DRAFT FOR INITIAL REVIEW

Regulatory Impact Review For a Proposed Regulatory Amendment to Adjust Vessel Cap Limitations for IFQ Halibut Harvested in IPHC Regulatory Area 4

March 8, 2024[1]

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Abstract: This Regulatory Impact Review (RIR) analyzes the impacts of a regulatory action to modify the halibut Individual Fishing Quota (IFQ) Program to adjust vessel cap limitations for IFQ halibut harvested in International Pacific Halibut Commission regulatory Area 4. This action would not modify any other aspects of the IFQ Program. It is within the authority of the Secretary of Commerce to establish additional regulations governing the taking of halibut under the provisions of the Halibut Act.

[1] The Regulatory Impact Review for the Area 4 Vessel Cap action was drafted in September 2023 for initial review that was originally scheduled for the October 2023 Council meeting but was postponed.

For definition of acronyms and abbreviations, see online list: https://www.npfmc.org/library/acronyms

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Purpose and Need

The Council adopted the following purpose and need statement to originate this action in June 2022.

In recent years, utilization of halibut quota in Area 4 has declined and conditions including lack of processing capacity, COVID-19 concerns in communities with limited medical infrastructure, increased killer whale predation, increases in operating costs, and reductions from historical TACs have all contributed to fewer vessels participating in the Area 4 fisheries. The council is considering adjusting the vessel cap for Area 4 halibut to recognize these conditions and increase utilization of quota in the region.

Alternatives

In June 2022, the Council passed a motion with the following Alternatives for analysis. Following the description of alternatives, staff have highlighted some requests for Council clarification regarding assumptions under these alternatives.

Alternative 1:

The IFQ Program includes vessel IFQ caps for halibut and sablefish landings intended to prevent large amounts of IFQ from being fished on only a few vessels. The Council included these vessel limitations when initiating the IFQ Program, to protect small producers, part-time participants, and entry-level participants who may otherwise be eliminated from the fisheries because of potential excessive consolidation of harvesting privileges under the IFQ program (NPFMC/NMFS 2016).

The Council has taken multiple, separate, temporary actions related to IFQ vessel caps since 2020 which have, in effect, removed these caps in Areas 4B, 4C, and 4D for IFQ fishing years 2020-2027 and in 4A for 2021-2027. Under the no action alternative, the vessel use caps for IFQ halibut in Area 4 as defined under 50 CFR § 679.42(h)(1) would go back into effect for the 2028 IFQ fishing season. The applicable vessel use caps (discussed more thoroughly in section 3.2.1.4) read as follows:

(h) *Vessel limitations —*
(1) *Halibut.* No vessel may be used, during any fishing year, to harvest more IFQ halibut than one-half percent of the combined total catch limits of halibut for IFQ regulatory areas 2C, 3A, 3B, 4A, 4B, 4C, 4D, and 4E, except that:
(i) In IFQ regulatory area 2C, no vessel may be used to harvest more than 1 percent of the halibut catch limit for this area.
(ii) No vessel may be used, during any fishing year, to harvest more than 50,000 lb (22.7 mt) of IFQ halibut derived from QS held by a CQE, and no vessel used to harvest IFQ halibut derived from QS held by a CQE may be used to harvest more IFQ halibut than the vessel use caps specified in paragraphs (h)(1) introductory text and (h)(1)(i) of this section.

Vessel use caps currently do not apply to vessels harvesting IFQ halibut in IFQ regulatory Areas 4A, 4B, 4C, and 4D through 2027 fishing years due to Council action in February 2023 and resulting regulations (88 FR 48137, July 26, 2023). IFQ halibut harvested in regulatory Areas 4A, 4B, 4C, and 4D is also excluded from the calculation of vessel use caps for IFQ regulatory Area 2C, 3A, or 3B during the 2023 through 2027 fishing years. This temporary waiver includes the 50,000 lb limit on IFQ halibut derived from QS held by a CQE which is currently removed through the 2027 fishing season. Under Alternative 1, vessel use caps would not apply through the 2027 fishing season and the previous vessel use caps in Areas 4A, 4B, 4C, and 4D (as defined under 50 CFR § 679.42(h)(1)) would be effective again beginning

in the 2028 fishing season and all catch in Area 4 would be included in calculating a vessel's accrual towards the cap.

Alternative 2:

Alternative 2 would create new vessel limitations specific to IFQ regulatory Area 4. Existing vessel caps would remain in place for other IFQ areas. However new vessel caps in Area 4 would be calculated based on the option selected below.

Alternative 2: Create a halibut vessel cap for Area 4 of:

Option 1: 4, 5, or 6% of the Area 4 halibut TAC

Option 2: 150% of the coastwide halibut vessel cap

Sub-options: (Can apply to either option)

1. Specify that halibut IFQ held by an Area 4B CQE does not accrue towards the Area 4 vessel cap.
2. This action will be reviewed (a. three or b. five) years after implementation or this action will be included in the next halibut/sablefish IFQ Program Review

Under Alternative 2, Option 1, the vessel limitations as defined under 50 CFR § 679.42(h)(1) would be modified such that, in IFQ regulatory area 4, no vessel may be used to harvest more than 4%, 5%, or 6% of the combined total catch limits of halibut for IFQ regulatory areas 4A, 4B, 4C, 4D, and 4E, depending upon the percentage selected by the Council. For clarity in this document, 4% of the Area 4 halibut TAC will be referenced as Alternative 2, Option 1a; 5% of the Area 4 halibut TAC will be referenced as Alternative 2, Option 1b; and 6% of the Area 4 halibut TAC will be referenced as Alternative 2, Option 1c.

Under Alternative 2, Option 2, the vessel limitations as defined under 50 CFR § 679.42(h)(1) would be modified such that, in IFQ regulatory area 4, no vessel may be used to harvest more IFQ halibut than 150% of the coastwide cap. The coastwide halibut vessel cap is currently defined as one-half percent (0.5%) of the combined total catch limits of halibut for IFQ regulatory areas 2C, 3A, 3B, 4A, 4B, 4C, 4D, and 4E. Therefore, Alternative 2, Option 2 would calculate the area 4 vessel cap as three-quarters percent (0.75%) of the combined total catch limits.

Under Alternative 2, the regulatory language at 50 CFR § 679.42(h)(1) defining vessel cap limitations (as quoted above in the Alternative 1 descriptions) would likely change to the following draft regulatory language (provided here as an example depending upon the preferred option and sub-option):

(h) ***Vessel limitations*** —

(1) ***Halibut***. No vessel may be used, during any fishing year, to harvest more IFQ halibut than the following limits:

(i) In IFQ regulatory area 2C, no vessel may be used to harvest more than 1 percent of the halibut catch limit for this area.

(ii) In IFQ regulatory area 3A and 3B, no vessel may be used to harvest more than one-half percent of the combined total catch limits of halibut for IFQ regulatory areas 2C, 3A, 3B, 4A, 4B, 4C, 4D, and 4E.

(iii) (Option 1) In IFQ regulatory areas 4A, 4B, 4C, 4D, and 4E, no vessel may be used to harvest more than (4, 5, or 6) percent of the combined total catch limits of halibut for IFQ regulatory areas 4A, 4B, 4C, 4D, and 4E. (sub-option 1) IFQ derived from QS held by a CQE in Area 4B does not count toward this limit.

OR

(iii) (Option 2) In IFQ regulatory areas 4A, 4B, 4C, 4D, and 4E, no vessel may be used to harvest more than 0.75 percent of the combined total catch limits of halibut for IFQ regulatory areas 2C,

3A, 3B, 4A, 4B, 4C, 4D, and 4E. (sub-option 1) IFQ derived from QS held by a CQE in Area 4B does not count toward this limit.

(iv) No vessel may be used, during any fishing year, to harvest more than 50,000 lb (22.7 mt) of IFQ halibut derived from QS held by a CQE, and no vessel used to harvest IFQ halibut derived from QS held by a CQE may be used to harvest more IFQ halibut than the vessel use caps specified in paragraphs (h)(1) introductory text and (h)(1)(i) of this section.

Vessel caps are not a limit on a vessel's harvest in a specific regulatory Area, but rather a limit on the total harvest by a vessel. The applicable limit is based on the area in which the vessel is operating. Therefore, the overall catch from any single vessel could not be greater than the largest area cap, and in order to operate in any area, a vessel's overall annual catch to date must be less than that area's cap. This could affect the order of areas in which a vessel harvests catch. If a vessel has harvested up to the limit of an area with a lower limit, regardless of what area that catch was from, the vessel would not be able to harvest in the lower limited area. For example, if a vessel makes a landing in Area 3A, NMFS would add together all the landings made by that vessel that year and check to see if it is less than the vessel use cap applicable to Area 3A. If the vessel had in fact harvested fish in Area 4 prior to moving into Area 3, then all the Area 4 catch is counted toward the limit applicable in Area 3A.

Table ES-1 shows the potential caps and the relative timing by Alternative, given the current waiver of caps in Area 4. Table ES-2 shows an example of the potential vessel cap options under alternative 2 and how they would be calculated using 2023 catch limits.

Table ES-1 Timing of Alternatives and Area 4 halibut IFQ vessel caps

Alternative 1	**current-2027**	**2028 →**
	no cap	0.5% of Total TAC (2C, 3A, 3B, 4A, 4B,4C, 4D and 4E combined)
Alternative 2	**current**	**implementation date →**
Option 1 a	no cap	4% of Area 4 TAC
Option 1 b	no cap	5% of Area 4 TAC
Option 1 c	no cap	6% of Area 4 TAC
Option 2	no cap	150% of Alt 1 (0.75% of Total TAC)

Table ES-2 Potential vessel cap calculations based on 2023 catch limits

2023 Catch Limit (TAC)		Vessel Cap in Area 4					
		Alternative 1		Alternative 2			
		through 2027	2028 onward	option 1a	option 1b	option 1c	option 2
Total	Area 4	No cap in Area 4	0.5% of Total TAC	4% of Area 4 TAC	5% of Area 4 TAC	6% of Area 4 TAC	150% of coastwide vessel cap
17,806,000	3,466,000	NA	89,030	138,640	173,300	207,960	133,545

The proposed action would not modify other aspects of the IFQ program; nor would the action apply to the sablefish IFQ fishery. This action does not modify any other aspects of the IFQ Program. Halibut QS use cap limitations specified at § 679.41(f) and other restrictions on use and transfer of QS remain in place.

Request for Council Clarifications and Concurrence with Staff Assumptions

In preparing the analysis and describing the alternatives, staff made the following assumptions regarding the function of the alternatives and options that would benefit from concurrence, or if needed, specific clarification from the Council:

- Analysts assume that area caps would not be additive (this is consistent with previous Council direction regarding the Area 2C cap).

- Under Alternative 2, analysts assume that a vessel's total harvest applies to the cap in each area it operates, regardless of where the harvest was caught. Therefore Area 4 harvests would count towards the Area 4 specific cap as well as caps in other areas.
- Under Alternative 2, sub-option 1, IFQ halibut derived from QS held by a CQE in area 4B would not accrue towards the Area 4 vessel cap. Analysts assume that IFQ halibut derived from QS held by a CQE in area 4B would still accrue towards the vessel cap in other areas. Therefore, a vessel that has harvested CQE in area 4B could harvest additional IFQ in Area 4, up to the Area 4 cap. However, that vessel must have headroom under other area caps (including the Area 4B CQE harvests) to harvest IFQ in other areas.

Comparison of Alternatives for Decision-making

If Alternative 1 is selected, the current removal of vessel caps in Area 4 will remain in place through the 2027 IFQ season, at which point the vessel use caps as defined under 50 CFR § 679.42(h) will take effect. Alternative 1 provides the most flexibility for vessels in Area 4 in the near term and the least amount of flexibility overall in the long term as it represents the lowest limit of the proposed Alternatives and options.

When the Council took action on the temporary waiver of vessel caps, they deliberated the appropriate length of the temporary removal, concerned that a longer-term interim measure may cement vessel cap exemptions into the business plans of operators in area 4. The Council agreed that vessel cap limitations are a central component of the IFQ program and extended the exemption through 2027, not to signal that a longer-term adjustment to vessel caps was less of a priority, but rather to provide a longer buffer in the event of unexpected delays in the Council or implementation process. Selecting Alternative 1 may contradict that intent as it will represent a total of eight years (2020-2027) of exemptions of vessel caps in Area 4.

The intention of vessel IFQ caps is to limit IFQ consolidation on vessels and preserve opportunities for smaller operations that would not otherwise participate in the fishery if additional consolidation occurs. However, because vessel caps are calculated as a percentage of overall TAC, recent declines in TAC have led to smaller caps. In the early years of the IFQ Program, the vessel caps were two to three times the amount of the current caps (Figure 3). While the number of vessels required to harvest the entire allocation, given the vessel caps has varied by IFQ Area throughout this time (Figure 5), the ability for vessels to operate efficiently under the caps has grown more challenging as the caps themselves have decreased in pounds. Alternative 1 would maintain this most restrictive limit.

Under Alternative 2, Federal regulations implementing the IFQ program at 50 CFR § 679.42(h), would be revised to reflect new vessel limitations for halibut IFQ fishing in IPHC regulatory Area 4. The impacts of Alternative 2 relative to Alternative 1 are likely to be very different in the near term (through 2027) and the long term (2028 and beyond). Due to the current removal of vessel caps in Area 4, every option under Alternative 2 represents a restriction from status quo, if implemented prior to 2028 as it would implement a vessel cap in Area 4 where there currently is none. However, after 2028 (when the current vessel cap removal expires), every option under Alternative 2 represents a more flexible vessel cap than Alternative 1. Because the implementation timing of this action is unknown, when comparing impacts of these alternatives, this analysis focuses on those that would occur after the current vessel cap removal has expired and Alternative 1 represents a vessel cap that is more restrictive than those proposed under Alternative 2.

The specific limit of each vessel cap under Alternative 2 in any given year will depend on the annual Area IFQ TACs. Larger vessel caps will provide increased flexibility to vessels that operate in Area 4 which may be particularly useful given recent decline in TAC utilization (Table 5) and number of communities processing IFQ in Area 4 (Table 21-Table 23). Given the relative dependence of St. Paul processing capacity on crab stocks (NPFMC 2022), and the current closures of the EBS snow crab and Bristol Bay

Red King Crab, it is likely that the lack of halibut IFQ processing in St. Paul will continue and the distance vessels must travel to reach processing will remain farther than in years past (Figure 9). This may also lead to a continued selection of larger vessels to harvest IFQ in area 4 (Figure 11). It is unclear if increasing the vessel caps will increase TAC utilization as even with the removal of vessel caps TAC utilization rates in Area 4 have decreased in 2022 (Table 5), however larger vessel caps are likely to increase utilization rates relative to more constraining caps.

Allowing larger caps in Area 4 may lead to friction with users in other areas who will be required to operate under the same vessel caps as status quo in an environment of declining TACs (Figure 2). However, the re-implementation of caps in area 4 after numerous years of waivers may help to assuage concerns of operators in other areas who feel that vessel caps are an integral part of the IFQ Program.

1 Introduction

This Regulatory Impact Review (RIR) evaluates the costs and benefits of a regulatory action to modify the halibut Individual Fishing Quota (IFQ) Program to adjust vessel cap limitations for IFQ halibut harvested in International Pacific Halibut Commission (IPHC) regulatory Area 4. This action would not modify any other aspects of the IFQ Program. It is within the authority of the Secretary of Commerce to establish additional regulations governing the taking of halibut under the provisions of the Halibut Act.

The Halibut Act of 1982 (Halibut Act) at 16 U.S.C. 773b, provides the North Pacific Fishery Management Council with authority to develop regulations, that are in addition to, and not in conflict with, approved IPHC regulations. The IPHC has not adopted regulations that limit or otherwise restrict harvest levels by vessel.

The Halibut and Sablefish IFQ Program is implemented under the authority of the Halibut Act for the management of Halibut fisheries and the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) for the management of sablefish fisheries. The proposed action alternative is limited in scope to only the management of halibut in the Bering Sea, thus under the authority of the Halibut Act, rather than the Magnuson-Stevens Act.

This document is a Regulatory Impact Review (RIR). An RIR provides assessments of the benefits and costs of the alternatives, the distribution of impacts, and identification of the small entities that may be affected by the alternatives. This RIR addresses the statutory requirements of the Presidential Executive Order 12866, and some of the requirements of the Regulatory Flexibility Act. An RIR is a standard document produced by the North Pacific Fishery Management Council (Council) and the National Marine Fisheries Service (NMFS) Alaska Region to provide the analytical background for decision-making.

1.1 Purpose and Need

The Council adopted the following purpose and need statement to originate this action in June 2022.

In recent years, utilization of halibut quota in Area 4 has declined and conditions including lack of processing capacity, COVID-19 concerns in communities with limited medical infrastructure, increased killer whale predation, increases in operating costs, and reductions from historical TACs have all contributed to fewer vessels participating in the Area 4 fisheries. The council is considering adjusting the vessel cap for Area 4 halibut to recognize these conditions and increase utilization of quota in the region.

1.2 History of this Action

This specific action was initiated by a Council motion at the June 2022 meeting. The Council has taken multiple, separate, temporary actions related to IFQ vessel caps since 2020 which are described in the next section.

Council meeting June 2022

Individuals and organizations petitioned the Council in April 2022 to consider a range of possible changes to the halibut vessel use caps for IPHC Area 4. The desired effect would be similar to the expedited rules but rather than simply removing caps, may adjust the limits, would be longer-lasting and would proceed through the regular Council/NMFS rulemaking process, thus likely would not be implemented for numerous IFQ seasons. In short, the petitioners noted that a combination of the COVID years and the inherent logistics and economic landscape of Area 4 have led to a reduction in harvesting and processing capacity, and that vessel use caps may cause IFQ and CDQ halibut to go unharvested. Given the consistent requests for vessel cap exemptions, the IFQ Committee discussed Area 4 vessel use caps at

their May 2022 meeting.[2] The IFQ Committee recommended that the Council initiate an analysis of modified vessel use caps for Area 4 halibut IFQ and suggested several options.

At the June 2022 meeting, the Council adopted a purpose and need statement and alternatives for analysis that would adjust the vessel cap for area 4 halibut. [3] The status quo alternative would maintain the vessel use cap definition that no vessel may harvest IFQ in an amount greater than 0.5% of the "coastwide" catch limit (sum of Areas 2C, 3AB, and 4ABCD) over the course of a year, regardless of where fishing occurs. The action alternative would either create (Option 1) an Area 4 vessel use cap equal to 4%, 5%, or 6% of the sum of the Area 4ABCD combined catch limit, or (Option 2) an Area 4 vessel use cap equal to 150% of the vessel use cap as determined by the "coastwide" catch limit. This motion is often referred to as the "long term solution" and has not yet been scheduled for Council consideration. In this motion, the Council included a request that NMFS evaluate options for extending the temporary rule to waive vessel use caps in Area 4 while the Council considers permanent changes to this provision.

1.2.1 History of recent actions regarding IFQ vessel caps

The Council has received numerous requests from stakeholders for exemptions from vessel use caps in the IFQ fishery since 2020 (Table 1). The following sections provide a more detailed history of these requests and subsequent Council actions.

[2] https://meetings.npfmc.org/CommentReview/DownloadFile?p=9740c230-313e-4c3b-8f1d-1bc58b475009.pdf&fileName=PPT%20D2%20IFQ%20Committee%20Report.pdf
[3] https://meetings.npfmc.org/CommentReview/DownloadFile?p=2b8ebb4c-cea6-48a0-aed0-0c8ec2ff1354.pdf&fileName=D2%20Council%20Motion%20-%20Area%204%20vessel%20cap.pdf

Table 1 History of recent Council actions related to IFQ vessel caps

Council meeting	Rationale/Purpose and Need	Council Action	Included IPHC Areas	Affected Fishing Years
May 2020 special meeting	Due to health concerns and logistical challenges associated with the global pandemic, vessel capacity was uncertain in IPHC regulatory Areas 4B, 4C and 4D and this action would reduce the risk that a portion of the harvest was foregone due to limited vessel capacity	Request emergency regulations to remove vessel use caps for IFQ halibut	4B, 4C, 4D	2020
February 2021	Unforeseen and adverse impacts on harvesters, processors, and communities as a result of travel restrictions, health mandates, and operational challenges directly attributable to the global pandemic.	Request expedited regulations to remove vessel use cap regulations for IFQ halibut	4A, 4B, 4C, 4D	2021
February 2022	Impacts on harvesters, processors, and communities as a result of travel restrictions, health mandates, and operational challenges directly attributable to the global pandemic.	Request expedited regulations to remove vessel use cap regulations for IFQ halibut	4A, 4B, 4C, 4D	2022
June 2022	In recent years, utilization of halibut quota in Area 4 has declined and conditions including lack of processing capacity, COVID-19 concerns in communities with limited medical infrastructure, increased killer whale predation, increases in operating costs, and reductions from historical TACs have all contributed to fewer vessels participating in the Area 4 fisheries. The council is considering adjusting the vessel cap for Area 4 halibut to recognize these conditions and increase utilization of quota in the region.	Adopted purpose and need statement and alternatives for analysis to consider adjusting the vessel cap for Area 4 halibut. Requested NMFS evaluate options for extending the temporary rule to waive vessel use caps in Area 4 while the Council considers permanent changes to this provision.	4A, 4B, 4C, 4D	Long-term solution (proposed action analyzed in this document)
October 2022	To provide continued flexibility to IFQ participants in IPHC Area 4 while the Council analyzes options for a long-term adjustment to the vessel use caps initiated in June 2022. In recent years, utilization of halibut quota in Area 4 has declined and conditions including limited local markets, increases in operating costs, and reductions from historical TACs have all contributed to fewer vessels participating in the Area 4 fisheries.	Adopted purpose and need statement and alternatives for analysis to consider removing vessel cap limitations for IFQ halibut harvested in Areas 4A, 4B, 4C and 4D through the 2027 fishing season	4A, 4B, 4C, 4D	Interim solution 2023-2027
February 2023	As stated above in October 2022 motion initiating the action	Selected preferred Alternative to remove vessel cap limitations for IFQ halibut harvested in Areas 4A, 4B, 4C and 4D through the 2027 fishing season.	4A, 4B, 4C, 4D	Interim solution 2023-2027

Special Council meeting May 2020

The Council held a special meeting in May 2020 to review emergency rule requests that were submitted for Council consideration. The Council received two separate letters requesting exemptions from vessel limitations (vessel caps) in the IFQ fishery for the remainder of the 2020 season. The first letter was received April 24, 2020, from the Central Bering Sea Fishermen's Association (CBSFA) requesting a temporary exemption from halibut vessel caps in IPHC regulatory Areas 4B, 4C, 4D and 4E. A second letter was received April 27, 2020, from the Fishing Vessel Owner's Association (FVOA) and the Deep Sea Fishermen's Union (DSFU) requesting to waive vessel caps for halibut in IPHC Regulatory Areas 3 and 4 and Sablefish in the Bering Sea Area and Gulf of Alaska Sub-areas of the Western Gulf, Central Gulf and West Yakutat.

The Council requested the Secretary promulgate emergency regulations under the authority of the Halibut Act and the Administrative Procedure Act, (5 U.S.C. Sec. 553) to remove vessel use cap regulations under 50 CFR Section 679.42(h)(1) for IFQ halibut harvested in IPHC regulatory Areas 4B, 4C, and 4D for the remainder of the 2020 IFQ fishing season. This action did not modify other aspects of the IFQ Program.

The Council determined that due to health concerns and logistical challenges associated with the global pandemic, vessel capacity was uncertain in IPHC regulatory Areas 4B, 4C and 4D and this action would reduce the risk that a portion of the harvest was foregone due to limited vessel capacity. The request for emergency regulations did not extend to vessel caps in other IPHC Areas or the sablefish fishery as requested in one of the stakeholder letters received by the Council. The Council determined that current circumstances do not meet emergency criteria in sablefish or halibut outside of Areas 4B, 4C and 4D because fewer vessels have operated at or near vessel caps in these areas in previous years. Additionally, substantial public comment against waiving vessel caps in sablefish and other halibut Areas, suggested that any action in these areas would benefit from the advance notice, public comment and deliberative consideration of impacts to participants, as afforded under the normal rule making process. The Council was clear that it strongly supports vessel caps in the IFQ Program and this emergency request represents a rare circumstance that does not indicate support to consider changing vessel caps in the future.

Effective July 8, 2020, through December 31, 2020, NOAA Fisheries issued a final rule to revise regulations for the commercial individual fishing quota (IFQ) Pacific halibut (halibut) fisheries for the 2020 IFQ fishing year. This final rule removed limits on the maximum amount of halibut IFQ that may be harvested by a vessel, commonly known as vessel use caps, in IFQ regulatory areas 4B (Aleutian Islands), 4C (Central Bering Sea), and 4D (Eastern Bering Sea) (85 FR 41197, July 9, 2020).

Council meeting February 2021 and 2022

Similar to May 2020, in February 2021 and February 2022, the Council received written and oral testimony from IFQ stakeholders of Area 4 describing the challenges presented by the vessel cap limitations given the ongoing health and public safety concerns from the pandemic. Stakeholders commented that the obstacles persisted and continued to make fully harvesting Area 4's halibut IFQ a challenge. In particular, local ordinances to reduce viral transmissions were still in place across communities in Alaska, such as the City of Saint Paul[4]. Moreover, stakeholders highlighted that remote communities bordering Area 4, such as St. Paul and Adak were particularly vulnerable to health risks of the virus. In Public testimony, stakeholders highlighted that many residents have pre-existing conditions and there are limited medical facilities and personnel to provide necessary medical attention. Thus, in addition to an exemption from IFQ owner-on board requirements (a second emergency action recommended by the Council to the Secretary in February 2022), Area 4 stakeholders requested an exemption from halibut IFQ vessel use caps in Area 4A, 4B, 4C, 4D. This exemption would allow the

[4] https://covid19.stpaulak.com/wp-content/uploads/2022/01/CSP_EmergencyOrdinance22-93_SIGNED_17Feb22.pdf

flexibility for utilizing available vessels and crew that have the capacity and capability to harvest halibut in Area 4.

In response to this public testimony, the Council passed motions in February 2021[5] and February 2022[6] requesting the Secretary promulgate expedited regulations to remove vessel use cap regulations under 50 CFR Section 679.42(h)(1) for IFQ halibut harvested in IPHC regulatory Areas 4A, 4B, 4C, and 4D for the remainder of the IFQ fishing season. NOAA Fisheries issued a final rule to remove limits on the maximum amount of halibut Individual Fishing Quota (IFQ) that may be harvested by a vessel, commonly known as vessel use caps, in IFQ regulatory areas 4A (Eastern Aleutian Islands), 4B (Central and Western Aleutian Islands), 4C (Central Bering Sea), and 4D (Eastern Bering Sea) for the 2021 IFQ fishing year effective May 26, 2021 through December 31, 2021 (86 FR 28294, May 26, 2021) and again for the 2022 IFQ fishing year Effective June 6, 2022 through December 31, 2022 (87 FR 34215, June 6, 2022). Both rules were initially published as a proposed rule in the ***Federal Register*** with a 15-day open public comment period.

Council meeting October 2022

At the October 2022 meeting, NMFS sustainable fisheries Alaska region provided an update on options to extend the halibut vessel use caps temporary rule.[7] This update suggested that there was sufficient time to propose interim measures to remove vessel use caps applicable to the harvest of halibut IFQ in IPHC regulatory Areas 4A, 4B, 4C, and 4D and proceed through the standard notice and comment rulemaking before vessels in Area 4 may be constrained by halibut vessel use caps in 2023. The Councils and Secretary must, whenever possible, afford the full scope of public participation in rulemaking. In response, the Council initiated the action analyzed in this document, often referred to as the "interim solution." Public testimony supporting this interim solution focused on changing conditions in the area given recent closures of the Bristol Bay Red King Crab and Bering Sea Snow Crab fisheries.

Council meeting February 2023

At the February 2023 meeting, the Council took final action to remove vessel cap limitations for IFQ halibut harvested in Areas 4A, 4B, 4C and 4D through the 2027 fishing season. If the Council takes subsequent action to permanently modify vessel cap limits in area 4, such action will supersede this removal if implemented before 2027. The Council was in agreement that vessel caps be removed temporarily to provide relief for areas that have experienced reduced harvesting and processing capacity in recent years; while the Council works on a longer-term solution to adjust vessel caps in Area 4 initiated in June 2022. However, there was discussion regarding how long the temporary removal should be in place, with some Council members preferring the removal last only through 2025. These Council members were concerned about the implications of a longer-term interim measure cementing vessel cap exemptions into the business plans of operators in Area 4. The Council agreed that vessel cap limitations are a central component of the IFQ program and that extending the exemption through 2027 did not signal that the longer-term solution was less of a priority, but rather to provide a longer buffer in the event of unexpected delays in the Council or implementation process. NMFS issued the final rule, effective July 26, 2023, to remove limits on the maximum amount of halibut IFQ that may be harvested by a vessel, commonly known as vessel use caps, in IFQ Regulatory Areas 4A (Eastern Aleutian Islands), 4B (Central and Western Aleutian Islands), 4C (Central Bering Sea), and 4D (Eastern Bering Sea) for 2023 through 2027 (88 FR 48137).

[5] https://meetings.npfmc.org/CommentReview/DownloadFile?p=23b13dd3-11c6-4598-bc2f-8e4f053e1b50.pdf&fileName=E%20Motion%20ER%20IFQ%20Vessel%20Use%20Caps.pdf
[6] https://meetings.npfmc.org/CommentReview/DownloadFile?p=9f0eb469-807f-46f5-9a46-096cdb0cabb6.pdf&fileName=E%20Motion%20-%20IFQ%20vessel%20cap.pdf
[7] https://meetings.npfmc.org/CommentReview/DownloadFile?p=3cf56557-cc9c-4f0a-a69c-be9aa53f2fb3.pdf&fileName=B2%20Halibut%20Vessel%20Use%20Caps%20Temporary%20Rule%20Update.pdf

1.3 Description of Management Area

This action would affect IPHC Areas 4A, 4B, 4C, 4D (Figure 1). The proposed action does not include halibut harvesting in Area 4E. Halibut in Area 4E is entirely allocated to harvest under the Western Alaska Community Development Quota (CDQ) Program and therefore IFQ Program vessel use caps do not apply. Vessel caps in other IPHC areas or the sablefish IFQ fishery would not be impacted.

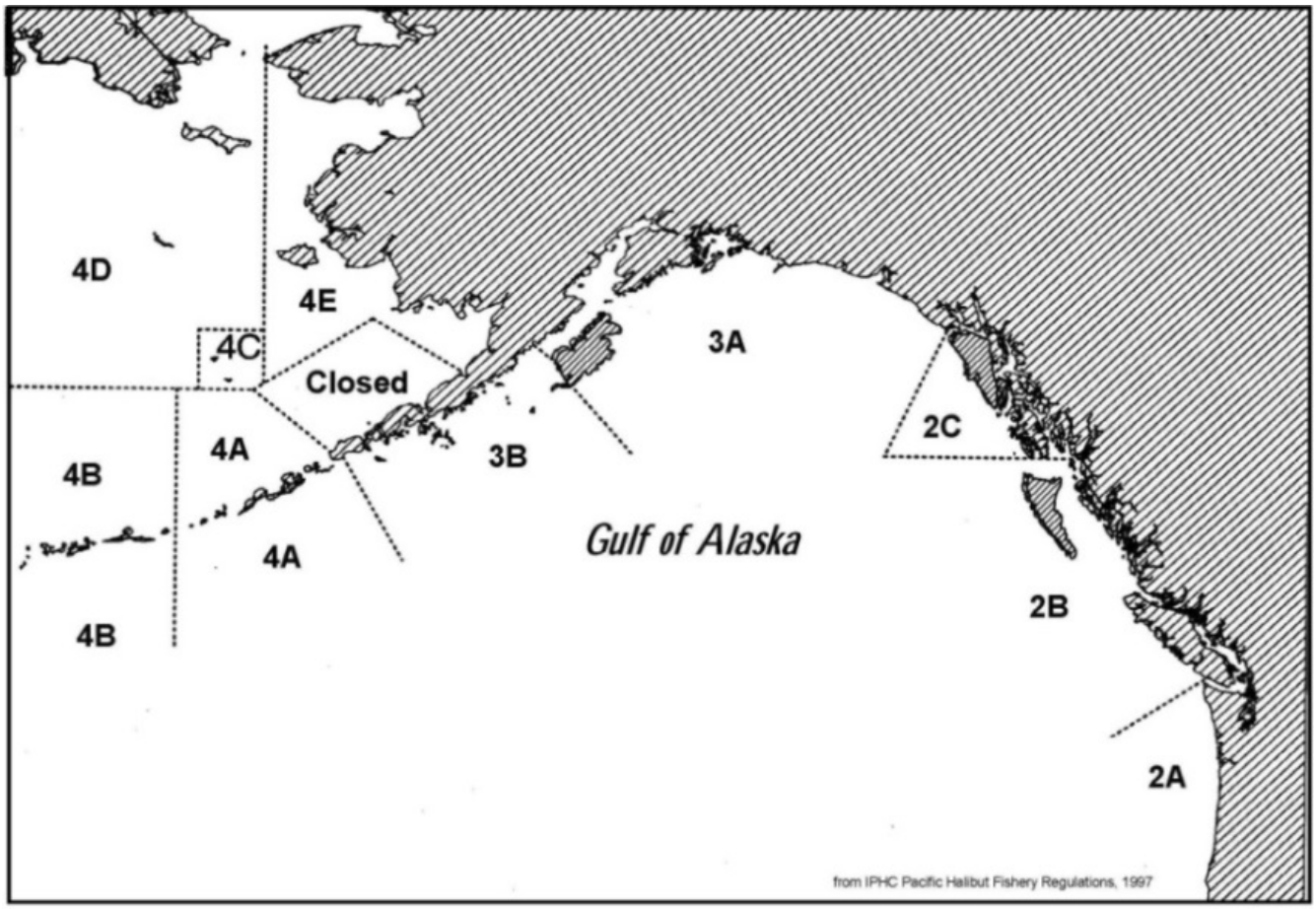

Figure 1 IPHC Regulatory Areas

2 Alternatives

In June 2022, the Council passed a motion with the following Alternatives for analysis. Following the description of alternatives, staff have highlighted some requests for Council clarification regarding assumptions under these alternatives.

