs + Other variable costs		245 618	92 111	2 468 154	7 849 973
	4	BER = 2 / (1 - [3 / 1])		2 782 046	330 797	1 947 475	10 667 941
	5	CR / BER = 1 / 4		0.43	2.50	1.88	1.92

Annex VI. The statement of balance between fleet capacity and fishing opportunities for Latvia

VL1218TM									
Indicator	Definition	ICES area	2020	2021	2022	2023	2024	2025	
ECONOMIC1	ROI	Area 27 SD 28.1	positive ROI under-capitalization	positive ROI under-capitalization	positive ROI under-capitalization	negative ROI over-capitalization	positive ROI under-capitalization	*NA	
ECONOMIC2	CR/BER	Area 27 SD 28.1	1<4.90 economically profitable with potential under capitalization	1<2.77 economically profitable with potential under capitalization	1<5.26 economically profitable with potential under capitalization	0<0.21<1 current revenue covers the current costs	1<1.88 economically profitable with potential under capitalization	*NA	
TECHNICAL1	IFI - Proportion of inactive vessels	Area 27 SD 28.1	0	0	0	0	11.1	12.5	
TECHNICAL2	VUI-Vessel utilisation (Ratio between average and maximum effort per vessel, kW*days)	Area 27 SD 28.1	0.99	0.93	0.99	0.99	0.99	0.99	
BIOLOGICAL1	SHI - Ratio between F estimated and F target (MSY)	Area 27 SD 28.1	0.77	1.11	1.02	1.02	0.87	**NA	
BIOLOGICAL2	SARI - Stock-at-risk	Area 27 SD 28.1	Not calculated						

*NA – not applicable. The economic data for 2025 will be available in November-December of 2026.

**NA – not applicable. In the latest ICES advice information about Fc and Fmsy is provided for 2024.

VL2440TM

Indicator	Definition	Area	2020	2021	2022	2023	2024	2025	
ECONOMIC1	ROI	Area 27 SD 22-32	positive ROI under-capitalization	positive ROI under-capitalization	positive ROI under-capitalization	positive ROI under-capitalization	positive ROI under-capitalization	*NA	
ECONOMIC2	CR/BER	Area 27 SD 22-32	1<1.89 economically profitable with potential under capitalization	1<1.33 economically profitable with potential under capitalization	1<2.03 economically profitable with potential under capitalization	1<3.26 economically profitable with potential under capitalization	1<1.92 economically profitable with potential under capitalization	*NA	
TECHNICAL1	IFI - Proportion of inactive vessels	Area 27 SD 22-32	20	29	16.1	21.2	25.9	31.8	
TECHNICAL2	VUI-Vessel utilisation (Ratio between average and maximum effort per vessel, kW*days)	Area 27 SD 22-32	0.67 (<0.7)	0.68 (<0.7)	0.67 (<0.7)	0.83	0.61 (<0.7)	0.9	
BIOLOGICAL 1	SHI - Ratio between F estimated and F target (MSY)	Area 27 SD 22-32	1.21	1.11	1.03	1.03	1.27	**NA	
		Area 27 SD 28.1	0.77	1.03	1.02	1.02	0.84	**NA	
BIOLOGICAL 2	SARI - Stock-at-risk	Area 27 SD 22-32	Not calculated						

*NA – not applicable. The economic data for 2025 will be available in November-December of 2026.

