

## Fishing capacity of the Finnish fleet in 2021

### Foreword

This report uses data from 2021 and 2022 to assess the annual capacity of the national fleet and fleet segments, identify any possible structural overcapacity in the fleet and determine the fleet's long-term profitability. The report has been drawn up in accordance with Commission Guidelines COM(2014) 545, 2.9.2014.

### 1. The Finnish fishing fleet and fisheries

Table 1.1 shows the development of the fishing fleet from its establishment on 1 January 1995 to 31 December 2021. Finland's fishing capacity has decreased for all size indicators of the fleet: number of vessels (units) -22.5%, tonnage (GT) -40.5% and propulsion power (kW) -25.0%.

Since 1 January 2014, the size of the Finnish fleet has also decreased for all indicators as follows: number of vessels (units) -0.9%, tonnage (GT) -11.3% and propulsion power (kW) -2.3%. The size of the Finnish fleet (Table 1.2) is well below the maximum capacity laid down in Article 22(7) of the basic Regulation ((EC) No 1380/2013) (Annex II).

Situation on 1 January 1995 - initial level		
GT	kW	No
24 618.13	224 875.54	4 107

  

Status as at 1 January 1997			Change compared to previous status					
GT	kW	No	GT	kW	No	GT	kW	No
23 502.18	218 494.42	4 021	-1 115.95	-4.5%	-6 381.12	-2.8%	-86	-2.1%

  

Status as at 1 January 2003			Change compared to previous status						Change compared to initial level					
GT	kW	No	GT	kW	No	GT	kW	No	GT	kW	No			
19 861.84	190 161.32	3 573	-3 640.34	-15.5%	-28 333.10	-13.0%	-448	-11.1%	-4 756.29	-19.3%	-34 714.22	-15.4%	-534	-13.0%

  

Status as at 31 December 2013			Change compared to previous status						Change compared to initial level					
GT	kW	No	GT	kW	No	GT	kW	No	GT	kW	No			
16 523.65	172 677.98	3 211	-3 338.19	-16.8%	-17 483.34	-9.2%	-362	-10.1%	-8 094.48	-32.9%	-52 197.56	-23.2%	-896	-21.8%

  

Status as at 31 December 2021			Change compared to previous status						Change compared to initial level					
GT	kW	No	GT	kW	No	GT	kW	No	GT	kW	No			
14 657.02	168 662.83	3 182	-1 866.63	-11.3 %	-4 015.15	-2.3 %	-29	-0.9 %	-9 961.11	-40.5 %	-56 212.71	-25.0 %	-925	-22.5 %

**Table 1.1. Development of the Finnish fishing fleet since EU accession, period from 1 January 1995 to 31 December 2021 (as calculated in accordance with the most recent national and EU fishing register status reports on 10 May 2022).**

Under Article 22(7) (Annex II) of Regulation (EU) No 1380/2013, Finland's fishing capacity ceiling may not exceed 18 066 GT and 181 717 kW after 1 January 2014. These are imputed ceilings that take into account the supported decommissioning of fishing vessels. The capacity of Finland's fleet remained clearly below this ceiling between 1 January 2014 and 31 December 2021.

	EU 1380/2013 Article 22		Status as at 31 December 2021		Difference from the fishing capacity ceiling			
	GT	kW	GT	kW	GT	%	kW	%
<b>Total</b>	18 066.	181 717.	14 657.	168 663.	-3 409.	-19 %	-13 054.	-7 %

**Table 1.2 Fishing capacity of the Finnish fishing fleet on 31 December 2021 compared to the ceiling defined in Regulation (EU) 1380/2013 (as calculated in accordance with the most recent national and EU fishing register status reports on 10 May 2022).**

According to the most recent report, the Finnish fishing fleet on 31 December 2021 was -3 409 GT (-19%) and -14,232 (-7%) less than the ceiling on fishing capacity permitted under the Regulation.

Table 1.3 below summarises the development since 1 January 2003 in both categories.

A new fleet management system was introduced in Finland in 2011 under the Act on the registration of sea-going vessels engaged in fishing and aquaculture (690/2010). The fleet is divided into offshore vessels and coastal vessels. The aim is also to ease ship registration processes. The Act entered into force on 1 January 2011.

