

# ACTION PLAN

## FOR THE FLEET SEGMENTS, WHERE STRUCTURAL OVERCAPACITY IS IDENTIFIED



This plan is prepared in accordance with Art. 22, para. 4 of Regulation (EU) № 1380/2013 of the European Parliament and of the Council of 11 December, 2013 on the Common Fisheries Policy and sets out the actions that the Bulgarian administration intends to take to implement measures to adapt fishing capacity to opportunities for fishing in order to achieve a stable and lasting balance. The plan presents actions aimed at reducing the fishing fleet in the segments where a structural overcapacity has been identified in order to achieve maximum sustainable fishing.

Regulation № 508/2014 of the European Parliament and of the Council on the European Maritime and Fisheries Fund sets out a number of measures aimed at relocating fishing vessels to non-commercial fishing activities, as well as supporting the sector with various activities related to the promotion of sustainable fisheries, environmentally, innovative, competitive and knowledge-based fisheries, characterized by resource efficiency, by pursuing the following specific objectives:

- a) reducing the impact of fisheries on the marine environment, including avoiding and reducing, as far as possible, unwanted catches;
- b) protection and restoration of aquatic biodiversity and aquatic ecosystems;
- c) ensuring a balance between fishing capacity and available fishing opportunities;
- d) improving the competitiveness and viability of enterprises in the fisheries sector, including the small-scale coastal fleet, and improving safety and working conditions;
- e) providing support for enhanced technological development and innovation, including energy efficiency and knowledge transfer;



f) developing professional training, new skills and lifelong learning.

### **Analysis of the balance between fishing capacity and fishing opportunities.**

The analysis is based on the overall assessment and comparison of technical, economic and biological indicators for 2016, 2017, 2018, 2019 and 2020. The analysis is based on the annual reports on Bulgaria's efforts in 2020 to achieve a sustainable balance between the fishing capacity and fishing opportunities in accordance with Regulation (EU) № 1380/2013 of the European Parliament and of the Council of 11 December, 2013 on the Common Fisheries Policy and examines the individual segments of the fishing fleet, categorized by length of fishing vessels and fishing gear (according to the Data Collection Program). This analysis is also based on the conclusions for 2019 and 2020 for the segments of the fishing fleet, in which a structural overcapacity has been identified and the available indicators for 2020, which have been taken into account in determining the trend in the development of the segments.

#### **Segments from 0 to 6 meters**

In 2020, the total number of fishing vessels in this segment is 428, 20 more than in the previous 2019. In 2020, there is a 3% decrease in the number of inactive vessels, compared to active ones, collated to the same period in 2019.

According to the segmentation used in the data collection framework (DCF) for active ships with a length of 0 to 6 m and in 2020 the following segments are preserved: DFN, PS, PMP, FPO, HOK and PGP. There is a decline in the number of vessels in the PS, HOK and PMP segments (vessels that have fished with several gears and none of them has used more than 50% of the fishing time). There is an increase in the number of fishing vessels in the DFN segment (net fishing gear) compared to the previous year. In the overall perspective, there is a continuing trend towards the selective use of passive fishing gear.

#### ***Segment DFN / VL 0006.***

Approximately 76% of active vessels with a length of 0 to 6 m are in this segment, which shows that gillnets are the most used fishing gear in small-scale fishing, increasing by 3% compared to last year's levels.

The data from the technical indicator, calculated for the period 2016-2020, show that the usability of fishing vessels in this segment is extremely low, respectively there is a technical overcapacity. From the point of view of the economic indicators, there is a significant increase in those of the return on investment indicator, and that of the Ratio between current revenues and break-even revenues (CR / BER) is positive compared to 2019. It can be judged that the segment is profitable in the short term. The values calculated for the biological indicator for sustainable catch made by the segment are high in the period 2016 - 2019, but there is a downward trend in the impact on the stock. The overall analysis shows that the DFN / VL 0006 segment remains unbalanced in the short and long term in 2020.

