


Agenda Item H-4  
February, 1980

MEMORANDUM

DATE: February 4, 1980

TO: Council Members, Scientific & Statistical Committee  
and Advisory Panel

FROM: Jim H. Branson, Executive Director 

SUBJECT: NMFS Vessel Financing Programs; Especially the 'Conditional  
Fishery' Concept

ACTION REQUIRED

*Review and Comment.*

BACKGROUND

Last week the January issue of Marine Fish Management announced the National Marine Fisheries Service was seeking public comment on several proposed changes in their vessel financing programs. The questions and proposed changes were published in the January 10, 1980 Federal Register (which we never received): requesting comments by February 15, 1980.

Attached is a page from Marine Fish Management explaining the proposed changes. Chief among the changes are five issues which NMFS has asked for comment. They are:

1. Should the conditional fisheries concept be amended to allow use of the FVOG and FVCCF programs for vessels which will combine operations for both underutilized species and conditional species?
2. Should such an amendment require that minimum operation, income, or effort levels be specified for the underutilized species portion of the operations? If so, how should fishing performances be monitored and what sorts of penalties should be assessed?
3. Should such an amendment simply require that vessels qualifying for exemption from the conditional fisheries restriction be designed and constructed in such a way as to make them fully capable of operating fulltime for the underutilized species when the economics of the situation warrant it?

4. Would it make more sense, instead, to eliminate the conditional fisheries concept altogether and allow the NMFS vessel financing programs to finance any vessel meeting program qualification standards if that vessel is otherwise qualified under any fishery management plan or state fisheries management regime to enter the proposed fishery?
5. Is there a more appropriate way of balancing, as far as the NMFS vessel financing programs are concerned, the interests of fisheries development and fisheries management?

Attachment

MIH

**THE CONCEPT OF A 'CONDITIONAL FISHERY' MAY BE CHANGED OR ELIMINATED** entirely from consideration under vessel financing programs of the Natl. Marine Fisheries Service. The agency has already announced its intention to amend the conditional fishery concept, which restricts use of federal funds under the Fishing Vessel Obligation Guarantee Program and the Fishing Vessel Capital Construction Fund. First, however, NMFS is seeking public input on just how far this amendment should go.

Purpose of changing the concept, as explained in the notice of proposed rulemaking (*Federal Register*, 11Jan80), is to foster development of underutilized fisheries by extending the financing programs to include vessels that would operate both in a conditional fishery and a new one. Since a conditional fishery is defined as one in which there is already too much vessel capacity, the federal government has previously blocked the use of financing that would add even more boats. However, NMFS noted in its recent notice, it has become a question "of whether the potential benefits of developing and advancing the underutilized species in a vessel's combined operation outweigh the possible protection, management, and conservation considerations involved with a conditional species."

What is clear, at least to an NMFS working group which examined the concept, is that successful operation in an underutilized fishery often requires operation in a traditional fishery (which may or may not be designated as "conditional") in order to be economical. Additionally, the group determined, it really makes little difference whether NMFS' vessel financing help is available. What attracts new entrants to a conditional fishery is "a function of (a) the economics of that fishery and (b) each individual's perception of his or her ability. . .to make a profit under whatever conditions maintained in that fishery rather than a function of the presence or absence of (financing) programs," the working group concluded. However, the group continued, the FVOG and FVCCF programs "can be a major factor in accelerating operations in underutilized fisheries since the programs' combined effect. . .can be a material, or even decisive, factor in the economic feasibility of commencing operations. . . ."

Before formally proposing any changes, NMFS has identified five issues on which it would like public comment—along with any other issues the public may recognize. Specifically, NMFS asks:

- Should the conditional fisheries concept be amended to allow use of the FVOG and FVCCF programs for vessels which will combine operations for both underutilized species and conditional species?
- Should such an amendment require that minimum operation, income, or effort levels be specified for the underutilized species portion of the operations? If so, how should fishing performances be monitored and what sorts of penalties should be assessed?
- Should such an amendment simply require that vessels qualifying for exemption from the conditional fisheries restriction be designed and constructed in such a way as to make them fully capable of operating fulltime for the underutilized species when the economics of the situation warrant it?
- Would it make more sense, instead, to eliminate the conditional fisheries concept altogether and allow the NMFS vessel financing programs to finance any vessel meeting program qualification standards if that vessel is otherwise qualified under any fishery management plan or state fisheries management regime to enter the proposed fishery?
- Is there a more appropriate way of balancing, as far as the NMFS vessel financing programs are concerned, the interests of fisheries development and fisheries management?

Written comments on the issues should be submitted by 15Feb80 to Michael Grable, Chief, Financial Services Div., Natl. Marine Fisheries Service, Washington DC 20235; additional information is available from Grable at that address or (202) 634-7496.