During 2021 the overall capacity of the fleet decreased in terms of tonnage (-1 020 GT; -6.5%) and figures (-28 vessels; -0.9%), but slightly increased in terms of engine power (982 kW; 0.6%).

The decrease in capacity was significant compared to the corrected initial level of 1 January 2003: for the fleet as a whole, there has been a decrease of 26% in tonnage and 11% in engine power. The reduction was starkest in the coastal vessels category, where the number of vessels fell by 64%, tonnage by 20% and engine power by 35%. The main cause for this was the drift net fishing ban that came into force on 1 January 2008. In numerical and percentage terms, the main decrease in vessel tonnage has been in coastal vessels.

	Status as at 1 January 2003			Status as at 31 December 2021			Change compared to initial level					
	GT	kW	number	GT	kW	number	GT	%	kW	%	number	%
<b>1. Offshore vessels</b>	9 429.	41 486.	119.	7 538.	26 914.	43.	-1 891.	-20 %	-14 573.	-35 %	-76.	-64 %
<b>2. Coastal vessels</b>	10 433.	148 675.	3 454.	7 119.	141 749.	3 139.	-3 314.	-32%	-6 926.	-5 %	-315.	-9 %
<b>Total</b>	<b>19 862.</b>	<b>190 161.</b>	<b>3 573.</b>	<b>14 657.</b>	<b>168 663.</b>	<b>3 182.</b>	<b>-5 205.</b>	<b>-26 %</b>	<b>-21 499.</b>	<b>-11 %</b>	<b>-391.</b>	<b>-12 %</b>

**Table 1.3. Development of the Finnish fishing fleet in the period from 1 January 2003 to 31 December 2021 (as calculated in accordance with the most recent national and EU fishing register status reports on 10 May 2022), broken down by type of vessel.**

A significant number of coastal vessels are used to fish mainly non-quota species: coastal fish stocks, such as whitefish (*Coregonus lavaretus*), pike-perch (*Stizostedion lucioperca*), pike (*Esox lucius*) and perch (*Perca fluviatilis*). Coastal fishing of quota species targets herring (*Clupea harengus membras*) and salmon (*Salmo salar*). Some coastal vessels also fish cod (*Gadus morhua*). Offshore vessels are principally used to fish herring and sprat (*Sprattus sprattus*).

## 2. Fishing capacity

Table 2.1 presents the quota percentage take-ups for 2021. The rate was the highest in sprat fishing (SPR 3BCD-C), where the quota was fully utilised. The HER 3D-R30 quota for herring was also almost fully utilised. Utilisation rates were also good for the salmon (SAL 3BCD-F) and cod (COD 3DX32) quotas.

Since 2017, Finland has applied a system of transferable fishing concessions (TFC) and operator-specific fishing quotas for herring, sprat and salmon. The fishing quota system allows fishing undertakings, as the holders of the quotas, to decide when and in which areas they will fish their own

quotas. This gives them plenty of scope to plan fishing better, and catches were significantly more evenly spread across the timeframe.

The fishing quota system meant it was not necessary to restrict the utilisation of herring and sprat quotas in 2021. The sprat stock has developed positively in the Baltic Sea in recent years. Its stocks are within safe biological limits, which meant bycatch could be reduced under Article 15(8) of Regulation (EU) No 1380/2013 for non-target species (herring) quotas at the end of the year at the end of December 2021.

Nationality	Species Area	Total quota	Landings		Catch/quota (%)	
			Finland	elsewhere	Total	(%)
FIN	HER 3BC+24	0.011	0.000	0.000	0.000	0.00%
FIN	HER 30/31.	101 530.643	49 672.827	7 309.843	56 982.670	66.12%
FIN	HER 3D-R30	20 342.672	15 383.361	4 885.819	20 269.180	99.64%
FIN	COD 3BC+24	4 100.	0.000	0.000	0.000	0.00%
FIN	COD 3DX32.	44.000	34.638	0.000	34.638	78.72%
FIN	SAL 3BCD-F	26 834.	21 700.	0.	21 700.	80.87%
FIN	SAL 3D32.	8 940.	4 448.	0.	4 448.	49.75%
FIN	SPR 3BCD-C	14 233.555	6 321.789	7 911.766	14 233.555	100.00%

**Table 2.1. Quotas, catches and landings in Finland (tonnes, individual salmon) in 2021**

The take-up percentage for the sprat quota (100.0%) reflects the high market demand for this species and, above all, its prevalence in Finnish waters. The table above takes into account the flexibility mechanism provided for in Article 15(8) of Regulation (EU) No 1380/2013.

As regards salmon fishing, in 1996 Finland introduced a decree that restricts fishing in order to protect wild salmon stocks from overfishing. Fishing is regulated in Finland's territorial waters and exclusive economic zone in the Gulf of Bothnia.

The utilisation rate of the cod quota in the eastern region is reasonable due to research fishing in the Sea of Åland.

Under Council Regulation (EC) No 2371/2002 on the Common Fisheries Policy, which was still in force in 2013, the first capacity reduction of the fishing fleet was in 2004. This reduction was to remove the excess capacity identified in the pelagic fleet and the driftnetter category.

Another capacity reduction took place in the fishing fleet in 2009. The decision was made to remove excess capacity that had accumulated in the driftnetter category as a result of the ban on drift netting.

From 2004 to 2009 public support was used to permanently remove a total of 1 675 GT and 7 815 kW of fleet capacity from the Finnish fishing fleet. Table 2.2 shows the number of vessels removed as well as the dates.

Removing fishing capacity using public aid (GT/kW)						
Code	Vessel category	2004	2005	2006	2009	Total
4L2	Pelagic trawlers	83 GT / 279 kW	974 GT / 4 451 kW	247 GT / 699 kW	-	1 304 GT / 5 429 kW
4L4	Vessels using passive gear	60 GT / 294 kW	49 GT / 304 kW	17 GT / 90 kW	245 GT / 1 698 kW	371 GT / 2 386 kW
<b>Total</b>		<b>143 GT / 573 kW</b>	<b>1 023 GT / 4 755 kW</b>	<b>264 GT / 789 kW</b>	<b>245 GT / 1 698 kW</b>	<b>1 675 GT / 7 815 kW</b>

**Table 2.2 Permanent reduction of the capacity of the Finnish fishing fleet in 2003-2021 using public support**

Table 2.3 presents the number of active offshore vessels at least 12 metres long in three vessel categories in 2003-2010 and in one vessel category in 2011-2021. The trend in the pelagic vessels category has been towards fewer but larger vessels. The number of vessels was halved during the period under review. The decrease in the number of vessels using passive gear results from the ban on drift netting. Since 2011, all vessels at least 12 metres long have been grouped into one vessel category (offshore vessels).

No of active vessels	Year																			
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
4L2, pelagic trawlers	107	95	80	58	55	51	53	52												
4L3, bottom trawlers	2	2	1	1	1	1	1	1												
4L4, vessels using passive gear	23	22	20	16	18	14	9	7												
Total (offshore vessels as from 1 January 2011)	132	119	101	75	74	66	63	60	54	53	57	59	58	55	49	44	43	43	43	

**Table 2.3 Number of active vessels in 2003-2021 in the Finnish fishing fleet, vessel categories 4L2-4L4 and offshore vessels as from 1 January 2011.**

### 3. Entry/exit scheme and fishing capacity ceilings

#### 3.1. Entry/exit scheme

Regulation (EC) No 2371/2002, later replaced by Regulation (EC) No 865/2007, was in force in 2013. This Regulation requires Member States to manage entries into and exits from the fleet in such a way that the entry of new capacity into the fleet without public aid is compensated by the previous withdrawal without public aid of at least the same amount of capacity.

Notwithstanding the above, the safety tonnage of fishing vessels may be increased under Article 11(5) of Regulation (EC) No 865/2017.

In 2009 the Finnish authorities allowed the tonnage of two (2) vessels of the fishing fleet to be increased by a total of 35 GT under the above-mentioned scheme. In 2011 the other vessel was removed from the register, thereby reducing the increase in tonnage to 23 GTs.