#### ***Segment PS / VL 0006***

The number of fishing vessels in this segment varies between 8 and 19 for the period 2016 - 2020 and the smallest (a total of 8 vessels) is in 2020. The calculations of the technical indicator show that in this segment there is no good usability of fishing vessels. In terms of economic indicators in 2020 there is a revenues decline compared to the previous one. In the biological indicator as well as in the economic one, there is a decrease in the values compared to the previous years. Taking into account the values of the indicators, it can be concluded that the segment is unbalanced in the short and long term.



### ***Segment PMP / VL 0006***

In 2020, almost the same number of operating ships remains in the segment. The indicators of the technical indicator remain low and indicate the presence of overcapacity. The return on investment in the segment remains positive in 2020. The high levels achieved in the ratio between current revenues for the segment and revenues at the break-even revenues in 2019 mark a significant decline due to the dependence of the operating fishing vessels in the segment on mussel and rapana exports. Regarding the biological indicator, there is no increase in the impact of the segment compared to 2019. The indexes of the three indicators show that the PMP / VL 0006 segment is unbalanced in terms of fishing capacity and fishing opportunities.

### ***Segment FPO / VL 0006***

In 2020, as in previous years, a small number of ships operate in the segment. Given that, no data are provided for 2017, 2018 and 2019 for the calculated indicators due to the unrepresentativeness of the sample.

### ***Segment HOK / VL 0006***

The number of fishing vessels in this segment remains approximately the same as in the previous 2019. From the calculations of the technical indicator it is observed that the usability of the vessels in the segment decreases. In terms of return on investment in 2020 it is negative and declines compared to 2019. The high values of the biological indicator remain in 2020. The overall assessment of the indicators shows that the segment is unbalanced in the short and long term.

### ***Segment PGP / VL 0006***

As in the HOK / VL 0006 segment, the number of fishing vessels remains the same as in the previous 2019. According to the data from the technical indicator, there is no preserving of the usability of the vessels in two consecutive years (2019-2020). The high values of the return on investment indicator reached in previous years are maintained in 2020. This is also observed in the other economic indicator (CR/BER). The values of the biological indicator for 2018 show a slight increase. Given the data presented, the segment remains unbalanced in terms of fishing capacity and fishing opportunities.

### ***Segments from 6 to 12 meters***

Approximately 58% of fishing vessels fall into this segment. In 2020, their number is 1,050 ships, of which 720 are active. The percentage of inactive ships in relation to the total number in the segment remains high in 2020, but their number has decreased significantly.

According to the DCF segmentation in active ships with a length of 6 to 12 m in 2020 the following segments are observed: DFN, PS, FPO, HOK, PGP, PMP and TM. PS and TM segments are not included in the analysis due to the small number of vessels in them.

### ***Segment DFN / VL 0612***

Segment DFN / VL 0612 includes 72% of active fishing vessels between 6 and 12 m in length. The values of the technical indicator indicate the presence of technical overcapacity and significant unusability of fishing vessels in the segment. In 2020, there is a slight increase in economic indicators compared to 2019, reaching positive levels close to 1. The return on investment has increased from -1.03% in 2019 to 1.15% in 2020. Growth is also observed in the ratio between current revenues for the segment and revenues at the break-even revenues.



Low values in the biological and technical indicators indicate that the DFN/VL 0612 segment is unbalanced in the short term with the need to take action.

### ***Segment PMP / VL 0612***

Approximately 18% of the active fishing vessels with a length of 6-12 m operate in this segment. Here again the values of the technical indicator are low and indicate insufficient usability of the fleet despite the slight increase compared to 2019. The significant increase in return on investment in 2020, as the value is 112.01%. According to the calculated data for the ratio between the current revenues for the segment and the break-even revenues, there is again a significant increase in the values in 2020 compared to 2019. The values of the biological indicator decrease compared to 2019, but still above the allowable thresholds. Overall, the segment is unbalanced in short term.

### ***Segment FPO / VL 0612***

Regarding the data from the technical indicator, the segment is in imbalance. The values of the indicator are low, indicating the poor usability of fishing vessels. The economic indicators are negative for the period 2017 - 2019, but in 2020 they are already positive, maintaining the growth trend. The segment is cost effective in the short term. The values of the sustainable catch indicator in this segment remain close to 1 levels as in previous years. At present, the segment is unbalanced in the short term.