2.1 Alternative 1, No Action

Under the no action alternative, the vessel use caps for IFQ halibut in Area 4 as defined under 50 CFR § 679.42(h)(1) would go back into effect for the 2028 IFQ fishing season. The applicable vessel use caps (discussed more thoroughly in section 3.2.1.4) read as follows:

(h) *Vessel limitations —*
(1) *Halibut.* No vessel may be used, during any fishing year, to harvest more IFQ halibut than one-half percent of the combined total catch limits of halibut for IFQ regulatory areas 2C, 3A, 3B, 4A, 4B, 4C, 4D, and 4E, except that:
(i) In IFQ regulatory area 2C, no vessel may be used to harvest more than 1 percent of the halibut catch limit for this area.
(ii) No vessel may be used, during any fishing year, to harvest more than 50,000 lb (22.7 mt) of IFQ halibut derived from QS held by a CQE, and no vessel used to harvest IFQ halibut derived from QS held by a CQE may be used to harvest more IFQ halibut than the vessel use caps specified in paragraphs (h)(1) introductory text and (h)(1)(i) of this section.

Vessel use caps currently do not apply to vessels harvesting IFQ halibut in IFQ regulatory Areas 4A, 4B, 4C, and 4D through 2027 fishing years due to Council action in February 2023 and resulting regulations (88 FR 48137, July 26, 2023). IFQ halibut harvested in regulatory Areas 4A, 4B, 4C, and 4D is also excluded from the calculation of vessel use caps for IFQ regulatory Area 2C, 3A, or 3B during the 2023 through 2027 fishing years. This temporary waiver includes the 50,000 lb limit on IFQ halibut derived from QS held by a CQE which is currently removed through the 2027 fishing season. Under Alternative 1, vessel use caps would not apply through the 2027 fishing season and the previous vessel use caps in Areas 4A, 4B, 4C, and 4D (as defined under 50 CFR § 679.42(h)(1)) would be effective again beginning in the 2028 fishing season and all catch in Area 4 would be included in calculating a vessel's accrual towards the cap.

2.2 Alternative 2

Alternative 2 would create new vessel limitations specific to IFQ regulatory Area 4. Existing vessel caps would remain in place for other IFQ areas. However new vessel caps in Area 4 would be calculated.

Alternative 2: Create a halibut vessel cap for Area 4 of:

Option 1: 4, 5, or 6% of the Area 4 halibut TAC

Option 2: 150% of the coastwide halibut vessel cap

Sub-options: (Can apply to either option)

1. Specify that halibut IFQ held by an Area 4B CQE does not accrue towards the Area 4 vessel cap.
2. This action will be reviewed (a. three or b. five) years after implementation or this action will be included in the next halibut/sablefish IFQ Program Review

Under Alternative 2, Option 1, the vessel limitations as defined under 50 CFR § 679.42(h)(1) would be modified such that, in IFQ regulatory area 4, no vessel may be used to harvest more than 4%, 5%, or 6% of the combined total catch limits of halibut for IFQ regulatory areas 4A, 4B, 4C, 4D, and 4E, depending

upon the percentage selected by the Council. For clarity in this document, 4% of the Area 4 halibut TAC will be referenced as Alternative 2, Option 1a; 5% of the Area 4 halibut TAC will be referenced as Alternative 2, Option 1b; and 6% of the Area 4 halibut TAC will be referenced as Alternative 2, Option 1c.

Under Alternative 2, Option 2, the vessel limitations as defined under 50 CFR § 679.42(h)(1) would be modified such that, in IFQ regulatory area 4, no vessel may be used to harvest more IFQ halibut than 150% of the coastwide cap. The coastwide halibut vessel cap is currently defined as one-half percent (0.5%) of the combined total catch limits of halibut for IFQ regulatory areas 2C, 3A, 3B, 4A, 4B, 4C, 4D, and 4E. Therefore, Alternative 2, Option 2 would calculate the area 4 vessel cap as three-quarters percent (0.75%) of the combined total catch limits.

Under Alternative 2, the regulatory language at 50 CFR § 679.42(h)(1) defining vessel cap limitations (as quoted above in the Alternative 1 descriptions) would likely change to the following draft regulatory language (provided here as an example depending upon the preferred option and sub-option):

(h) ***Vessel limitations*** —

(1) ***Halibut.*** No vessel may be used, during any fishing year, to harvest more IFQ halibut than the following limits:

(i) In IFQ regulatory area 2C, no vessel may be used to harvest more than 1 percent of the halibut catch limit for this area.

(ii) In IFQ regulatory area 3A and 3B, no vessel may be used to harvest more than one-half percent of the combined total catch limits of halibut for IFQ regulatory areas 2C, 3A, 3B, 4A, 4B, 4C, 4D, and 4E.

(iii) (Option 1) In IFQ regulatory areas 4A, 4B, 4C, 4D, and 4E, no vessel may be used to harvest more than (4, 5, or 6) percent of the combined total catch limits of halibut for IFQ regulatory areas 4A, 4B, 4C, 4D, and 4E. (sub-option 1) IFQ derived from QS held by a CQE in Area 4B does not count toward this limit.

OR

(iii) (Option 2) In IFQ regulatory areas 4A, 4B, 4C, 4D, and 4E, no vessel may be used to harvest more than 0.75 percent of the combined total catch limits of halibut for IFQ regulatory areas 2C, 3A, 3B, 4A, 4B, 4C, 4D, and 4E. (sub-option 1) IFQ derived from QS held by a CQE in Area 4B does not count toward this limit.

(iv) No vessel may be used, during any fishing year, to harvest more than 50,000 lb (22.7 mt) of IFQ halibut derived from QS held by a CQE, and no vessel used to harvest IFQ halibut derived from QS held by a CQE may be used to harvest more IFQ halibut than the vessel use caps specified in paragraphs (h)(1) introductory text and (h)(1)(i) of this section.

Table 2 shows the potential caps and the relative timing by Alternative, given the current waiver of caps in Area 4. Table 3 shows an example of the potential vessel cap options under alternative 2 and how they would be calculated using 2023 catch limits.

Table 2 Timing of Alternatives and Area 4 halibut IFQ vessel caps

Alternative 1	**current-2027**	**2028 →**
	no cap	0.5% of Total TAC (2C, 3A, 3B, 4A, 4B,4C, 4D and 4E combined)
Alternative 2	**current**	**implementation date →**
Option 1 a	no cap	4% of Area 4 TAC
Option 1 b	no cap	5% of Area 4 TAC
Option 1 c	no cap	6% of Area 4 TAC
Option 2	no cap	150% of Alt 1 (0.75% of Total TAC)

Table 3 Potential vessel cap calculations based on 2023 catch limits

2023 Catch Limit (TAC)		Vessel Cap in Area 4					
		Alternative 1		Alternative 2			
		through 2027	2028 onward	option 1a	option 1b	option 1c	option 2
Total	Area 4	No cap in Area 4	0.5% of Total TAC	4% of Area 4 TAC	5% of Area 4 TAC	6% of Area 4 TAC	150% of coastwide vessel cap
17,806,000	3,466,000	NA	89,030	138,640	173,300	207,960	133,545

Vessel caps are not a limit on a vessel's harvest in a specific regulatory Area, but rather a limit on the total harvest by a vessel. The applicable limit is based on the area in which the vessel is operating. Therefore, the overall catch from any single vessel could not be greater than the largest area cap, and in order to operate in any area, a vessel's overall annual catch to date must be less than that area's cap. This could affect the order of areas in which a vessel harvests catch. If a vessel has harvested up to the limit of an area with a lower limit, regardless of what area that catch was from, the vessel would not be able to harvest in the lower limited area. For example, if a vessel makes a landing in Area 3A, NMFS would add together all the landings made by that vessel that year and check to see if it is less than the vessel use cap applicable to Area 3A. If the vessel had in fact harvested fish in Area 4 prior to moving into Area 3, then all the Area 4 catch is counted toward the limit applicable in Area 3A. Using 2023 as an example (Table 3), if the vessel had harvested up to the cap in Area 4 (138,640 lbs under Alternative 2 option 1a), then the vessel would not at all be able to fish anywhere else because all of the 138,640 lbs would count toward the lower cap of 89,030 lbs that is applicable outside of Area 4.

The proposed action would not modify other aspects of the IFQ program; nor would the action apply to the sablefish IFQ fishery. This action does not modify any other aspects of the IFQ Program. Halibut QS use cap limitations specified at § 679.41(f) and other restrictions on use and transfer of QS remain in place.

2.2.1 Alternative 2, sub-option 1

If sub-option 1 is selected, IFQ halibut derived from QS held by a CQE in area 4B would not accrue towards the Area 4 vessel cap. Analysts assume that IFQ halibut derived from QS held by a CQE in area 4B would still accrue towards the coastwide vessel cap. Therefore, a vessel that has harvested CQE in area 4B could harvest additional IFQ in Area 4, up to the Area 4 cap. However, that vessel must have headroom under other area caps (including the Area 4B CQE harvests) to harvest IFQ in other areas. Additionally, this sub-option is applicable only to the CQE in 4B, thus QS held by CQEs in other IFQ Areas (the Gulf of Alaska) continue to count toward all vessel caps.

The separate vessel cap for CQEs would still apply (beginning in 2028 when the current removal ends) such that "No vessel may be used, during any fishing year, to harvest more than 50,000 lb. (22.7 mt) of IFQ halibut derived from QS held by a CQE" (50 CFR § 679.42(h)(1)(ii)). Therefore, under sup-option 1, a vessel fishing in area 4 could harvest non CQE derived IFQ up to the cap selected in Option 1 or 2, plus an additional 50,000 lb of IFQ derived from QS held by a CQE in area 4B. However, no vessel could harvest more than 50,000 lb of IFQ derived from CQE QS regardless of the area.

2.2.2 Alternative 2, sub-option 2

Under sub-option 2, the Council can identify a timeline for review of this action of either three or five years after implementation or specify that this action be included in the next halibut/sablefish IFQ Program Review. The workplan for the next halibut/sablefish IFQ Program Review is scheduled for review at the October 2023 Council meeting with a completed report scheduled sometime in 2024. Program reviews occur every seven years so the next expected review of the halibut/sablefish IFQ Program would likely occur in 2030. Whether or not the Council selects this sub-option, this would not

preclude the Council from choosing to review the outcome of this action at any time during a regularly scheduled meeting.