#### 3.2. Fishing capacity ceilings

The following reference levels for the Finnish fishing fleet as from 1 January 2003 have been ratified in Annex 1 to Commission Regulation (EC) No 1013/2010. That text was still in force in 2013.

$$R(GT)_{03} = 23\,203 \text{ GT}$$

$$R(kW)_{03} = 216\,195 \text{ kW}$$

Finland had met all the requirements of the fourth Multiannual Guidance Programme IV (MAGP IV) by 31 December 2013.

As a result of the entry/exit scheme provided for in Article 13 of Council Regulation (EC) No 865/2007, the actual maximum authorised target levels of the fleet were smaller. New target levels for 2013 were calculated on the basis of the Regulation. The new fishing capacity ceilings for Finland are set out in Article 22(7) of and Annex II to Regulation (EC) No 1380/2013. As from 1 January 2014, they are:

$$R(GT)_{14} = 18\,066 \text{ GT}$$

$$R(kW)_{14} = 181\,717 \text{ kW}$$

In 2021 no events were recorded in the fishing vessel register that would have affected these ceilings. The re-measuring of certain vessels of the fleet and the corrections made to some of the registered data have also affected the actual target levels (capacity ceiling).

According to the most recent report, the Finnish fishing fleet on 31 December 2021 was -3 409 GT (-19%) and -14,232 (-7%) less than the ceiling on fishing capacity permitted under the Regulation.

Tables 1.1, 1.2 and 1.3 show that Finland complied with all the target levels set and the rules of the entry/exit scheme in 2021 as well as in the previous years of the 2003-2020 monitoring period.

#### **4. Observations on the fishing fleet**

The development of the fishing fleet and its impact on fishing opportunities have been analysed above. This paragraph contains more details as well as background information.

The fleet is divided into two operational units (vessel categories). This division came into force on 1 January 2011. Vessel category 1 includes offshore vessels: pelagic trawlers, bottom trawlers and vessels using passive gear. Vessel category 2 includes coastal vessels. The predecessors of these vessel categories were determined in the fourth Multiannual Guidance Programme (MAGP IV). The vessel category rules and restrictions were mandatory until 31 December 2012. However, at the time vessels were not able to adapt flexibly to new market conditions and quota quantities that fluctuated yearly. Those restrictive provisions ceased to apply as of 1 January 2013, after which the management of fleet segments became the Member States' duty.

The new vessel categories established at national level do not restrict either the right to use certain types of fishing gear or target species. This means that if the vessel owner so wishes, they may change the type of fishing engaged in. The vessel owner only needs to inform the authorities of changes to the registered data. This makes it possible for the authorities to regularly supervise and manage the situation.

At the end of 2021, there were 43 vessels in the offshore vessels category. As stated in the definition, all the vessels in this category are at least 12 metres long in total; the overall length of the largest vessel is 41.09 metres. The overall capacity of the vessel category accounted for 51.4% (GT) and 16.0% (kW) of the entire fleet.

In accordance with the definition, the vessels in the coastal vessels category have an overall length of less than 12 metres. Most of Finland's fishing vessels (3 139 vessels) belong to this category. The overall capacity of the vessels is 48.6% (GT) and 84.0% (kW) of the entire fleet.

The registered capacity ceiling of both vessel categories has been limited separately for Mainland Finland by a decision of the Finnish Government.

Generally speaking, the capacity and fishing effort of the Finnish fishing fleet can be considered acceptable in relation to the available fishing opportunities.

For the Finnish fleet, the most significant quotas fished in terms of fishing effort were 3BCD-C 100.00% for sprat, and 3D-R30 99.64% and 30/31 56.12% for herring. The quotas for herring and sprat were optimised thanks to the operator-specific quota system and the flexibility mechanism in Article 15(8) of Regulation (EU) No 1380/2013.

