

One commenter requested that the western border of the SNE RMA, which was redesignated by the Settlement Agreement, be returned to its original location because of negative economic impacts. The designation of the SNE RMA, the associated mesh restrictions, and the potential for negative economic impacts on a portion of the industry is justifiable, based on the following: The positive biological impacts that may result from an increase in mesh size, the overfished status of many stocks, and the fact that all the RMAs will be subject to restrictive minimum mesh sizes. Response number nine in the comments and responses section addresses this comment.

Four comments did not support the method used to calculate the DAS baseline, based upon the resultant low numbers of DAS for some vessel owners and the negative economic impacts. The DAS baseline implemented by this rule results in a lower number of DAS available for use by the fishery and a decrease in gross revenues earned by individual vessels. The conservation benefits of having a reduced overall cap on the amount of effort available for this fishery are consistent with the Court Order, goals and objectives of the FMP and Magnuson-Stevens Act for overfished fisheries. To help mitigate negative economic impacts from DAS reductions, in August, 2002, the Congress passed and the President signed an Act that allocated funds to provide 12 million dollars in economic assistance to fishing communities of New England affected by federal restrictions. Response number seven in the comments and responses section addresses this issue.

All commercial vessels with a NE multispecies permit had gross receipts less than \$3.5 million, the SBA size standard for defining a small versus large commercial fishing business (3,894 NE multispecies vessels) (EA for the Settlement Agreement, June 2002). Therefore, there will be no disproportionate economic impacts between small and large entities.

This action will impact all limited access NE multispecies permit holders (1,383), all open access Hand gear-only permit holders (2,973), and all party/charter operators (1,028 open access permit holders). Based upon the June 2002 EA, the number of participating vessels that may be affected by any one or more of the measures is about 37 percent of the total number of those eligible to participate in some component of the NE multispecies fishery.

The DAS allocations implemented under the August 2002 interim final rule

continue under this emergency action. The reductions in 2002 DAS allocations impacted all limited access permit categories. There were 1,383 limited access permits with baseline DAS allocations for the 2002 fishing year. Of these permits, 343 received the minimum allocation of 8 DAS. A total of 71,180 DAS were allocated for the fishing year; a reduction of 45.7 percent compared to the final fishing year 2001 allocations.

The relative reduction in DAS allocations varied by permit category. The total reduction for Individual allocation vessels (Category A) was 21.7 percent, as compared with 49 percent for Category B and 65.9 percent for Category D. Reductions in total DAS allocations for FY 2002 were larger for small vessels (less than 50 ft (15.2 m)), than for medium or large vessels. New York and New Jersey were the two states with the largest reduction in fishing year 2002 DAS allocations. In contrast, under the No Action Alternative, the DAS allocations would be markedly larger, with the potential for DAS use to increase above that which was recorded for the 2001 fishing year.

Relative changes to gross revenue were calculated based upon an estimation that DAS use in fishing year 2003 would range from 25 to 35 percent less than the number of DAS used during the 2001 fishing year. The estimated revenue loss for the 84 most affected vessels would be 21.3 percent, or greater, for an assumed 25-percent reduction in DAS, and would be 25 percent for an assumed 35-percent reduction in DAS. For vessels in the 25th to 50th percentile, the estimated revenue loss range from 19.7 to 11.5 percent for a 35-percent reduction in DAS use. Revenue loss for the least affected vessels would be no more than 1.5 percent. Relative dependence upon groundfish revenue is an important factor among the various factors that may determine the severity of the impact of the DAS measures on a particular vessel. The greater a vessel's dependence upon groundfish for annual fishing income, the greater the revenue loss is likely to be. The No Action Alternative would have resulted in no negative impacts or slightly positive impacts, in comparison with the measures being implemented.

With respect to gross annual revenue earned during the 2001 fishing year (pre-Settlement Agreement), these measures may have the largest adverse economic impacts on vessels in Maine, New Hampshire, and Massachusetts, but among these states, the estimated impacts would be similar. The No Action Alternative would have had

positive economic impacts on vessels that fish in the GOM and fish in the WGOM specifically. The least adverse economic impacts may be for those vessels from states bordering the GOM, and for small gillnet vessels or large hook vessels.

The required changes to mesh size were estimated to affect 424 trawl vessels fishing in the GOM or GB area, and 221 trawl vessels fishing in the SNE area. The average cost to replace a cod-end was estimated to be \$1,250. The mesh changes were estimated to affect 18 Day boat gillnet vessels that used tie-down nets fished in the GOM. The average cost to these vessels to replace their nets was \$7,794. The mesh changes were estimated to affect 31 Day boat gillnet vessels that used stand-up nets that fished in the GOM. The average cost to these vessels to replace their nets was \$9,300. The mesh changes were estimated to affect 25 Trip gillnet vessels that fished in the GOM. The average cost to these vessels to replace their nets was \$18,352. The mesh changes were estimated to affect 32 gillnet vessels that fished in either GB or SNE. The average cost to these vessels to replace their nets was \$8,800.

The required changes to gear limits would affect 30 bottom longline vessels, 72 Day gillnet vessels, and 24 Trip gillnet vessels. The average revenue loss for these vessels was estimated to be \$21,400.

Under these measures, individuals that provide passenger services to recreational anglers (charter/party vessels) will also be directly affected. Because the haddock bag limit for charter/party vessels, and the minimum haddock size for charter/party and private recreational vessels is relaxed by this rule, the negative economic impacts under these bag and minimum size restrictions are expected to be less than under the restrictions in effect since August 2002. Historic information suggests that the relationship between changes in bag and possession limits and passenger demand has been weak. Following implementation of a reduction in minimum fish size in 1997, the number of passengers on charter/party vessels increased. However, public comment received in response to the proposed rule supports the contention that low bag limits in conjunction with more restrictive minimum fish size limits may reduce passenger demand.

Relative to the final measures, the No Action Alternative would have mitigated most of the adverse economic impacts associated with this action. In general, gross fishing incomes would have increased, particularly for vessels