Request for Council Clarifications and Concurrence with Staff Assumptions

In preparing the analysis and describing the alternatives, staff made the following assumptions regarding the function of the alternatives and options that would benefit from concurrence, or if needed, specific clarification from the Council:

- Analysts assume that area caps would not be additive (this is consistent with previous Council direction regarding the Area 2C cap).
- Under Alternative 2, although not specified in the Council motion, analysts assume that a vessel's total harvest applies to the cap in each area it operates, regardless of where the harvest was caught. Therefore Area 4 harvests would count towards the Area 4 specific cap as well as caps in other areas.
- Under Alternative 2, sub-option 1, IFQ halibut derived from QS held by a CQE in area 4B would not accrue towards the Area 4 vessel cap. Analysts assume that IFQ halibut derived from QS held by a CQE in area 4B would still accrue towards the vessel cap in other areas. Therefore, a vessel that has harvested CQE in area 4B could harvest additional IFQ in Area 4, up to the Area 4 cap. However, that vessel must have headroom under other area caps (including the Area 4B CQE harvests) to harvest IFQ in other areas.

3 Regulatory Impact Review

This Regulatory Impact Review (RIR)[8] examines the benefits and costs of a regulatory amendment to modify the Halibut and Sablefish Individual Fishing Quota (IFQ) Program to adjust vessel cap limitations for IFQ halibut harvested in IPHC regulatory Areas 4A, 4B, 4C, and 4D.

The preparation of an RIR is required under Presidential Executive Order (E.O.) 12866 (58 FR 51735, October 4, 1993 as amended by E.O. 14094 of Apr 6, 2023 at 88 FR 21879). The requirements for all regulatory actions specified in E.O. 12866 are summarized in the following statement from the E.O.:

> *In deciding whether and how to regulate, agencies should assess all costs and benefits of available regulatory alternatives, including the alternative of not regulating. Costs and benefits shall be understood to include both quantifiable measures (to the fullest extent that these can be usefully estimated) and qualitative measures of costs and benefits that are difficult to quantify, but nevertheless essential to consider. Further, in choosing among alternative regulatory approaches agencies should select those approaches that maximize net benefits (including potential economic, environmental, public health and safety, and other advantages; distributive impacts; and equity), unless a statute requires another regulatory approach.*

E.O. 12866 requires that the Office of Management and Budget review proposed regulatory programs that are considered to be "significant." A "significant regulatory action" is one that is likely to result in a rule that may:

- Have an annual effect on the economy of $200 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, territorial, or tribal governments or communities;
- Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;
- Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or
- Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in E.O. 12866, as specifically authorized in a timely manner by the Administrator of OIRA in each case

3.1 Statutory Authority

Halibut is managed pursuant to the Convention between Canada and the United States of America for the Preservation of the Halibut Fishery of the Northern Pacific Ocean and Bering Sea (Convention), Mar. 2, 1953, 5 U.S.T. 5, and the Protocol Amending the Convention Between Canada and the United States of America for the Preservation of the Halibut Fishery of the Northern Pacific Ocean and Bering Sea (Protocol), Mar. 29, 1979, 32 U.S.T. 2483. The IPHC has been established to assess the status of the halibut resource, and regulate halibut consistent with the Convention, Protocol, and applicable U.S. and

[8] This regulatory amendment is a technical change to a fishery management regulation that does not result in a substantial change to fishing location, timing, effort, authorized gear types, or harvest levels. This approach does not adversely impact conservation and management in the halibut commercial fishery. Therefore, this action is not expected to have a significant impact. This determination is subject to further review and public comment. If this determination is confirmed when a rule is prepared, the proposed action will be categorically excluded from the need to prepare an Environmental Assessment.

Canadian law. As provided by the Northern Pacific Halibut Act of 1982 (Halibut Act) at 16 U.S.C. § 773b, the Secretary of State, with the concurrence of the Secretary of Commerce, may accept or reject, on behalf of the United States, regulations recommended by the IPHC in accordance with the Convention (Halibut Act, Sections 773-773k). The Halibut Act provides the Secretary of Commerce with the authority and general responsibility to carry out the requirements of the Convention and the Halibut Act. The Secretary of Commerce may implement regulations governing harvesting privileges among U.S. fishermen in U.S. waters that are in addition to, and not in conflict with, approved IPHC regulations, under the authority of Article 1 of the Protocol and sections 773b and 773c of the Halibut Act.

The halibut fishery in the EEZ off Alaska is managed under the IFQ Program developed by the Council and implemented by NMFS consistent with the provisions of the Convention, accompanying Protocol, and the Halibut Act. The IFQ Program for the halibut fishery is implemented by Federal regulations at 50 CFR part 679 under the authority of section 773c of the Northern Pacific Halibut Act of 1982 (Halibut Act). The proposed action under consideration would temporarily amend Federal regulations implementing the IFQ program at 50 CFR 679.42(h).

3.2 Description of Fisheries

This section of the analysis provides background information on the halibut IFQ fishery (with a focus on IPHC Area 4), which is necessary for the subsequent discussion of impacts resulting from the proposed action alternative. This section includes data on IFQ allocations, harvest, and a description of participating vessels. For Area 4E, all of the catch limit is allocated to CDQ, thus no Area 4E IFQ is harvested. Some background information on IPHC Areas outside of Area 4 is presented for comparison purposes. Further information on the IFQ Program is incorporated into the analysis of impacts in relation to the proposed action.

There are also many sources that can provide more comprehensive and extensive background data on the IFQ Program. The IFQ Program Review presented at the October 2016 Council meeting provides a comprehensive assessment of the procession of the program, framed around the 10 objectives identified by the Council when it developed the program (NPFMC/NMFS 2016). Additionally, QS transfer data, disaggregated in many ways, can also be found in the NOAA Fisheries Alaska Region Restricted Access Management (RAM) Transfer Report (NMFS 2015). Selected statistics about the fishery were provided in the RAM Report to the Fleet (NMFS 2014), which was produced annually until 2012 and was reprised and updated to a new format in 2022 and has been presented at the April Council meetings in 2022 and 2023 (NPFMC 2022, NPFMC 2023).

3.2.1 Background on the Area 4 Halibut IFQ Fishery

In 1991, the Council recommended the IFQ program for the management of the fixed gear halibut and sablefish fisheries off of Alaska (NPFMC & NMFS 1992). The Secretary of Commerce approved the Council's IFQ program as a regulatory amendment in 1993, and the program was implemented by NMFS for the fishing season in 1995. The fundamental component of the IFQ program is QS, issued to participants as a percentage of the QS pool for a species-specific IFQ regulatory area, which is translated into annual IFQ allocations in the form of fishable pounds.

The purpose of the IFQ program is to provide for improved long-term productivity of the halibut and sablefish fisheries by further promoting the conservation and management objectives of the Magnuson-Stevens Act and the Halibut Act, and to retain the character and distribution of the fishing fleets as much as possible. The Council included numerous provisions in the IFQ program with the goal of protecting small producers, part-time participants, and entry-level participants who may otherwise be eliminated from the fisheries because of potential excessive consolidation of harvesting privileges under the IFQ program (NPFMC/NMFS 2016). One of these provisions is vessel limits or IFQ caps for halibut and sablefish landings intended to prevent large amounts of IFQ from being fished on only a few vessels (see

section 3.2.1.4 for more specific information on vessel caps). When comparing data presented in this analysis, note that due to recent Council actions, IFQ vessel caps were removed in Area 4A in 2021-2027 and in Areas 4B and 4C/D in 2020-2027 (pending future Council action on this proposed action).

Transfer provisions and restrictions are another aspect of the IFQ program developed by the Council to retain the owner-operator nature of the CV fisheries and limit consolidation of QS. Only persons who were originally issued CV QS (B and C for sablefish; B, C, and D for halibut) or who qualified as IFQ crew members are allowed to hold or purchase CV QS.[9] Only individuals and initial recipients are eligible to hold CV QS and they are required to be on the vessel when the QS is being fished (with a few exceptions). Since 1998, transfers, or leasing, of CV IFQ has generally been prohibited except under a few specific conditions. Additionally, most IFQ permit holders are required to be onboard the vessel. This requirement is intended to ensure that CV IFQ continues to be held by professional, active fishermen.

Transfer provisions and owner onboard requirements are not affected by this action, however recent Council actions to minimize restrictions on IFQ transfers provide important context when viewing data presented in this analysis. In 2020 and 2021, the Council recommended emergency action to allow the temporary transfer of catcher vessel halibut and sablefish IFQ for all individual QS holders for the fishing season. The Council concluded that travel policies, health advisories, and other logistical and operational challenges posed by the ongoing public health emergency presented management problems for the IFQ fisheries and that increased flexibility to temporarily transfer IFQ pounds would reduce the amount of anticipated forgone harvest and would accommodate the wide variety of operational plans that QS owners and vessel operators use to harvest halibut and sablefish. NMFS implemented temporary provisions to allow temporary IFQ transfers in fishing years 2020 and 2021. The Council recommended similar action in 2022 however NMFS denied the request for emergency action.

3.2.1.1 Harvest Flexibility

All halibut QS have regulatory area designations, which specify the area in which the IFQ derived from those shares may be harvested. These area designations correspond with the areas illustrated in Figure 1. There is some fishing flexibility within the halibut regulatory areas 4C, 4D and 4E. The IPHC considers the halibut in Areas 4C, 4D, and 4E to be a single stock unit for stock assessment and management purposes. Separation of these areas was a socio-economic decision established in the Council's Catch Sharing Plan for Area 4 (61 FR 11337). Therefore, there has been latitude for the Council to consider exemptions to harvesting halibut allocations across these management areas.

Effective July 22, 2005, in response to reports of localized depletion, decreasing catch per unit effort, and resultant limitations on the optimal utilization of Area 4C IFQ and CDQ, the Council passed an Omnibus (IV) amendment package providing for the harvest of Area 4C IFQ and CDQ in Area 4D (70 FR 43328, July 27, 2005). Therefore, the total amount of permissible halibut harvest for Area 4D is the sum of Area 4D TAC and Area 4C TAC. After the implementation of the 2005 amendment, Area 4C and 4D harvests have been reported together due to this flexibility. Thus, Area 4C and 4D catch limits, harvest and participation data are reported in aggregate in this document.

There is also an exception to allow CDQ Program participants to harvest allocations of Area 4D halibut CDQ in Area 4E. Effective April 2, 2003, NMFS amended the IFQ Program to allow CDQ Program participants to harvest allocations of Area 4D halibut CDQ in Area 4E (68 FR 9902, March 3, 2003). This action was intended to allow residents in CDQ communities along the Western Alaska coast to have more near-shore opportunities to harvest their group's CDQ halibut. Therefore, the IPHC regulations dictate, the total amount of permissible halibut harvest for Area 4E is the sum of the 4E and 4D CDQ TAC. However, since this exception only affects CDQ halibut, which is not subject to vessel use caps, it is not discussed further in this document.