**NA – not applicable. In the latest ICES advice information about Fc and Fmsy is provided for 2024.

VL0010PGP								
Indicator	Definition	Area	2017	2018	2019	2020	2021	2022
ECONOMIC1	ROI	Area 27 SD 26, 28	negative ROI over- capitalization	positive ROI under- capitalization	negative ROI over- capitalization	positive ROI under- capitalization	positive ROI under- capitalization	*NA
ECONOMIC2	CR/BER	Area 27 SD 26, 28	0<0.16<1 current revenue covers the current costs	0<0.49<1 current revenue covers the current costs	-0.24<0<1 economically unprofitable with potential over - capitalization	1<2.08 economically profitable with potential under capitalization	0<0.85<1 current revenue covers the current costs	*NA
TECHNICAL1	IFI - Proportion of inactive vessels	Area 27 SD 26, 28	Not calculated					
TECHNICAL2	VUI-Vessel utilisation (Ratio between average and maximum effort per vessel, GT*days)	Area 27 SD 26, 28	0.27 (<0.7)	0.28 (<0.7)	0.27 (<0.7)	0.22 (<0.7)	0.22 (<0.7)	0.25 (<0.7)
BIOLOGICAL1	SHI - Ratio between F estimated and F target (MSY)	Area 27 SD 26, 28	Not calculated					
BIOLOGICAL2	SARI - Stock-at- risk	Area 27 SD 26, 28	Not calculated					

*NA – not applicable. The collection of economic data from vessels less than 12 metres in length has been modified and split into two segments from 2022.

VL0008PGP						
Indicator	Definition	Area	2022	2023	2024	2025
ECONOMIC1	ROI	Area 27 SD 26, 28	positive ROI under-capitalization	positive ROI under-capitalization	positive ROI under-capitalization	*NA
ECONOMIC2	CR/BER	Area 27 SD 26, 28	0<0.66<1 economically profitable with potential under capitalization	0<0.41<1 economically profitable with potential under capitalization	0<0.43<1 economically profitable with potential under capitalization	*NA
TECHNICAL1	IFI - Proportion of inactive vessels	Area 27 SD 26, 28	Not calculated			
TECHNICAL2	VUI-Vessel utilisation (Ratio between average and maximum effort per vessel, GT*days)	Area 27 SD 26, 28	0.26 (<0.7)	0.27 (<0.7)	0.30 (<0.7)	0.28 (<0.7)
BIOLOGICAL1	SHI - Ratio between F estimated and F target (MSY)	Area 27 SD 26, 28	Not calculated			
BIOLOGICAL2	SARI - Stock-at-risk	Area 27 SD 26, 28	Not calculated			

*NA – not applicable. The economic data for 2025 will be available in November-December of 2026.

VL0812PGP						
Indicator	Definition	Area	2022	2023	2024	2025
ECONOMIC1	ROI	Area 27 SD 26, 28	positive ROI under-capitalization	positive ROI under-capitalization	positive ROI under-capitalization	*NA
ECONOMIC2	CR/BER	Area 27 SD 26, 28	1<3.65 economically profitable with potential under capitalization	1<2.20 economically profitable with potential under capitalization	1<2.50 economically profitable with potential under capitalization	*NA
TECHNICAL1	IFI - Proportion of inactive vessels	Area 27 SD 26, 28	Not calculated			
TECHNICAL2	VUI-Vessel utilisation (Ratio between average and maximum effort per vessel, GT*days)	Area 27 SD 26, 28	0.48 (<0.7)	0.93	0.93	0.44 (<0.7)
BIOLOGICAL1	SHI - Ratio between F estimated and F target (MSY)	Area 27 SD 26, 28	Not calculated			
BIOLOGICAL2	SARI - Stock-at-risk	Area 27 SD 26, 28	Not calculated			

*NA – not applicable. The economic data for 2025 will be available in November-December of 2026.

ANNEX VII

Addendum to ACTION PLAN RELATING TO FLEET REPORT 2022 OF LATVIA

In accordance with the Action plan related to the fleet report 2022 of Latvia for balancing the capacity of the fleet segment VL2440 with available fish resources (further – 2022 Action Plan), vessel decommissioning was identified as the primary structural measure to address the imbalance between fishing capacity and fishing opportunities.

The decommissioning of eight vessels, carried out under the 2022 Action Plan in 2023-2025, represents the direct implementation of the existing policy framework and accounts for approximately 89% of the initially envisaged target in terms of vessel numbers.

Although the numerical reduction in vessel numbers may appear limited, the structural impact of these measures is substantial. The vessels already decommissioned were among those with relatively significant fishing capacity, resulting in an overall reduction under the 2022 Action Plan of approximately 56% in engine power (kW) and 48% in gross tonnage (GT) within the fleet segment. Consequently, a significant proportion of fishing pressure has been effectively removed from fleet segment VL2440.