Finland's cod fleet is rather small, so annual fluctuations in fishing effort and catches can be expected. In 2021, cod was fished only to a limited extent for research purposes, as cod fishing is banned under Council Regulation (EU) 2020/1579. Most of the trawler vessels that had previously caught cod have switched to exploiting fishing opportunities for herring and sprat. Only a few coastal vessels fished for cod in a small-scale manner, for cod to be used in research projects.

At the beginning of 2017, Finland introduced a system of transferable fishing concessions (TFC) and operator-specific fishing quotas for herring, sprat and salmon. This has made it easier to manage the quotas since 2017, because, for example, it is no longer necessary to regulate herring and sprat fishing. Fishing undertakings decide themselves when and in which area they fish under their quota. This new quota system will likely reduce fishing capacity in Finland, as has happened in other countries after the introduction of a similar system. The number of offshore vessels in Finland actually decreased, from 55 vessels active in 2016 to 43 registered active vessels in 2021.

In point 5 below, we examine the balance between the fleet and resources using indicators set out in the Commission's guidelines.

## **5. Analysis of the balance between the fishing fleet and the fishery resources it exploits, using biological, financial and technical parameters**

### **5.1. Biological indicators**

Biological indicators are used to assess whether the fleet's operations are based on over-exploited stocks or whether they may pose a serious biological risk to endangered fish stocks.

The Finnish fishing fleet uses the following fishing quotas in the Baltic Sea:

- Gulf of Bothnia herring (subdivisions 30-31)
- Herring in the main basin of the Baltic sea and in the Gulf of Finland (subdivisions 25–27, 28.2, 29 and 32)
- Sprat (subdivisions 22-32)
- Eastern cod (subdivisions 25-32)
- Salmon in the main basin of the Baltic sea and in the Gulf of Bothnia (subdivisions 22-31)
- Gulf of Finland salmon (subdivision 32)

These quotas have been ratified by the European Council, on the basis, among others, of the scientific advice given by ICES and STECF.

In accordance with the scientific recommendations issued by ICES on 31 May 2022, the status of these fish stocks is as follows:

#### Pelagic stocks

The spawning-stock biomass (SSB) of the herring stock in the Gulf of Bothnia (ICES subdivision 30 and 31) is slightly above target level (SSB 2021 above the MSY Btrigger), while the fishing mortality is less than the target level (Fmsy point value 0.271, in 2021 F was 0.18). The latest scientific advice figures indicate that this has been the status quo in recent years, although the population size has been on a declining trend. The SHI is set at a fishing mortality rate of  $0.18/0.271 = 0.664$  in 2021.

ICES therefore recommends that the TAC for herring in the Gulf of Bothnia be slightly reduced for the year 2023, The Gulf of Bothnia herring quota (ICES subdivisions 30-31) is economically the most important quota for the Finnish fleet.

The spawning-stock biomass (SSB) of the herring stock in the main basin of the Baltic Sea and the Gulf of Finland (ICES subdivisions 25-27, 28.2, 29 and 32) has decreased to below target level (SSB 2021 is between Btrigger and Blim levels), while the fishing mortality is significantly higher than the target level (Fmsy 0.15-0.26, point value 0.21, while in 2021 F was 0.38). However, based on 2022 data, ICES estimates that the fishing mortality has been reduced to 0.20 due to the reduced quota. The SHI estimate for the 2021 fishing mortality rate is  $0.3877/0.21 = 1.846$ . According to the fishing mortality rate estimated by ICES for 2022, the SHI is  $0.20/0.21 = 0.952$ . This high variability indicates the inadequacy of the value of the indicator, as the TAC is set on the basis of the Fmsy range and the fishery was conducted accordingly.

The spawning-stock biomass (subdivisions 22-32) of the herring stock is at target level (SSB 2020 is significantly above the MSY Btrigger), while the fishing mortality is in the Fmsy range (Fmsy 0.22-0.41, point value 0.31, in 2021 F was 0.42). However, based on 2022 data, ICES estimates that the fishing mortality has been reduced to 0.38 due to the reduced quota. The SHI estimate for the 2021 fishing mortality rate is  $0.42/0.31 = 1.354$ . According to the fishing mortality rate estimated by ICES for 2022, the SHI is  $0.38/0.31 = 1.225$ .