[9] To receive IFQ temporarily or QS permanently, individuals must obtain a Transfer Eligibility Certificate (TEC). Persons must have 150 or more days of experience working as a part of a harvesting crew in any U.S. commercial fishery

3.2.1.2 Allocation and Harvest

Halibut IFQ TACS have decreased dramatically since the early years of the IFQ program (Figure 2). While TACS have remained more stable in recent years, interannual variability exists at differing magnitudes in each IFQ Area. To more specifically examine recent trends, Table 5 displays TACs and harvest utilization for IFQ Areas 4A, 4B and 4CD from 2006-2023. The Area 4A halibut IFQ allocations show a decreasing trend between 2006 and 2014, dropping from 3.35 million pounds of halibut in 2006 to 0.85 million pounds in 2014. For the subsequent eight years (2015-2022) the Area 4A TAC has been relatively more consistent, with a slight increasing trend from 2020-2022, before dropping in 2023. Area 4B halibut IFQ allocation increased between 2007 and 2011, then gradually decreased through 2018, since which it has fluctuated. Area 4C/4D has seen more fluctuation in the halibut IFQ catch limits during this time period. The decrease in TAC in Area 4C/D has been more substantial. Halibut IFQ TACs decreased from 2022-2023 for all areas in Area 4. This decrease is from 2022 TACS that represent higher amounts than those seen since 2011 in Area 4A, 2013 in 4B, and 2012 in Area 4C/D. All of Area 4 has historically had high harvest rates of halibut IFQ TAC, although this has declined in recent years most notably in Area 4B. Comparable percent of TAC harvested in 2022 for other Areas was 92% in Areas 2C and 3A and 86% in 3B.

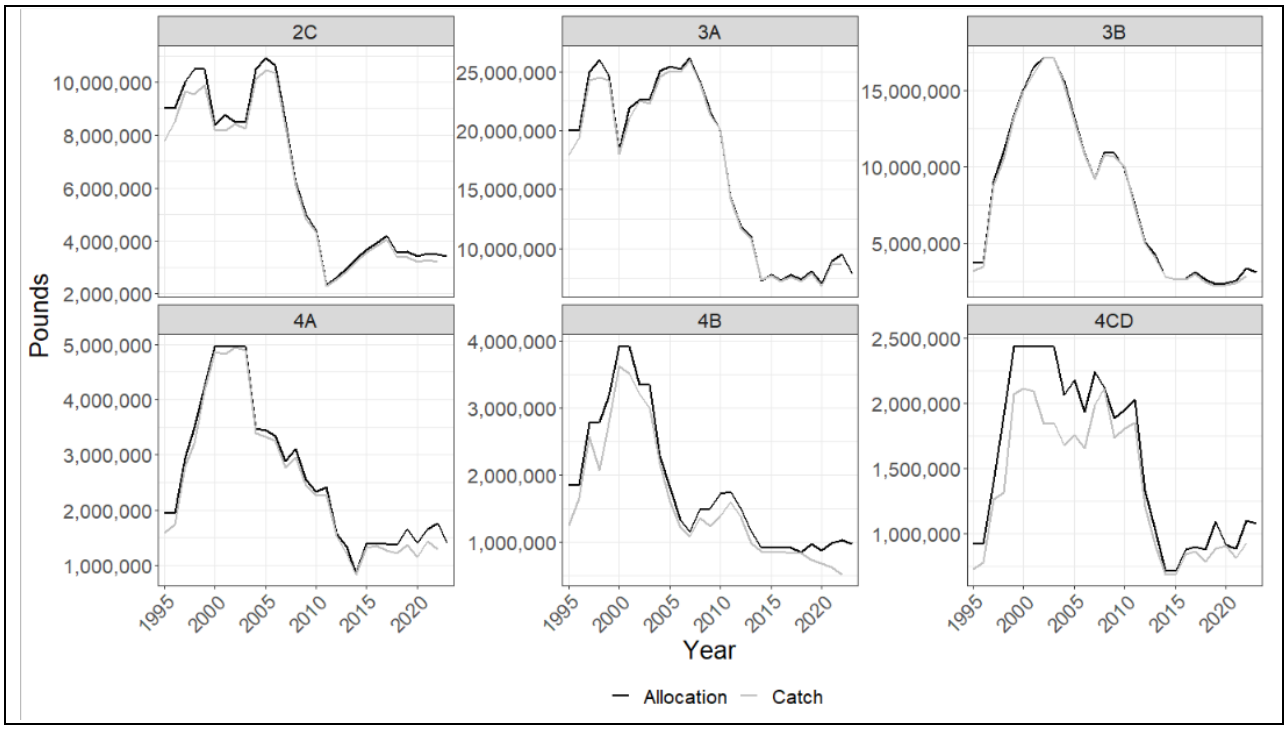

Figure 2 **IFQ Halibut Allocation (TAC) 1995-2023 and Catch (Harvest) 1995-2022 by IPHC Area (note y-axis varies by Area)**

Table 4 **IFQ halibut allocation and harvest in Areas 4A, 4B, 4C/4D since 2006.**

Year	Area	TAC	Harvest	% TAC harvested
2006	4A	3,350,000	3,260,395	97%
2007	4A	2,890,000	2,775,332	96%
2008	4A	3,100,000	2,962,290	96%
2009	4A	2,550,000	2,454,444	96%
2010	4A	2,330,000	2,267,000	97%
2011	4A	2,410,000	2,286,068	95%
2012	4A	1,567,000	1,544,024	99%

Year	Area	TAC	Harvest	% TAC harvested
2013	4A	1,330,000	1,206,747	91%
2014	4A	850,000	827,075	97%
2015	4A	1,390,000	1,319,795	95%
2016	4A	1,390,000	1,343,260	97%
2017	4A	1,390,000	1,270,207	91%
2018	4A	1,370,000	1,217,036	89%
2019	4A	1,650,000	1,372,332	83%
2020	4A	1,410,000	1,146,995	81%
2021	4A	1,660,000	1,430,595	86%
2022	4A	1,760,000	1,277,563	73%
2023	4A	1,410,000		
2006	4B	1,336,000	1,220,833	91%
2007	4B	1,152,000	1,088,443	94%
2008	4B	1,488,000	1,357,128	91%
2009	4B	1,496,000	1,232,219	82%
2010	4B	1,728,000	1,394,752	81%
2011	4B	1,744,000	1,595,524	91%
2012	4B	1,495,200	1,370,408	92%
2013	4B	1,160,000	986,945	85%
2014	4B	912,000	864,227	95%
2015	4B	912,000	852,286	93%
2016	4B	912,000	861,167	94%
2017	4B	912,000	833,417	91%
2018	4B	840,000	826,707	98%
2019	4B	968,000	736,875	76%
2020	4B	880,000	683,163	78%
2021	4B	984,000	624,186	63%
2022	4B	1,024,000	511,136	50%
2023	4B	976,000		
2006	4C/4D	1,932,000	1,655,348	86%
2007	4C/4D	2,239,800	1,986,725	89%
2008	4C/4D	2,122,800	2,113,434	99%
2009	4C/4D	1,882,800	1,737,668	92%
2010	4C/4D	1,950,000	1,809,616	93%
2011	4C/4D	2,028,000	1,847,773	91%
2012	4C/4D	1,328,827	1,207,051	91%
2013	4C/4D	1,030,800	917,155	89%
2014	4C/4D	715,920	688,225	96%
2015	4C/4D	715,920	690,581	96%
2016	4C/4D	880,320	842,932	96%
2017	4C/4D	902,400	866,513	96%
2018	4C/4D	880,200	791,736	90%
2019	4C/4D	1,092,000	890,372	82%
2020	4C/4D	919,200	908,070	99%
2021	4C/4D	885,600	819,798	93%
2022	4C/4D	1,104,000	928,321	84%
2023	4C/4D	1,080,000		

While QS and TACs are allocated by IFQ Area many vessels operate in multiple Areas. Table 6 shows the number of vessels participating in each area combination in 2022. Few of the vessels participating in Area 4 did not also participate in at least one other IFQ Area fishery.

Table 5 Number of vessels making landings in area combinations in 2022

	2C	3A	3B	4A	4B	4CD	Area 4	no other area
2C	368	106	17	9	2	2	NA	261
3A	106	381	122	39	11	14	NA	163
3B	17	122	155	41	10	14	NA	27
4A	9	39	41	59	12	14	NA	9
4B	2	11	10	12	16	8	NA	0
4CD	2	14	14	14	8	20	NA	1
Area 4	NA	NA	NA	NA	NA	NA	65	17

3.2.1.3 Community Quota Entities

In 2002, the Council revised the IFQ Program to allow specific communities to purchase sablefish and halibut QS through the Community Quota Entities (CQE) Program. The Council developed the CQE program in response to concerns about out-migration of QS out of small Gulf of Alaska coastal communities. Eligible communities can form non-profit corporations called Community Quota Entities (CQEs) to purchase catcher vessel QS, and the IFQ resulting from the QS must be leased to eligible community residents annually. Since 2004, there have been several changes to the CQE Program intended to provide greater fishing opportunities for coastal communities in Alaska. In 2014, a CQE Program was implemented for halibut IFQ regulatory Area 4B and the sablefish Aleutian Islands regulatory area, and the community of Adak formed a CQE, the Adak Community Development Corporation (ACDC).

Table 7 displays the QS units and equivalent IFQ pounds held by the ACDC CQE and the number of vessels that have harvested IFQ. CQEs are not allowed to hold halibut QS in areas 4A, 4C, 4D and 4E (50 CFR §679.42(f)(3)) therefore ACDC is the only CQE affected by this action.

Table 6 QS holdings and participating vessels in the ACDC CQE

Year	QS units	IFQ lbs	Vessels
2015	615,956	60,503	0
2016	678,609	66,657	0
2017	678,609	66,657	0
2018	678,609	61,395	3
2019	1,196,304	124,723	2
2020	1,196,304	113,385	1
2021	1,196,304	126,785	1
2022	1,369,350	151,023	1
2023	1,369,350	143,944	

3.2.1.4 Vessel Limits (Caps)

When initiating the IFQ Program, the Council sought to protect small producers, part-time participants, and entry-level participants who may otherwise be eliminated from the fisheries because of potential excessive consolidation of harvesting privileges under the IFQ program (NPFMC/NMFS 2016). For this reason, the IFQ Program includes vessel IFQ caps for halibut and sablefish landings intended to prevent large amounts of IFQ from being fished on only a few vessels. Federal Regulations in 50 CFR § 679.42(h)(1) specify that "No vessel may be used, during any fishing year, to harvest more IFQ halibut than one-half percent of the combined total catch limits of halibut for IFQ regulatory areas 2C, 3A, 3B, 4A, 4B, 4C, 4D, and 4E." These regulations also specify that "In IFQ regulatory area 2C, no vessel may

be used to harvest more than 1 percent of the halibut catch limit for this area." This action does not include change limits for vessel use caps in Areas 2C, 3A, or 3B however they are included in sections of this analysis for comparison purposes. Separate vessel use caps are specified for IFQ leased from CQEs: "No vessel may be used, during any fishing year, to harvest more than 50,000 lb (22.7 mt) of IFQ halibut derived from QS held by a CQE" 50 CFR § 679.42(h)(1)(ii).

Regulations also include an exception specified at 50 CFR § 679.42(h)(3) that "An IFQ permit holder who receives an approved IFQ allocation of halibut or sablefish in excess of these limitations may nevertheless catch and retain all that IFQ with a single vessel. However, two or more IFQ permit holders may not catch and retain their IFQs with one vessel in excess of these limitations."

Because the vessel IFQ cap is specified as a percent of the annual TAC, the number of pounds capped changes annually and varies with the status of the stocks. As TACs have declined since the early 2000s, the vessel limits have declined as well (Figure 3). The coastwide cap peaked in 2002 and 2003 at a high of 295,050 pounds and dropped to a low of 79,772 in 2014. Area 2C caps followed similar trends, peaking at 109,300 pounds in 2005 and declining to 23,300 pounds in 2011. Comparatively, caps have remained relatively stable over the past 10 years.