### ***Segment HOK / VL 0612***

The calculations of the technical indicator show the inefficient use of fishing vessels. The data on the economic indicators are heterogeneous for the observed period. For 2019, the values of the indicator are higher than those of 2018, but still remain with a negative sign. In 2020, economic indicators decline again. There is a decrease in the level of the indicator in the ratio between current revenues for the segment and break-even revenues. In 2020, even higher values of the biological indicator are observed. The segment is unstable and unbalanced in the short and long term.

### ***Segment PGP / VL 0612***

The usability of ships in this segment is low according to calculations. For the economic indicators - return on investments and the ratio between the current revenues for the segment and the break-even revenues, the negative trend for the values during the whole period 2014 - 2019 remains. This trend is interrupted in 2020 and both economic indicators are already with positive value. Sustainable catch indicators have dropped significantly from 2.419 in 2019 to 1.502 in 2020, but still remain slightly above the thresholds. The segment is unbalanced in the short term.

### ***Segments from 12 to 18 meters***

In 2020, a total of 65 fishing vessels fall into this segment, of which 57 are active. Thus, the percentage of inactive vessels amounts to approximately 12%, which means a decrease in the ratio from the previous 2019. According to the segmentation of DCF in active vessels with a length of 12 to 18 m in 2020 the following segments are observed: DFN, PMP and TM.

### ***Segment DFN / VL 1218***

At the values of the technical indicator, there is still poor usability of the fishing vessels in the segment. The positive values of the return on investment indicator for the period 2016 - 2019 are observed in 2020. The same trend is observed in the ratio between current revenues for the segment and break-even revenues,



as in 2016, 2017, 2018, 2019 and by 2020, operators were able to cover their costs (CR / BER > 1). The negative trend of increasing the values of the biological indicator is broken and the value of the indicator decreases in 2020. However, it remains high. Given that, as well as the low values of fleet usability in this segment, it can be concluded that there is an imbalance between fishing capacity and fishing opportunities in the short term.

### ***Segment PMP / VL 1218***

The values of the technical indicator in this segment for 2020 show a decrease in the usability of fishing capacity compared to previous years. The values of the economic indicators show an increase compared to 2018 and 2019. The return on investment has increased from 6.04% to 9.13%. The percentage of the indicator, reduced by the interest rate on long-term investments with low risk remains positive in 2020. The values of the ratio between current revenues for the segment and break-even revenues also increase in 2020. Operators of fishing vessels in this segment were able to generate enough income to cover its costs in 2020. Maintaining these results indicates that it would be profitable to invest in the segment in the long run. The results of the calculations of the sustainable catch indicator show a significant increase in values - from 1.754 in 2019 to 3.337 in 2020. The data show that at present the segment is economically efficient in the long run. Despite the positive economic indicators, the PMP/VL 1218 segment is unbalanced in the short term.

### ***Segment TM / VL 1218***

Low values of the technical indicator are also observed in this segment. The return on investment as well as the indicators of the current revenues ratio remain positive in 2020, with a slight decline compared to 2019. The calculations of the biological indicator for 2020 show that it remains relatively low with an increase. from 0.979 to 1.130. However, it can be judged that the segment faces an imbalance between fishing capacity and fishing opportunities. The segment is unbalanced in the short term.

### ***Segments from 18 to 24 meters***

The number of fishing vessels in the segment in 2020 remains the same as in the previous year 2019. According to the segmentation of DCF in active vessels with a length of 18 to 24 m, the following segments are registered: DFN, PMP and TM. Due to the small number of vessels in the segments and the variations in the fishing gear used, an analysis can only be made for the TM segment.

### ***Segment TM / VL 1824***

According to the calculations of the technical indicator, the usability of fishing vessels is low. In general, this is due to frequent repairs due to the significantly high average age of the ships. The economic indicators are positive. In 2020, the return on investment is 1.74%. The ratio between the current revenues for the segment and the break-even revenues is over 1. Therefore, the shipowners have generated enough income to cover their costs. In the case of the biological indicator, the values show a slight increase and do not fall yet within the permissible limits for sustainable catch. Based on the data presented, it can be argued that the segment is unbalanced in the short term.