The above-mentioned pelagic stocks constitute a fairly important resource for the Finnish fishing fleet, in particular for trawlers. According to the Commission's guidelines, one of the three fish stocks is exploited within the Fmsy range, i.e. the herring stock in the Gulf of Bothnia. The herring stock in the main basin of the Baltic Sea and the Gulf of Finland, as well as the sprat stock, are subject to overfishing

(exceeding the  $F_{msy}$  upper limit as defined in the Guidelines), although ICES estimates that the fishing mortality rate is also lower than  $F_{msy}$  as a result of quota cuts in 2022.

According to the STECF 21-16 report, Finnish pelagic trawlers in sizes 12-18, 18-24 and 24-40 receive a SHI indicator value above 1 ( $F/F_{msy} > 1$ ) on the basis of 2019 data, which, according to STECF, could create an imbalance with their fishing opportunities. The Ministry of Agriculture and Forestry considers that, in view of the above, this indicator value for 2019 was not sufficiently accurate to reflect the situation or current status of the fleet segments concerned. STECF also notes that the situation can be assessed differently, given that the financial indicators CR/BER, ROI and RoFTA all show that the segments are in balance. The Finnish TFC system creates the conditions for improving the profitability of the fishing fleet; and [sic - this sentence is incomplete in the original Finnish text].

### Cod stocks

In 2022, ICES stated that fishing of the eastern cod stocks (subdivisions 24-32) must stop, based on the cautionary principle. According to ICES advice in 2022, the western cod stock (subdivisions 22-24) is weaker than the target level for both fishing mortality and SSB ( $F_{msy}$  exceeded and  $B_{trigger}$  too low). Finland's shares of the cod quotas are small, and cod quotas do not form a significant part of the Finnish fishing fleet's fishing opportunities. In 2021, Finland's cod quotas were taken up by Finnish fishing vessels only in the east, not in the west. Cod is found mainly in the southern Baltic Sea, so only marginal amounts of cod are caught in Finnish territorial waters and within Finland's exclusive economic zone. Cod was fished in a few coastal areas and only in small quantities using passive gear and as part of research fishing in the Sea of Åland. In accordance with the guidelines, the fishery for the cod stock at biological risk (SAR indicator) is therefore only a scientific fishery with a small amount of catches by the Finnish fishing fleet.

### Salmon stocks

There are numerous salmon stocks in the Baltic Sea. In 2021, ICES analysed the status of 29 wild salmon stocks on the basis of their parr production capacity ( $MSY = 75\%$  of the capacity). There are two wild salmon stocks in Finland, the Simojoki and the Tornionjoki stocks. The Tornionjoki salmon stock is the biggest salmon stock in the Baltic Sea, and it has developed well. On the basis of its 2021 model, ICES estimated that Tornionjoki salmon reached, with between 70-95% probability, the  $R_{msy}$  level in 2020. The probability for Finland's other wild salmon stock, the Simojoki stock, was also 70-95%. Both wild salmon stocks have developed positively since 2000.

In the Gulf of Bothnia and the Archipelago Sea, salmon fishing targets the strong salmon stocks of the Bothnian Bay and stocked salmon intended for fishing. Coastal fishing in the Gulf of Finland mainly targets stocked salmon. Salmon caught in Finland's coastal areas also included small quantities of individual fish from weak salmon stocks in the Gulf of Bothnia. Salmon fishing in Finland is carried out as coastal fishing, where the fishing capacity is based on the gear used, not on the tonnage or propulsion power of the fishing vessels. Salmon fishing in the Gulf of Bothnia is restricted to certain periods and catch amounts are limited. The locations of the fishing nets used to catch salmon are managed partly by the fishing authorities, which also limits the fishing effort. In addition, private fishing rights in coastal waters limit commercial salmon fishing.

### Non-quota stocks

Important non-quota fish stocks exploited by the Finnish fishing fleet include perch, pike-perch, whitefish and pike. ICES has not analysed data for these fish stocks. However, the Natural Resources Institute's research report on the status of fish stocks in 2020 and its forecasts for 2021 and 2022 contains information on the status of those fish stocks. The need for data on these fish stocks has been identified, and measures are being taken to provide more data and comply with the Marine Strategy Framework Directive.