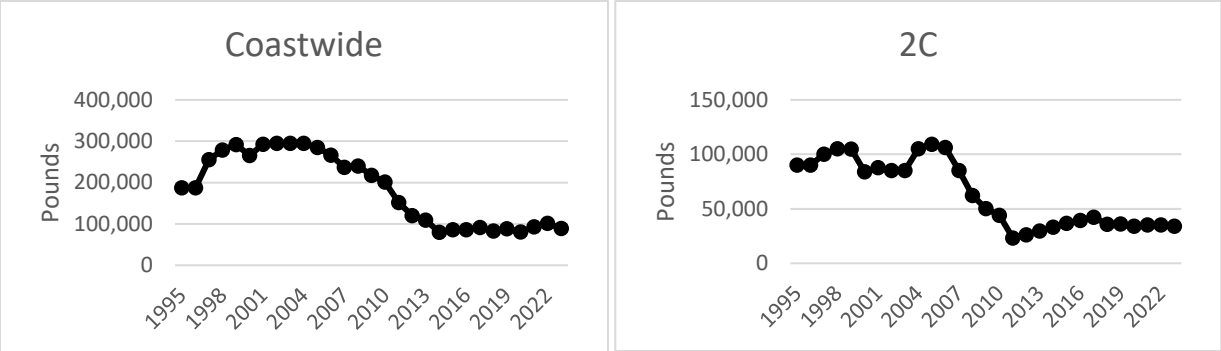

Figure 3 Vessel caps 1995-2023

The proposed action would only adjust vessel limitations in Area 4, however, information regarding caps and vessel harvest patterns in other regulatory areas are provided to help evaluate the proposed action. When comparing data presented in this analysis, note that recent Council actions (and subsequent NMFS regulations) removed IFQ vessel caps in Area 4A in 2021-2027 and in Areas 4B and 4C/D in 2020-2027 (see section 1.2.1). Table 8 lists halibut total catch limits and vessel use caps for 2013-2023. The vessel use cap for all IPHC regulatory areas for 2023 is 89,030 pounds of halibut, which is a 12.28 percent decrease from the 2022 allocation.

Table 7 Annual catch limits and vessel use caps for halibut, 2013-2022 (net pounds)

Year	All Areas		Area 2C	
	Total Catch Limit (lbs)	Vessel Cap (lbs)	Area 2C Catch Limit (lbs)	Vessel use cap (lbs)
2013	21,810,800	109,054	2,970,000	29,700
2014	15,954,370	79,772	3,318,720	33,187
2015	17,136,920	85,685	3,679,000	36,790
2016	17,152,320	85,762	3,924,000	39,240
2017	18,295,400	91,477	4,212,000	42,120
2018	16,630,200	83,151	3,570,000	35,700
2019	17,710,000	88,550	3,610,000	36,100
2020[1]	16,079,200	80,396	3,410,000	34,100
2021[2]	18,569,600	92,848	3,530,000	35,300
2022[2]	20,298,000	101,490	3,510,000	35,100
2023[2]	17,806,000	89,030	3,410,000	34,100

Source: NMFS Restricted Access Management (RAM).
[1] In 2020 vessel caps were waived for vessels fishing in Areas 4B, 4C, and 4D.
[2] In 2021-2023 vessel caps were waived for vessels fishing in Areas 4A, 4B, 4C, and 4D.

As the TACs in individual IFQ Areas change in relation to the coastwide TAC and vessel caps, the vessel caps represent differing proportions of each Area TAC and thus require more or less vessels to harvest the entire area allocation. When the cap represents a larger proportion of the Area TAC, fewer vessels are required to harvest the entire area allocation as can be seen in the opposing trends in Figure 4 and Figure 5.

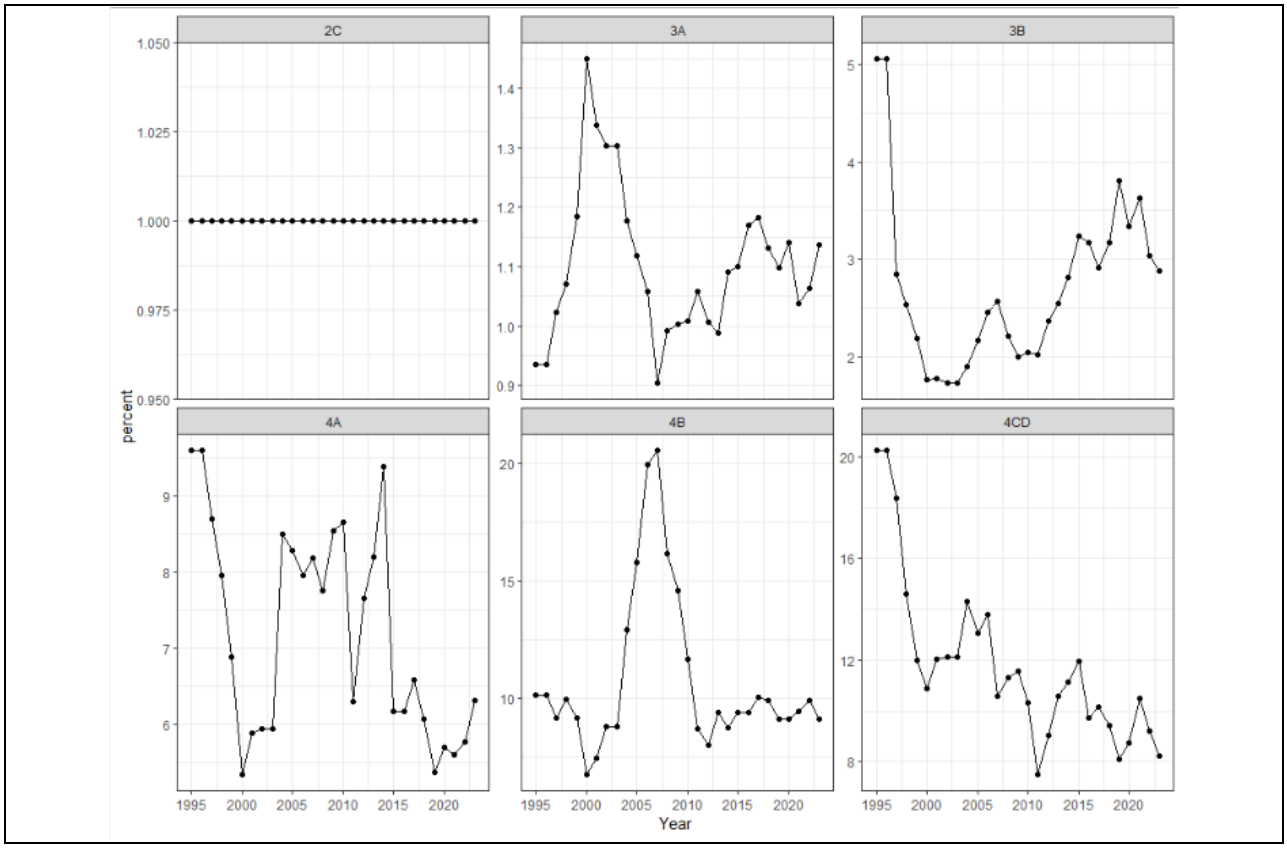

Figure 4 Percent of Area TAC represented by existing coastwide (or Area specific in 2C) vessel cap

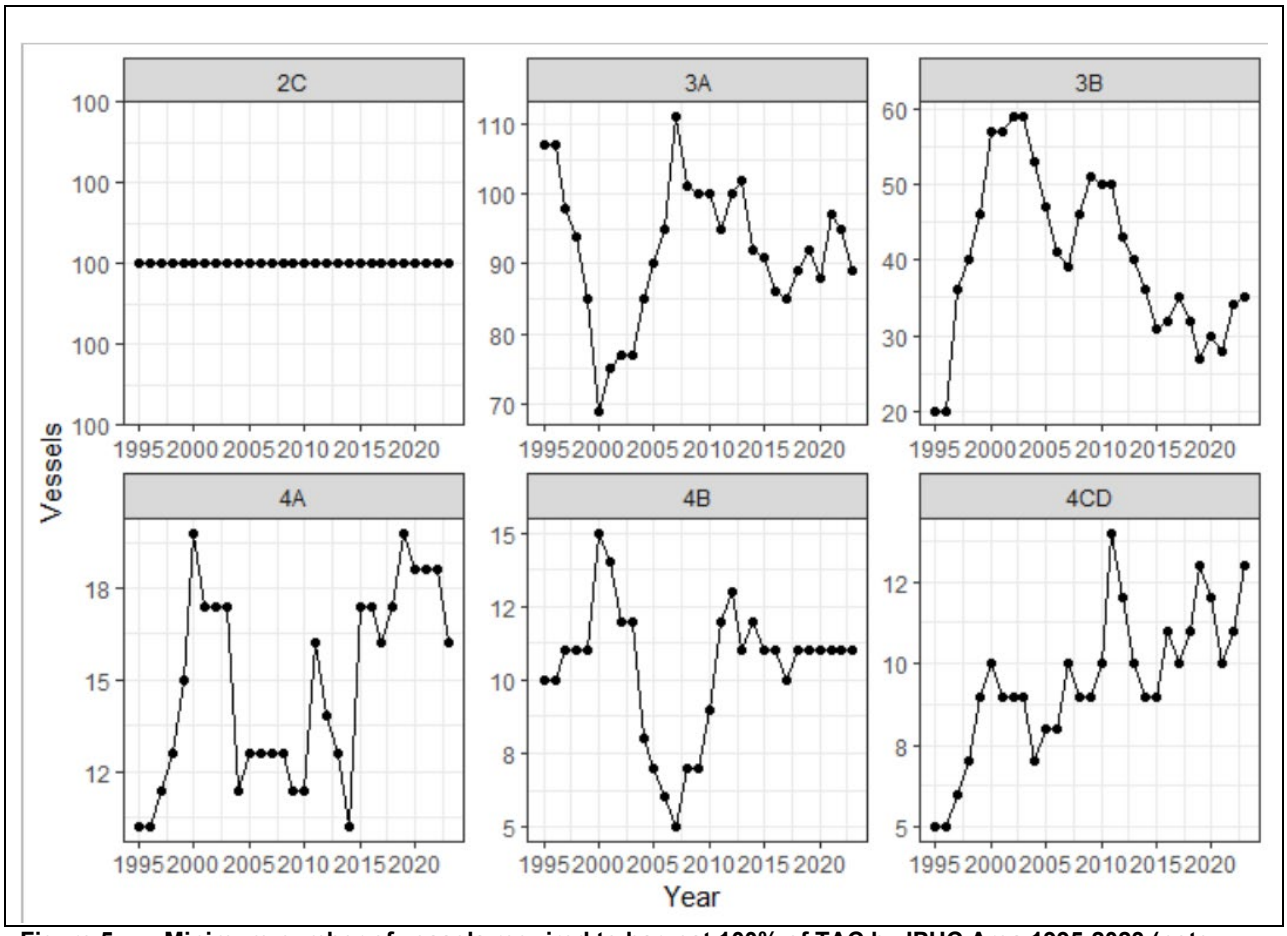

Figure 5 Minimum number of vessels required to harvest 100% of TAC by IPHC Area 1995-2023 (note y-axis differs by area)

Table 9 displays the annual allocations for each halibut regulatory area, the minimum number of vessels required to harvest 100 percent of the area allocation given vessel cap limitations for 2015-2023, as well as the percent of the allocation that was harvested and the number of vessels harvesting IFQ for fishing years 2015-2022. In all years and all areas, the number of vessels harvesting IFQ has exceeded the minimum number of vessels required to harvest the halibut IFQ for each area. While individual vessels may have been constrained by the caps, this suggests that even in years when the entire allocation was not landed, the supply of vessels and vessel use cap were not constraining factors.