### ***Segment over 24 meters***



During the period 2018-2020, the number of fishing vessels in this segment is constant. There are also no ships that have been inactive all year round. According to the DCF segmentation, two segments are considered - TM and DFN. The DFN segment will not be taken into account as it includes a single fishing vessel, and in the period 2016-2018 the segment does not exist.

### ***Segment TM / VL 2440***

In 2020, there is a preservation of the values of the technical indicator, which is calculated on the basis of the observed maximum effort. Economic indicators maintain positive values as well as the sustainable catch indicator. Based on this, it can be concluded that the segment is balanced. The segment will continue to be monitored with a view to achieving a lasting balance between fishing capacity and fishing opportunities.

### **Structural overcapacity being established**

The establishment of a structural overcapacity is done by comparing fishing opportunities (stock status) and technical indicators, biological indicators and economic indicators. In total, the indicators that will be evaluated are 5 (five), the evaluation scale is divided into three levels. Level 1 - "green", Level 2 - "yellow" and Level 3- "red". In total, the evaluation criteria are 15 (fifteen, 5 indicators \* 3 levels). Each indicator can be in one of three levels: "green"; "yellow"; "Red" as described in Table № 1. The types of indicators and the way in which the assessment will be carried out are in accordance with the "Guidelines for an improved analysis of the balance between fishing capacity and fishing opportunities" of DG "Fisheries and Maritime Affairs" of the EC. When an indicator is at Level 3- "red" means that it is worse.

Conclusion whether a segment of the fleet has a structural overcapacity or not is made by analyzing the three generalized indicators - technical, biological and economic, as follows:

- For one Level 3 indicator - "red" - the segment is balanced without the presence of overcapacity.

Conclusion - general Level 1;

- With one Level 3 indicator "red" and one or more Level 2 indicators "yellow" - the segment is unbalanced in the short term with the need to take action. Conclusion - general Level 2;

- With two or more than two Level 3- "red" indicators or more than two Level 3- "red" indicators and more than one Level 2 indicator "yellow" - the segment is unbalanced with overcapacity presence. Conclusion - General Level 3.

**Table 1**

<b>Indicator</b>	<b>Definition</b>	<b>Level 1 "Green"</b>	<b>"Level 2 „Yellow“</b>	<b>Level 3 "Red"</b>
<b>Technical</b>	The partition between the average and the maximum effort per vessel	$>0.9$	0.7-0.9	$<0.7$
<b>Biological 1</b>	$F_{estimated}/F_{target}$	$<1$	$>1$	$\gg 1$
<b>Biological 2</b>	Catch/Biomass	As defined by species / stocks	As defined by species / stocks	As defined by species / stocks
<b>Economical 1</b>	ROI (Return on investment)	$ROI > target\ point$	$0 < ROI < Target\ point$	$ROI < 0$
<b>Economical 2</b>	CR/BER Current revenues/Break-even revenues	$CR/BER > 1$	CR/BER Approximately =1	$CR/BER < 1$

Based on the prepared Annual Reports of Bulgaria for the efforts in the period 2016 – 2020, to achieve a sustainable balance between fishing capacity and fishing opportunities, the following segments of the fishing fleet have been identified where a structural overcapacity has been established.



2016	Métier		Technical indicator	Biological indicators		Economic indicators		Conclusion
	Code	Nom		Bio 1	Bio 2	ROI 1	CR/BER 2	
DFN	VL0006							Level 2
PS	VL0006							Level 2
PMP	VL0006							Level 3
FPO	VL0006							Level 3
HOK	VL0006							Level 2
PGP	VL0006							Level 2
DFN	VL0612							Level 3
PS	VL0612							Level 2
FPO	VL0612							Level 2
HOK	VL0612							Level 2
PGP	VL0612							Level 3
PMP	VL0612							Level 2
TM	VL0612							Level 2
DFN	VL1218							Level 2
PMP	VL1218							Level 2
TM	VL1218							Level 2
TM	VL1824							Level 2
TM	VL2440							Level 1

