

Sur, CA to 45° N. lat. from August 15 to November 15, and south of Pt. Conception, CA to 120° W. long. during a forecasted or occurring El Nino event in the months of June, July, and August. Existing Federal and state regulations, including current state drift gillnet time-area closures and gear restrictions were deemed appropriate for adopting. However, the Pacific Council concluded that incorporating under MSA authority the existing state limited entry programs would significantly increase Federal costs and administrative burdens and was premature. The Pacific Council may consider limited entry under the FMP in

the future and has already asked its plan team to begin consideration of limited entry for the West Coast longline fishery. Closures off Washington and Oregon are intended to protect the common thresher shark, sea turtles and marine mammals. This alternative modifies the current state regulations to prohibit, year round, drift gillnet fishing for swordfish and sharks in U.S. EEZ waters off Oregon east of a line approximating the 1,000 fm curve (deleting an existing May-August prohibition within 75 nautical miles) and prohibits drift gillnet fishing in all U.S. EEZ waters off Washington. The

State of Washington currently does not allow the use of drift gillnet gear and Oregon does not allow drift gillnets to target thresher shark, although drift gillnet vessels have fished off both states and landed their catch in California.

Approximately 64 vessels actively participate in the drift gillnet fishery off the U.S. West Coast (see table below). All of these vessels would be considered small businesses under the SBA standards. Therefore, there would be no disproportionate financial impacts between small and large vessels under the proposed action.

TOTAL EX-VESSEL REVENUE AND DEPENDENCE ON SWORDFISH FOR THE 64 DRIFT GILLNET VESSELS WITH LANDINGS IN 2001.

Number of Vessels	Dependence on Drift Gillnet Caught Swordfish (category of swordfish revenue/total revenue)	Average Total Ex-vessel Revenue (\$/vessel)	Average Percent Drift Gillnet Swordfish (swordfish revenue/total revenue)
9	< percent	\$131,171	2.07 percent
3	< 5 - 10 percent	\$80,661	6.51 percent
6	> 10 - 15 percent	\$204,164	12.48 percent
8	> 15 - 20 percent	\$113,173	17.88 percent
8	> 20 - 25 percent	\$78,063	22.43 percent
4	> 25 - 30 percent	\$58,497	26.78 percent
5	> 30 - 40 percent	\$88,168	37.37 percent
4	> 40 - 50 percent	\$142,637	43.72 percent
5	> 50 - 60 percent	\$85,076	55.02 percent
8	> 60 - 70 percent	\$57,054	65.62 percent
4	> 70 percent	\$3,834	87.43 percent

Financial or private costs, and measures of fishing performance are those costs and performance measures faced by individual vessel owners. Short-run, financial or private profit realized by vessel owners from participation in the swordfish/shark gillnet fishery was calculated as the difference between the annual private costs incurred during swordfish/shark fishing operations — the annual variable costs associated with swordfish/shark fishing — and the total ex-vessel revenue generated from the vessel's annual landings from swordfish/shark fishing. Only short-run measures of financial and economic performance were calculated because many vessels typically engage in other types of fishing, and there is no reasonable basis for allocating fixed and common costs across types of fishing, i.e. across drift gillnet, surface hook-and-line, or others. These are costs that do not vary with the level of fishing activity and cannot be assigned to a single type of fishing or output. Under these circumstances common or fixed costs are excluded from the short-run net benefit and financial profit calculations for each management alternative. Although drift gillnet vessels harvest a number of

species and will use alternative gears, no attempt was made to evaluate potential changes in fishing strategies by these vessels in response to different opportunities to harvest HMS under each of the regulatory alternatives, and what this would mean in terms of operating costs and ex-vessel revenues under alternative fishing strategies.

Financial impacts of each drift gillnet regulatory alternative were evaluated based on incremental changes from the status quo; i.e., the difference between drift gillnet ex-vessel private profits under the proposed action and drift gillnet private profits under the status quo. The following table reports the estimated incremental changes in short-run financial profits for drift gillnet vessels for each regulatory alternative relative to the status quo. Financial impacts are evaluated as the present value of changes in short-run financial profits over a 25 year time period discounted at 7 percent and 4 percent discount rates. In column two, the present value of the change in average annual short-run financial profit from the status quo (from column three) is calculated for a 25-year time horizon at 7 percent and 4 percent discount rates. Column three reports the difference in

estimated average annual short-run financial profit the difference between average annual exvessel revenue and average annual variable costs - under the alternative being considered and the average annual short-run financial profit under the status quo alternative. The discount rate is the rate of interest at which the cash flows associated with the proposed policy are to be discounted. The choice of discount rate reflects social time preference and the opportunity cost of resources that are used under the policy. Social time preference tends to discount the future less heavily than private time preference, while opportunity cost considerations tend to weigh against using lower discount rates for public policies for fear of preempting higher valued private use of the appropriated resources.

The estimated changes in financial profit are based on cost and earnings surveys of industry members. For the drift gillnet fishery, 42 vessel owners (about half the active fleet) responded by providing 2 years of data each. The response rate was sufficient to provide a robust analysis.

The following abbreviations are used in the tables summarizing the analyses: