

these vessels would be considered small businesses under the Small Business Administration standards; therefore, there would be no financial impacts resulting from disproportionality between small and large vessels under the proposed action. CPS vessels typically harvest a number of other species, including anchovy, Pacific sardine, and market squid.

The average revenue from Pacific mackerel in real dollars in the last 10 years, from 1993 through 2002 is almost \$1.8 million per year. This is the revenue the industry might expect on average per year given the amount of mackerel available for harvest and market demand. With a harvest guideline of 10,652 mt and an average ex-vessel price per ton of \$144.55, potential revenue could be \$1.5 million. The harvest guideline for the 2002–2003 fishing season was 12,535 mt; however, as of June 3, 2003, only 3,790 mt had been landed, primarily because of the lack of availability of the resource in the area of the fishing fleet. Total landings for the 2002–2003 fishing season are not likely to exceed 4,000 tons. Therefore, if the harvest guideline is reached during the 2003–2004 fishing season, there will be an increase of \$960,000 in ex vessel revenue above that of the 2002–2003 fishing season. The increase would be beneficial for fishermen and processors, and will benefit the fishing communities in southern California, where virtually all Pacific mackerel is landed. Enforcement and administrative costs (primarily port sampling) remain unchanged because calls at ports of landing are designed not only to assess the status of Pacific mackerel but all species harvested during the year by the CPS fleet. Average conditions are likely to prevail during the 2003–2004 fishing season, that is, ex vessel revenue derived from Pacific mackerel will fall between \$1.4 million and \$1.8 million based on a real ex vessel price that has varied between \$126.98/mt and \$172.59/mt from 1993 to 2002.

Cost data is not available for the 65 vessels with limited entry permits; therefore, average gross revenue per vessel is used as a proxy for changes in profitability. With an estimated increase of \$960,000 in gross revenue, the average gross revenue per vessel would be \$14,769. Setting a harvest guideline is required by the FMP and Federal regulations; therefore, a no action alternative is not reasonable. However,

for the purposes of measuring impacts, if there is sufficient biomass to allow a fishery, the fishing season begins on July 1 even if a harvest guideline is not determined. Unless action were taken to curtail the fishery, unlimited amounts of Pacific mackerel could be harvested. With such a low biomass, exceeding the MSY would be likely, which would lead to some short term economic benefits to the fishing industry, but would lower the biomass estimate the following year along with the harvest guideline, which would reduce potential future revenue to the fleet. The impact of future revenue loss is greater at the low biomass levels that have occurred in recent years, because rebuilding the resource from low biomass levels takes longer. Nevertheless, market conditions and availability of Pacific mackerel in the area of the fishery have a strong effect on landings. Since 1994, overall fleet revenue has averaged \$29.9 million and revenue obtained from Pacific mackerel has averaged 7.8 percent of that total. Under the proposed alternative, revenue is likely to average less because squid landings contribute substantial revenue to the fleet and squid availability is not expected to be depressed by an El Nino during the 2003–2004 Pacific mackerel season as it was in 1998. In an unrestricted mackerel fishery, average revenue would be more likely to approach 7.8 percent. In view of the above, the relatively low harvest guideline for the 2003–2004 fishing season will provide a slight increase in revenue and will not have a substantial effect on overall vessel profitability.

The proposed alternative also divides the harvest guideline into a 7,500 mt directed fishery, a 3,152 mt incidental fishery, and a limit of 40 percent by weight of Pacific mackerel in any landing of CPS when the directed fishery is closed. The numbers chosen were based on recent experience in the fishery, primarily availability of Pacific mackerel in the area of the fishery and the recent market value of mackerel compared to other CPS fisheries. A directed fishery with no incidental fishery could lead to significant negative economic impacts by closing the sardine fishery, which provided over \$10 million in revenue to the CPS fleet in 2002. Interfering with the sardine fishery leads to increased bycatch of Pacific mackerel and increased enforcement action. To minimize the impact on the CPS fleet, the season

structure of the 2002–2003 fishing season was reviewed, which included a directed fishery of 9,500 mt, an incidental fishery of 3,035 mt, and an incidental harvest of 40 percent following closure of the directed fishery. The lower harvest guideline and the primary goal of minimizing economic impacts on the sardine fishery during the 2003–2004 fishing season led to setting the incidental fishery at a similar level, of 3,152 mt, with a 40 percent incidental rate, thereby, reducing the size of the directed fishery. The FMP allows up to a 45 percent incidental harvest following the closing of the directed fishery, but 45 percent was considered not likely necessary. A 40 percent incidental rate operating in combination with a relatively significant incidental fishery was considered sufficient. Although the incidental rate can be changed during the fishing season, if the rate is set too low initially, fishing operations in the sardine fishery may be interrupted by attempting to avoid the capture of Pacific mackerel occurring in schools of Pacific sardine. Misjudgement by fishermen of the amount of Pacific mackerel occurring in schools of sardine leads to discards and increases bycatch. The possibility of dramatic changes during the fishing season were recognized, which could require in-season adjustments to any of the above factors. The goal of the changes would be to minimize disruption of the sardine fishery, which would minimize economic impact on the fishing industry; however, administrative costs of implementing changes would increase in proportion to the number of changes needed. The proposed action will yield potentially lower revenue from Pacific mackerel than what otherwise might be possible under environmental conditions more favorable to Pacific mackerel (That is, a higher biomass); however, the low harvest guideline for the 2003–2004 fishing season will provide a small increase in revenue above that of the 2002–2003 fishing season and will not have a substantial effect on overall vessel profitability.

**Authority:** 16 U.S.C. 1801 *et seq.*

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