

fishery in response to a concern that fishing capacity could otherwise expand to overexploit the stock. At the time the program was established, there was a concern that the capacity of the limited entry vessels might prove, over time, to be insufficient to fully exploit the annual quota. In response to this concern, a 5-year sunset provision was placed on the *Illex* squid limited entry program. Framework 2 to the FMP extended the *Illex* squid moratorium for 1 year, and it is currently scheduled to end on July 1, 2003. Since the implementation of the limited entry program, the *Illex* squid fishery's performance has demonstrated that the current fleet possesses the capacity to harvest the long-term potential yield from this fishery. The Mid-Atlantic Fishery Management Council (Council) must prepare an amendment to the FMP (Amendment 9) to evaluate whether or not the limited entry program should be made permanent. This action would extend the *Illex* squid moratorium through July 1, 2004, to prevent overcapitalization while Amendment 9 is being prepared and considered by the Council. This extension would comply with the criteria in section 303(b)(6) of the Magnuson-Stevens Act. The extension would allow the Council additional time to consider long-term management for the *Illex* squid fishery, including the limited entry program. Vessels that took small quantities of *Illex* squid in the past may continue to do so under the incidental catch provision of the FMP.

Classification

This proposed rule has been determined to be not significant for purposes of E.O. 12866.

The Council prepared an IRFA that describes the economic impacts this proposed rule, if adopted, would have on small entities. A description of the action, why it is being considered, and the legal basis for this action are contained in the SUPPLEMENTARY INFORMATION section of the preamble. This proposed rule does not duplicate, overlap, or conflict with other Federal rules. There are no new reporting or recordkeeping requirements contained in any of the alternatives considered for this action. There are 73 vessels that have been issued moratorium permits, all of which would be impacted by this action. Since per vessel costs are not available for vessels participating in the *Illex* moratorium fishery, individual vessel profitability could not be estimated. Therefore, changes in gross revenue of the aggregate fleet is used as a proxy for changes in individual vessel

profitability. Furthermore, assumptions are made that revenue losses and gains are shared equally among these vessels. NMFS' guidelines suggest consideration of disproportionate economic impacts between large and small entities that may result from the proposed regulatory action. Because there are no large entities (vessels) participating in this fishery, small vessels will not be placed at a competitive disadvantage to large vessels, thus rendering the issue of disproportionate impacts between these two classes moot. A copy of the complete analysis can be obtained from the Mid-Atlantic Fishery Management Council (see **ADDRESSES**) or via the Internet at <http://www.nero.noaa.gov/ro/doc/com.htm>. A summary of the analysis follows.

In addition to the preferred alternative 1, the Council considered three non-preferred alternatives. Alternative 2 would extend the moratorium on entry to the *Illex* fishery for an additional 2 years (through July 1, 2005); Alternative 3 would extend the moratorium on entry to the *Illex* fishery for an additional 3 years (through July 1, 2006); and Alternative 4 would allow the moratorium on entry to the *Illex* fishery to expire on July 1, 2003 (no action).

The preferred alternative and alternatives 2 and 3 would extend the moratorium on entry of new vessels into the *Illex* fishery; therefore, no impact is expected on vessels in the fishery in 2003 (and the first half of 2004), compared to individual vessel revenues in 2002. The Council assumed that the market and prices would remain stable. Therefore, any changes in individual vessel revenues would be the result of factors outside the scope of the moratorium (e.g., change in fishing practices for individual vessels, or changes in abundance and distribution of *Illex* squid).

Under alternative 4, the no-action alternative, the *Illex* fishery would revert to open access. This would result in an increase in fishing effort in the *Illex* fishery. New vessels entering the fishery would limit per vessel share of the *Illex* squid quota and reduce revenues for the present participants. Computing the total revenue losses for the existing moratorium vessels is impossible due to the unpredictability of redirection of effort into the *Illex* squid fishery. Therefore, the Council developed a sensitivity analysis to determine the impact of the entry of additional vessels into the fishery on revenues earned by individual vessels already engaged in the fishery. The sensitivity analysis examined three scenarios that presumed revenues

derived from landings of *Illex* squid would be reduced by 75, 50, and 25 percent. The analysis was based on 1998 data because in 1998 the *Illex* quota was completely harvested. Therefore, those data would allow the greatest impact to be assessed.

Under scenario 1, the review of revenue impacts examined the landings of vessels that landed at least one pound in 1998 and presumed that revenues derived from landing *Illex* for these vessels would be reduced by 75 percent. The 109 impacted vessels were projected to be impacted by revenue losses that ranged from less than 5 percent for 79 vessels, to a maximum of 40–49 percent for 2 vessels. There were no impacted vessels home-ported in Maryland, New Hampshire, or Virginia; a high of 15 vessels had home ports in New Jersey. Other impacted vessels were home ported in Massachusetts, Maine, Rhode Island, New York, and North Carolina. Presumably, other vessels entering the fishery would experience gains in revenues.

Under scenario 2, the review of revenue impacts presumed that vessel revenues derived from landing *Illex* would be reduced by 50 percent. The 109 impacted vessels were projected to be impacted by revenue losses that ranged from less than 5 percent for 84 vessels, to a maximum of 30–39 percent for one vessel. There were no impacted vessels home-ported in Maryland, New Hampshire, or Virginia; a high of 11 vessels had home ports in New Jersey. Others were in Massachusetts, Maine, Rhode Island, and North Carolina. Presumably, other vessels entering the fishery would experience gains in revenues.

Under scenario 3, the review of revenue impacts presumed that vessel revenues derived from landing *Illex* would be reduced by 25 percent. The 109 impacted vessels were projected to be impacted by revenue losses that ranged from less than 5 percent, for 88 vessels, to a maximum of 10–19 percent for 8 vessels. The number of impacted vessels by home state ranged from none in Maryland, New Hampshire, New York, and Virginia, to a high of 11 in New Jersey. Other impacted vessels were home ported in Massachusetts, Maine, Rhode Island, and North Carolina.

List of Subjects in 50 CFR Part 648

Fisheries, Fishing, Reporting and recordkeeping requirements.