

Classification

This proposed rule has been determined to be not significant for the purposes of Executive Order 12866.

The Council prepared an IRFA that describes the economic impact this proposed rule, if adopted, would have on small entities. The IRFA is available from the Council (*see ADDRESSES*). A summary of the IRFA follows:

A description of the action, why it is being considered, and the legal basis for this action are contained in the **SUMMARY** and in the **SUPPLEMENTARY INFORMATION** sections of this proposed rule. This proposed rule does not duplicate, overlap, or conflict with other Federal rules. There are no reporting, record-keeping, or other compliance requirements of the proposed rule.

Approximately 140 vessels are permitted in the sardine fisheries off the U.S. West Coast; 65 vessels are permitted in the Federal coastal pelagic species (CPS) limited entry fishery off California, while approximately 55 vessels are permitted in State of Oregon and Washington sardine fisheries. An additional 18 live bait vessels are permitted in Southern California and 2 live bait vessels are permitted in Oregon and Washington. All of these vessels would be considered small businesses under the Small Business Administration standards. Therefore, there would be no disproportionate economic impacts resulting between small and large vessels under the proposed action. Because cost data are lacking for the harvesting operations of CPS finfish vessels, it was not possible to evaluate the economic impacts from estimated changes in sardine landings in terms of vessel profitability. Instead, economic impacts were evaluated based only on changes in sardine ex-vessel revenues compared to sardine landings under the status quo. Therefore, the difference between vessel revenues generated by 2003 proposed quotas and those generated by 2003 projected landings were used as a proxy for vessel profitability among the three regions evaluated. All projections utilized 2001 data and changes in ex-vessel revenues are described in 2001 dollars. CPS finfish vessels typically harvest a number of other species, including anchovy, mackerel, squid, and tuna. However, since data on individual vessel operations were not readily available, it was not possible to evaluate potential changes in fishing strategies by these vessels in response to different opportunities to harvest sardines under each of the allocation alternatives and what this would mean in terms of total ex-vessel revenues from all species.

Under the proposed action, sardine landings for CPS vessels for the entire West Coast are estimated to increase 9,846 metric tons (mt) from the status quo, with a corresponding increase in ex-vessel value of \$1,077,540. All of the coastwide harvest guideline OY would be caught by the end of the season under the proposed action. Sardine landings by vessels participating in the Oregon/Washington fishery were estimated to be 7,622 mt greater than the status quo, with ex-vessel revenues increasing by \$873,526. Landings by CPS vessels that historically would have participated in the Northern California sardine fishery would increase 2,449 mt above the status quo with a corresponding rise in ex-vessel revenues of \$228,035. Under the proposed action, a loss of 225 mt in landings was estimated for vessels that historically fished out of Southern California ports, which equates to foregone ex-vessel revenues amounting to \$24,021, or approximately \$370 per vessel, in lost ex-vessel revenue relative to the status quo. Twenty live bait vessels landed approximately 2,000 mt per year of mixed species from 1993 through 1997. Those landings were comprised mostly of Pacific sardine and northern anchovy. The estimated live bait 18 vessels fishing in Southern California are expected to be only minimally impacted by this action similar to results for the CPS limited entry vessels fishing in that area. The two live bait vessels fishing in Oregon and Washington are not expected to be impacted by this action.

For the 65 CPS limited entry vessels that could participate in either the Southern California or Northern California sardine fisheries, the 225 mt loss represents a potential loss in ex-vessel revenues for the CPS vessels choosing to operate in Southern California, which is substantially less than 0.01 percent per vessel. If the 65 CPS limited entry vessels choose to fish in the traditional Northern California sardine fishery, the potential gain in ex-vessel revenue for that fishery is estimated to be approximately \$3,508 per vessel per year. However, this amount could be underestimated since data from the 2001 SAFE report show that only 27 CPS vessels landed in Monterey/Santa Cruz and only 13 CPS vessels landed in San Francisco.

Even though limited entry vessels based in Southern California are not restricted from participating in the Northern California or the open access Oregon/Washington sardine fisheries, it is unlikely that it would be profitable for all Southern California vessels to do so due to additional travel time and fuel costs. However, any loss in profitability

by the CPS vessels choosing to fish in Southern California could be mitigated to a certain extent by moving northward to land larger, higher-priced sardines in Northern California ports.

Vessels that participate in the Oregon/Washington sector of the fishery are estimated to increase ex-vessel revenues by \$15,882 per vessel based on the estimated 55 State sardine permits issued. However, this figure may be underestimated since data show that, of the 35 Washington permitted vessels, only 19 vessels participated in these fisheries in 2002 with the majority of the catch accomplished by only 13 vessels.

The Council considered 3 alternatives to the proposed action in addition to the no-action alternative. All alternatives resulted in ex-vessel revenue gains of various magnitudes for the fishery as a whole. However, the proposed alternative yielded the greatest overall gain, with the least negative impacts to individual vessels from any one region while also providing the fishery with the possibility of achieving OY as required under the Magnuson-Stevens Fishery Conservation and Management Act.

Alternative 1 (status quo) With a 10 percent increase in harvest from 2002, total landings would be 101,061 mt and total ex-vessel revenues would amount to \$10,587,481. Southern California vessels would realize ex-vessel revenues of \$5,749,562, Northern California vessels \$1,039,424, and Oregon/Washington vessels \$3,798,405.

Alternative 2 (start year with 66–33 allocation, subarea line to 39° N lat., September [50–50] reallocation, and December [coastwide] reallocation). Relative to the status quo, Southern California vessels would lose 3,618 mt or \$386,201 in ex-vessel revenues. Northern California vessels would gain 35 mt or \$3,306, and Oregon/Washington would gain 10,108 mt or \$1,158,314, for a net increase in coastwide ex-vessel revenues of \$775,420.

Alternative 4 (start year with 66–33 allocation, subarea line not changed, September [50–50] reallocation, and December [coastwide] reallocation). Compared to the status quo, Southern California vessels would realize no change in landings, Northern California vessels would gain 274 mt or \$25,518 in ex-vessel revenues, and Oregon/Washington vessels would gain 8,091 mt or \$927,167. This results in an overall net increase of \$952,685 in ex-vessel revenues.

Alternative 5 (start year with 66–33 allocation, subarea line to 39° N lat., September coastwide reallocation).