Finland's whitefish stocks are mostly based on stocking, and natural reproduction occurs both at sea and in numerous rivers. Research results show that it is necessary to regulate net fishing in order to reduce the fishing pressure on migratory whitefish feeding in the waters. Consequently a decree has been issued limiting the smaller mesh sizes of nets used to catch whitefish. Whitefish fishing is also coastal fishing, where the fishing capacity is based on the gear used, not on the tonnage or propulsion power of the fishing vessels.

Finnish coastal waters are home to numerous local perch, pike-perch and pike stocks. Commercial fishing plays a greater role than recreational fishing in exploiting perch and pike stocks. The pike-perch catch is bigger in commercial than in recreational fishing. These species are targeted by coastal fishing, where the fishing capacity is based on the gear used, not on the tonnage or propulsion power of the fishing vessels.

When quotas are exceeded, this usually indicates overcapacity of a fleet segment. The Finnish fishing fleet's catch of fish species subject to a quota is based on quotas set by the Council of the European Union. Finland has not exceeded any of the quotas set for it by the EU since 1996. This has been ensured by regulating fishing and allocating resources to the supervision of fishing.

## 5.2. Financial indicators

According to the STECF 21-16 report, the 2014 criteria (2014 balance indicator guidelines), the financial indicator values would suggest that the Finnish fleet in 2019 was essentially in balance with the fishing opportunities. Based on the indicators, only vessels of 2 metres in length were not in balance.

The Ministry of Agriculture and Forestry notes that in practice, profitability depends on the market prices of herring and sprat. Between 2020 and 2022, the profitability of the fisheries sector has been significantly weakened by the COVID-19 pandemic and the war in Ukraine that started in February 2024. These led to changes in the market and significantly increased the cost level, in particular for fuels. Then again, the fishmeal factory that began operating in Finland in 2016 has partially improved the market situation. The profitability of coastal fishing is shrinking as a result of damage to catches and gear caused by seals and cormorants.

Moreover, any financial review of the Finnish fishing fleet should take into account the special characteristics of coastal fishing in Finland. In most of this fleet segment, fishing accounts for only part of the total income and is a source of secondary income. The formation of ice in the winter in Finland means that it is not possible for fishing vessels to operate year round. Fishing in the winter can be carried out only with large trawlers, and even that is not possible in certain periods and areas. In this light, the profitability of coastal vessels, too, can be considered acceptable. It should be kept in mind, in particular, that the main catch of this fleet segment comes from non-quota fish stocks whose biological status is sustainable.

In the view of the Ministry of Agriculture and Forestry, the STECF indicators poorly describe the financial situation of vessels in the Finnish fishing fleet, in particular those with a length of less than 12 metres and its relation to fishing opportunities. In our estimation, operations are mostly profitable, and the factors described above do not justify the conclusion that the fleet is out of balance with fishing opportunities. For economic indicators, the net result in coastal fisheries is affected by the use by STECF of imputed depreciation (capital accumulation method) rather than depreciation in the financial statements. There is a big difference between the write-off and the imputed depreciation of annual accounts, in particular where ships are old and used only occasionally.

## 5.3. Technical indicators

According to 2019 data, the annual activity of the coastal vessels (below 12 metres) in the Finnish fishing fleet, measured as vessel utilisation, was rather low in the period under review. This can be explained by Finland's special circumstances. The icy winter conditions in Finland do not allow year-round fishing, and therefore it is not possible to be at sea more than 180 days a year. As mentioned above, this form of fishing is not usually the principal economic activity of owners of coastal vessels, but rather a source of secondary income.

The report shows that in the Finnish fishing fleet, the inactivity rate is rather high, especially in the fleet segment of small coastal vessels. This is partly due to statistical bias. In coastal fishing (vessels less than 10 metres), commercial fishermen usually own a number of vessels, not all of which are in active use. One of the distinctive features of Finnish coastal vessels is that coastal fisherman use different fishing methods, requiring different vessels. For example, trap fishing must include large-loaded vessels carrying traps, pound nets and anchors and sometimes fish, while net vessels are fast and small, and



larger vessels are required on the high seas. This means there is a variety of vessels, intended for different seasons and specific work phases. Hence they are also used only when needed, usually for a very short time during the whole period.