2017	Métier		Technical indicator	Biological indicators		Economic indicators		Conclusion
	Code	Nom		Bio 1	Bio 2	ROI 1	CR/BER 2	
DFN	VL0006							Level 3
PS	VL0006							Level 2
PMP	VL0006							Level 2
HOK	VL0006							Level 3
PGP	VL0006							Level 2
DFN	VL0612							Level 3
FPO	VL0612							Level 3
HOK	VL0612							Level 3
PGP	VL0612							Level 3
PMP	VL0612							Level 2
TM	VL0612							Level 2
DFN	VL1218							Level 2
PMP	VL1218							Level 2
TBB	VL1218							Level 2
TM	VL1218							Level 2
TM	VL1824							Level 2
TM	VL2440							Level 1

2018	Métier		Technical indicator	Biological indicators		Economic indicators		Conclusion
	Code	Nom		Bio 1	Bio 2	ROI 1	CR/BER 2	
DFN	VL0006							Level 3
PS	VL0006							Level 2
PMP	VL0006							Level 2
HOK	VL0006							Level 3
PGP	VL0006							Level 2
DFN	VL0612							Level 3
FPO	VL0612							Level 3
HOK	VL0612							Level 3
PGP	VL0612							Level 3
PMP	VL0612							Level 2
DFN	VL1218							Level 3
PMP	VL1218							Level 2
TBB	VL1218							Level 2
TM	VL1218							Level 2
TM	VL1824							Level 2
TM	VL2440							Level 1

2019	Métier		Technical indicator	Biological indicators		Economic indicators		Conclusion
	Code	Nom		Bio 1	Bio 2	ROI 1	CR/BER 2	
DFN	VL0006							Level 3
PS	VL0006							Level 2
PMP	VL0006							Level 2
HOK	VL0006							Level 3
PGP	VL0006							Level 2
DFN	VL0612							Level 3
FPO	VL0612							Level 3
HOK	VL0612							Level 3
PGP	VL0612							Level 3
PMP	VL0612							Level 2
DFN	VL1218							Level 2
PMP	VL1218							Level 2
TBB	VL1218							Level 2
TM	VL1218							Level 1
PMP	VL1824							Level 2
TM	VL2440							Level 1

2020	Métier		Technical indicator	Biological indicators		Economic indicators		Conclusion
	Code	Nom		Bio 1	Bio 2	ROI 1	CR/BER 2	
DFN	VL0006							Level 3
PS	VL0006							Level 3
PMP	VL0006							Level 2
HOK	VL0006							Level 3
PGP	VL0006							Level 2
DFN	VL0612							Level 2
FPO	VL0612							Level 2
HOK	VL0612							Level 3
PGP	VL0612							Level 2
PMP	VL0612							Level 2
DFN	VL1218							Level 2
PMP	VL1218							Level 2
TM	VL1218							Level 2
TM	VL1824							Level 2
TM	VL2440							Level 1

**Measures to adapt segments of the fleet, where structural overcapacity has been established.**

The plan being prepared has an implementation period until December 31, 2023, which matches the implementation period of the Maritime Affairs and Fisheries Program 2014-2020.



## **Administrative measures in the applicable national legislation.**

With regard to inactive fishing vessels, EAFSA continues to apply national legislation, in particular Art. 18c of the FAA, according to which there is a possibility for termination of the validity of the license for commercial fishing and the authorisations for the right to conduct commercial fishing issued on its basis, if the vessel has not been engaged in fishing activity for two consecutive years. Vessels with suspended licenses on this basis shall be officially withdrawn from the fishing vessel register, and the released capacity shall remain in favor of the State and shall subsequently be distributed among fishing vessels wishing to enter the fishing fleet register. EAFSA continues to apply national legislation in this regard in order to achieve a balance between fishing capacity and fishing opportunities. The implementation of this measure will be carried out annually.

At the beginning of 2021, a procedure for allocation of free fishing capacity was launched in accordance with the conditions described in Regulation 8 of November 11, 2019 on the terms and conditions for management of the fishing fleet of the Republic of Bulgaria. The objectives of these administrative measures are to improve the management of the fishing fleet as well as to achieve better control over the exploitation of fishing capacity.