Fleet balance should not be interpreted as a purely arithmetic outcome achieved by vessel numbers alone. Rather, it represents the achievement of a functional and sustainable equilibrium between fishing capacity and fishing opportunities. In this context, reducing fishing capacity (kW and GT) is structurally more relevant than reducing vessel numbers such as fleet segment VL2440, where different individual vessels contribute disproportionately to overall fishing effort.

The technical and biological indicators demonstrate that the effects of capacity reduction cannot be fully assessed immediately. The relationship between capacity reduction and fleet balance indicators is not linear, and the full impact of decommissioning measures on biological, technical and economic indicators — including vessel utilization and sustainability metrics — can only be reliably evaluated over several years following the completion of the Action Plan.

To further address the remaining capacity imbalance identified for fleet segment VL2440 it is justified to allow additional vessels to apply for decommissioning under the existing 2022 Action Plan framework. This would enable further reductions of up to an additional 25% in engine power and/or gross tonnage, directly targeting the underlying structural imbalance rather than focusing solely on the number of vessels decommissioned to date.

Further planned actions under the 2022 Action Plan VL2440

The 2022 Action Plan should provide the gradual and structurally sound adjustment of the fishing capacity of fleet segment VL2440 to the available fish resources, in accordance with Article 22 of Regulation (EU) No 1380/2013 and the guidelines set out in COM (2014) 545.

Within the adjusted 2022 Action Plan, the following objectives are pursued:

1. Reduction of structural fishing capacity, with primary focus on engine power (kW) and gross tonnage (GT) as the most relevant determinants of fishing pressure in fleet segment VL2440.
2. Achievement of a functional balance between fishing capacity and fishing opportunities, understanding balance not as a purely numerical outcome but as a sustainable operational condition allowing for more effective utilization of the remaining active vessels.
3. Creation of conditions for long-term improvements in technical and biological indicators (IFI, VUI and SHI), recognizing that the full effects of capacity adjustment can only be assessed over several years following implementation.
4. Application of a flexible approach to achieve objectives, acknowledging that different capacity indicators (kW, GT and number of vessels) may evolve at different rates over time.

Planned Actions

In order to achieve the above objectives, the following further actions are foreseen within the framework of the 2022 Action Plan:

1. Continuation of permanent vessel decommissioning as the main structural instrument for reducing capacity in the fleet segment VL2440. This measure is aimed at reducing effective fishing pressure rather than focusing solely on vessel numbers.
2. Provision for additional vessels to apply for decommissioning under the existing 2022 Action Plan framework, subject to the availability of funding. This approach allows for further reductions of up to additionally approximately 25% in engine power and/or gross tonnage, should such applications be submitted.

Targeting capacity indicators rather than a single numerical parameter, allowing fleet balance to be achieved through:

1. reductions in engine power (kW), and/or
2. reductions in gross tonnage (GT), and/or
3. an increase in the higher number of decommissioned vessels beyond the initially planned level.

Indicative target thresholds to be used for assessing 2022 Action Plan implementation:

- 1. reduction of engine power up to 81%, and/or**
- 2. reduction of gross tonnage up to 73%, and/or**
- 3. decommissioning of up to 125% of the initially planned number of vessels.**

The objective of the 2022 Action Plan will be considered achieved when at least one of the thresholds listed in the points 1 to 3 is reached.

Avoidance of a requirement for full (100%) capacity (kW or GT) reduction, as such an approach would not be economically or operationally justified and would not be consistent with the principle of proportionality.

Retention of the possibility to evaluate impacts in subsequent years, based on the evolution of technical, biological and economic indicators after the 2022 Action Plan has been fully implemented, without drawing premature conclusions.

Final remark

The objectives and planned actions set out in this addendum complement the existing Annex VII of the FLEET REPORT 2022 OF LATVIA (2022 Action Plan) without altering its overall structure or scope. They provide a clear forward-looking framework for the continued adjustment of fleet segment VL2440 to fishing opportunities, in line with Union fleet policy objectives.