In contrast, there are but few if any inactive vessels in the fleet segment consisting of large (trawlers 24-40 metre) vessels. The minor periods of inactivity of certain vessels can be explained by several factors: change of generation, occupational choices, illness, etc. On the other hand, it should be kept in mind that when the commercial profitability of certain units falls, the vessels are left unused while waiting for better times. In that case, other sources of livelihood are naturally used.

The STECF 19-13 report states that technical indicators should be interpreted with caution, and that local expert knowledge is generally required to accurately interpret indicator data. This applies specifically to small-scale fleet segments. We would agree with this point and refer to our assessment above.

## **6. Information on the management of the fishing fleet register**

Finland's central fisheries register (KAKE) was established in 2003 and brought into administrative use at the beginning of 2004. Since then, the supervisory authorities have had a reliable way of managing a variety of fisheries registers, including the fishing fleet register.

The fleet register system was overhauled in 2004. Since then, the authorities have been able to take screenshots of the register and send them to the Commission in accordance with Regulation (EC) No 26/2004. The content of the fleet register was inspected in the first screenshot (1 September 2004). Subsequent screenshots have passed the inspections with hardly any errors. The errors found have been corrected, and some of them have been discussed with Commission officials.

At present, the fleet register is being properly maintained and functions adequately. Register data are pertinent and accurate. The authorities have developed a national programme to verify the accuracy of register data. This will ensure even better data quality. The programme includes a confirmation function, which also facilitates management of the fleet.

## **7. Conclusions**

The capacity of the Finnish fishing fleet has decreased continuously since Finland joined the European Union, also after the new base level was set on 1 January 2014. The number of pelagic trawlers, in particular, has been reduced in Finland. This has been done to lessen the herring fishing effort. Similarly, the fleet using passive gear has been reduced following the driftnet ban. Finland has complied well with the fishing fleet provisions.

The present report has shown the following:

- The overall capacity of the Finnish fishing fleet has decreased continuously since Finland joined the European Union and has remained below the permitted limits;
- The low activity of the coastal vessels in Finland's fishing fleet can be explained by the icy conditions, the nature of coastal fishing and the secondary nature of fishing activities; the inactivity is also related to the fact that commercial fishing operators often own several coastal vessels, used for various purposes and some only for a short period of the year;
- The profitability of the Finnish fishing fleet is moderate, taking into account the specificities of Finnish fisheries, however, the crises experienced in 2020-2022 have had a negative impact on profitability;
- Finland has not exceeded the quotas set for it since 1996. Since 2017, Finland has applied transferrable fishing concessions (TFC) and operator-specific fishing quotas for herring, sprat and salmon, which in turn reduces fishing capacity:

- The herring stocks exploited by the Finnish fishing fleet are at the target level (MSY Btrigger) in accordance with Regulation (EU) No 1380/2013; Sprat stocks are also at target level. The herring stocks in the main basin of the Gulf of Finland and the Baltic Sea are below the target level and exploited at a fishing mortality rate higher than the target level.
- The eastern cod stocks are weak, but their importance to the Finnish fishing fleet is marginal;
- All of the salmon stocks exploited by the Finnish fishing fleet are not at or near target level; their fishing is being regulated through technical regulations, because the fishing pressure is based on the use of gear and the fleet capacity does not have much effect on the fishing pressure; and
- the non-quota stocks exploited by the Finnish fishing fleet are principally local stocks and there is no precise scientific assessment of their status; their fishing is being regulated through technical regulations, because the fishing pressure is based on the use of gear and the fleet capacity does not have much effect on the fishing pressure.

The Ministry of Agriculture and Forestry considers that the information provided in this report shows that the fishing capacity of the Finnish fishing fleet and the fishing opportunities are in balance as provided for in Article 22 of Regulation (EU) No 1380/2013 and that there is no overcapacity in the fleet.