### **The measures related to the support of fishing vessel owners and fishermen are:**

#### ***1. Support for fishing vessel owners and fishermen to cope with the economic consequences of the outbreak of COVID-19 due to the temporary cessation of fishing activities.***

In connection with the emergence and overcoming of the consequences of the pandemic COVID-19 in 2020 a procedure was launched through the selection of projects under Union Priority 1 "Promoting environmentally sustainable, innovative, competitive and knowledge-based fisheries, characterized by efficient use of resources". The purpose of the procedure is to provide an opportunity to compensate for the economic losses and to help fishing vessels owners and fishermen who has suspended the fishing activities, to overcome the negative economic consequences and to preserve jobs in the fisheries sector.

#### ***2. Fishing ports, landing piers, fish markets and boat docks. Sector "Investments aimed at construction and/or modernization of berths".***

The implementation of the measure will contribute to the achievement of the specific objective "Improving the competitiveness and viability of enterprises in the fisheries sector, including the small-scale coastal fleet, and improving safety and working conditions" under Union Priority 1 "Promoting environmentally sustainable, innovative, competitive and knowledge-based fisheries characterized by resource efficiency". The construction of new and modernization of the infrastructure of existing ports/construction of boat docks will increase their energy efficiency, contribute to the protection of the environment, increase the quality of products landed on land, and improve the safety and working conditions of fishermen.

#### ***3. Diversification and new forms of income.***

The implementation of the measure should contribute to the promotion of environmentally sustainable, innovative, competitive and knowledge-based fisheries, characterized by efficient use of resources and in particular the achievement of the Specific Objective "Improving the competitiveness and viability of enterprises in the fisheries sector, including the small-scale coastal fleet, and improving safety and working conditions" to Union Priority 1.

Through the implementation of the activities, envisaged in the measure, it will enable the protection and restoration of aquatic biodiversity and aquatic ecosystems, ensuring a balance between fishing capacity and available fishing opportunities for all unbalanced segments; improving the competitiveness and



viability of enterprises in the fisheries sector, including the small-scale coastal fleet, and improving safety and working conditions. The measure supports activities contributing to the diversification of fishermen's income through the development of complementary activities related to fisheries such as: investments on board vessels, fishing tourism, restaurants, environmental services related to fisheries and educational activities in the field of fisheries.

#### ***4. Added value, product quality and use of unwanted catches.***

The measure encourages investments that add value to fishery products, in particular by allowing fishermen to process, market and sell their own catches directly and to invest innovatively on board vessels, leading to increased the quality of fishery products, as well as activities that will make it possible to improve the competitiveness and viability of the coastal fleet.

The activities provided for in the measure will contribute to increasing the added value or quality of the fish being caught. The activities will help to protect and preserve the environment and promote the efficient use of resources.

#### ***5. Production and marketing plans.***

The measure aims to achieve the specific objective 1 "Improving the market organization for fishery and aquaculture products" to the Union Priority 5 "Fostering marketing and processing".

Assistance under this procedure is aimed at supporting the preparation and implementation of the production and marketing plans of producer organizations and associations of producer organizations in accordance with the provisions and in particular:

- improving the conditions for the marketing of fishery and aquaculture products of their members;
- improving the economic returns;
- stabilizing markets;
- contributing to food supply and promoting the high quality food and safety standards, while contributing to employment in coastal and vilage areas;
- reducing the environmental impact of the fishing.

#### ***6. Conservation and restoration of marine biodiversity and ecosystems and compensation regimes in the framework of sustainable fishing activities.***

Through the measure "Conservation and restoration of marine biodiversity and ecosystems and compensation regimes in the framework of sustainable fishing activities" under Union Priority 1 "Promotion of environmentally sustainable, innovative, competitive and knowledge-based fisheries characterized by efficient use of Resources" aims to enable the improvement of the state of sea water through campaigns for the collection of waste and lost fishing gear and will assist the country in fulfilling its obligations to implement the guidelines for the integration of environmental and climate change policies, creating more favorable conditions for the development of aquatic flora and fauna, including by supporting the preparation of management plans for protected areas and their implementation.

Last but not least, the large number of measures outlined in the Community-Led Local Development (CLLD) strategies, which aim to promote economic growth, social inclusion, job creation and provide support for employability and labor mobility in the communities in coastal and inland waterway regions that depend on fisheries and aquaculture, including diversification of activities within the fisheries sector as well as in other sectors of the maritime economy.