Table 9 also demonstrates that fewer vessels participated in halibut IFQ fishery for each area in 2020-2022 relative to the previous five years. The recent decline in participation is particularly noticeable in Area 4CD which dropped from 42 vessels in 2019 to 20 vessels in 2022. Recent participation in Area 4B also declined substantially. This may be due in part to the vessel use cap exemptions in Area 4 and the temporary transfer flexibility in all areas; however, it is likely some vessels would have chosen not to participate in 2020-2022 regardless, as the COVID-19 pandemic made traveling difficult and raised many concerns with health and safety. Thus, it is difficult to estimate the effect of the regulatory flexibilities on the number of vessels participating in the halibut IFQ fishery in 2020 through 2022.

Table 8 **Halibut annual area allocation of IFQ, and minimum number of vessels required to harvest 100 percent of IFQ in each area under the vessel use cap, number of vessels harvesting IFQ and percent of allocation landed.** Area 2C, 3A, and 3B data are provided for comparison only, as they are not included in the proposed action.

Area	Year	Allocation (pounds)	Minimum no. of vessels	No. of vessels harvesting IFQ	Percent of TAC landed
2C	2015	3,679,000	100	439	96%
	2016	3,924,000	100	433	97%
	2017	4,212,000	100	423	96%
	2018	3,570,000	100	401	95%
	2019	3,610,000	100	405	94%
	2020	3,410,000	100	376	94%
	2021	3,530,000	100	363	93%
	2022	3,510,000	100	368	92%
	2023	3,410,000	100		
3A	2015	7,790,000	91	441	99%
	2016	7,336,000	86	431	99%
	2017	7,739,000	85	415	98%
	2018	7,350,000	89	399	98%
	2019	8,060,000	92	406	98%
	2020	7,050,000	88	374	97%
	2021	8,950,000	97	385	97%
	2022	9,550,000	95	381	92%
	2023	7,840,000	89		
3B	2015	2,650,000	31	196	98%
	2016	2,710,000	32	194	97%
	2017	3,140,000	35	192	96%
	2018	2,620,000	32	182	93%
	2019	2,330,000	27	169	94%
	2020	2,410,000	30	144	93%
	2021	2,560,000	28	148	94%
	2022	3,350,000	34	155	86%
	2023	3,090,000	35		
4A	2015	1,390,000	17	68	95%
	2016	1,390,000	17	69	97%
	2017	1,390,000	16	65	91%
	2018	1,370,000	17	67	89%
	2019	1,650,000	19	63	83%
	2020	1,410,000	18	58	81%
	2021*	1,660,000	18	59	86%
	2022*	1,760,000	18	59	73%
	2023*	1,410,000	16		
4B	2015	912,000	11	33	93%
	2016	912,000	11	34	94%
	2017	912,000	10	30	91%
	2018	840,000	11	27	98%
	2019	968,000	11	24	76%
	2020*	880,000	11	23	78%

Area	Year	Allocation (pounds)	Minimum no. of vessels	No. of vessels harvesting IFQ	Percent of TAC landed
	2021*	984,000	11	19	63%
	2022*	1,024,000	11	16	50%
	2023*	976,000	11		
	2015	715,920	9	38	96%
	2016	880,320	11	36	96%
	2017	902,400	10	38	96%
	2018	880,200	11	38	90%
4C/D	2019	1,092,000	13	42	82%
	2020*	919,200	12	33	99%
	2021*	885,600	10	27	93%
	2022*	1,104,000	11	20	84%
	2023*	1,080,000	13		

*Years and Areas where vessel caps were removed.
Source: NMFS Restricted Access Management (RAM) division IFQ landings database sourced through AKFIN.

One method to examine the effects of vessel use caps is to evaluate how many vessels operate at or near the caps. Table 10 displays the number of vessels that have harvested more than 0% 50%, 75%, and 90% of the vessel use cap in each IPHC regulatory area since 2015. Vessels that harvest IFQ in multiple regulatory areas are included in each area and their percentage of vessel use cap is calculated from the total IFQ harvested regardless of area. Vessels are included in each percent threshold for which they qualify (a vessel that harvested 100 percent of the cap is included in the bar graph at 0, 50, 75, and 90 percent).

The number of vessels reaching the threshold declines at thresholds closer to 100 percent of the vessel use cap in each regulatory area. Generally, there is a larger proportion of vessels operating closer to the cap in Area 4 than in Area 2C, 3A, and 3B, particularly since 2020 (although this may be due to recent waivers on limits in Area 4). In Areas 2C, 3A, and 3B, less than 25% of vessels have harvested up to 90% of the vessel use cap in any year since 2015. In 2022, around 30% of vessels in 4A, and 50% of vessels in 4B and 4C/4D harvested up to 90% of the vessel use cap.

In 2020-2022, there was a notable increase in vessels in Area 4 that met or exceeded the vessel use caps. The greater percent of vessels that harvested up to the vessel use cap in 2020-2022 relative to previous years is in part due to a decreased number of vessels participating in the fishery and a greater proportion of these participating vessels fishing up to the vessel use cap.

Table 9 Number of vessels harvesting greater than 0%, 50%, 75% or 90% of the vessel cap by area 2015-2022.

	2C				3A				3B			
Year	> 90%	>75%	>50%	>0%	> 90%	>75%	>50%	>0%	> 90%	>75%	>50%	>0%
2015	7	22	55	461	40	65	116	458	34	54	88	199
2016	7	21	55	460	36	63	112	450	34	54	91	199
2017	11	25	57	449	37	62	110	432	36	56	90	195
2018	11	22	59	424	43	73	115	414	40	63	92	185
2019	11	23	54	427	45	65	117	418	36	53	86	172
2020	12	22	57	399	43	63	109	383	33	46	81	148
2021	11	20	61	381	47	76	115	394	38	57	80	152
2022	13	25	63	385	37	65	102	392	30	52	73	157
	4A				4B				4CD			
Year	> 90%	>75%	>50%	>0%	> 90%	>75%	>50%	>0%	> 90%	>75%	>50%	>0%
2015	26	32	46	68	14	20	25	33	14	18	23	38
2016	28	37	50	69	15	21	26	34	16	20	25	36
2017	22	31	45	65	14	19	23	30	15	20	25	38
2018	22	34	45	67	16	20	24	27	11	19	22	38
2019	24	31	46	63	14	15	21	24	15	16	21	42
2020*	21	24	42	58	16	17	20	23	17	18	21	33
2021*	22	27	41	59	12	13	17	19	12	13	18	27
2022*	16	25	37	59	8	12	16	16	10	16	18	20

*In 2020-2022 vessel caps were waived for vessels fishing in Areas 4B, 4C, and 4D and in 2021-22 for Area 4A.

3.2.1.5 Vessel Class Categorizations

There are four vessel classes in the halibut IFQ fishery (A through D). These classes correspond to vessel length as shown in Table 11. This action does not modify vessel class categorizations, and those limitations would continue to apply.

Class A shares are designated for vessels that process at sea or catcher-processors (i.e., constitute freezer longliner vessels) and do not have a vessel length restriction. Class B shares were designated to be fished on vessels greater than 60 feet LOA, Class C shares were designated to be fished on vessels greater than 35 feet but less than or equal to 60 feet LOA and Class D shares were designated to be fished on vessels less than or equal to 35 feet LOA. These vessel class designations were intended to maintain the diversity of the IFQ fleets, and the Council intended for the Class D QS to be the most likely entry-level opportunity (NPFMC/NMFS 2016).

Table 10 Vessel length associations by QS class

QS Class	Vessel Length Designation
A	Any length
B	> 60 feet
C	> 35 feet to 60 feet
D	≤ 35 feet

Over the course of the IFQ Program, the Council has lifted some of the constraints on the size of the vessel upon which catcher vessel IFQ may be fished. In January 1996, the Council approved a “fish

down" amendment that allowed IFQ derived from larger class QS to be fished on smaller class vessels. The Council intended for this provision to provide flexibility for QS holders to acquire more catcher vessel QS. The Council has also amended the IFQ Program to allow "fishing up" in some halibut IFQ areas – the landing of IFQ derived from smaller class QS on larger class vessels. In 2007, an amendment was implemented to the IFQ Program to allow halibut IFQ derived from Class D QS to be fished on vessels less than or equal to 60 feet in length in Areas 3B and 4C. In 2014, an amendment was implemented allowing halibut IFQ derived from Class D QS to be fished on vessels in the Class C category in Area 4B. The intent of these "fish up" amendments was to alleviate safety concerns and issues with not being able to fully harvest QS allocated to small vessels in western Alaska waters (NPFMC/ NMFS 2016). Table 12 shows the fish up and fish down provisions for IFQ in Area 4.

Table 11 Fish up/down provisions applicable to individually-held halibut IFQ

Area	Fish up	Fish down
4A	No	Yes
4B	D class quota can be fished up on C class vessels	
4C		
4D	No, but no D class quota	

Table 13 shows the breakdown of the QS pool by class in 2023 for Areas 4A, 4B, 4C and 4D. Due to the fish up and fish down provisions, QS allocation by class may not correspond directly to landings by vessel length. Figure 5 shows annual IFQ pounds allocated by category, catch of IFQ pounds and number of vessels participating by vessel length for Areas 4A, 4B and 4C/4D. The data on the length of vessel upon which the IFQ was harvested was taken from the IFQ landings database. For the landings database, this information is sourced from the NMFS Alaska Region database on vessel lengths, which is a combination of data that is self-reported by the vessel owner when they obtain a Federal Fisheries Permit and data from the State of Alaska Commercial Fisheries Entry Commission (CFEC) database. The data in Figure 5 show the fish up and fish down provision are frequently utilized as the pounds of IFQ landed by vessels in the 35-60 foot category is greater than IFQ pounds of class C quota share (QS) allocated. In both Area 4B and 4C/4D a majority of the QS is category B, corresponding to vessels >60 feet, however a majority of the IFQ is landed on vessels that are in the >35-60 foot length category (with the exception of 4B in 2022). Vessels <35 ft continue to participate in small numbers in Area 4A, however no vessels under 35 ft have participated in since 2017 in Area 4B or in 2022 in Area 4CD.

Table 12 Percentage of 2022 QS pool in each class for Area 4.

	A	B	C	D
4A	4%	59%	30%	7%
4B	6%	77%	15%	3%
4C	0%	40%	22%	38%
4D	8%	83%	9%	

Source: NMFS Restricted Access Management (RAM) division, updated 2/14/22

Because these QS class categories would continue to apply under this action, even if vessel use caps were relieved there would still need to be different sizes of vessels harvesting the IFQ resulting from the QS. In combination with the "fish up" provisions in place, and the flexibility for A shares to be harvested on any size of vessel, this means that in Area 4A at least 37 percent, Area 4B at least 18 percent, in Area 4C at least 60 percent, and in Area 4D at least 9 percent of the IFQ would need to be harvested on smaller "C class" or "D class" vessels (vessels ≤ 60 feet). These provisions would limit the ability of IFQ to be completely consolidated on a few larger B class vessels. Theoretically, A and B category IFQ could be "fished down" on smaller C or D class vessels if there were adequate vessels available in this size class.

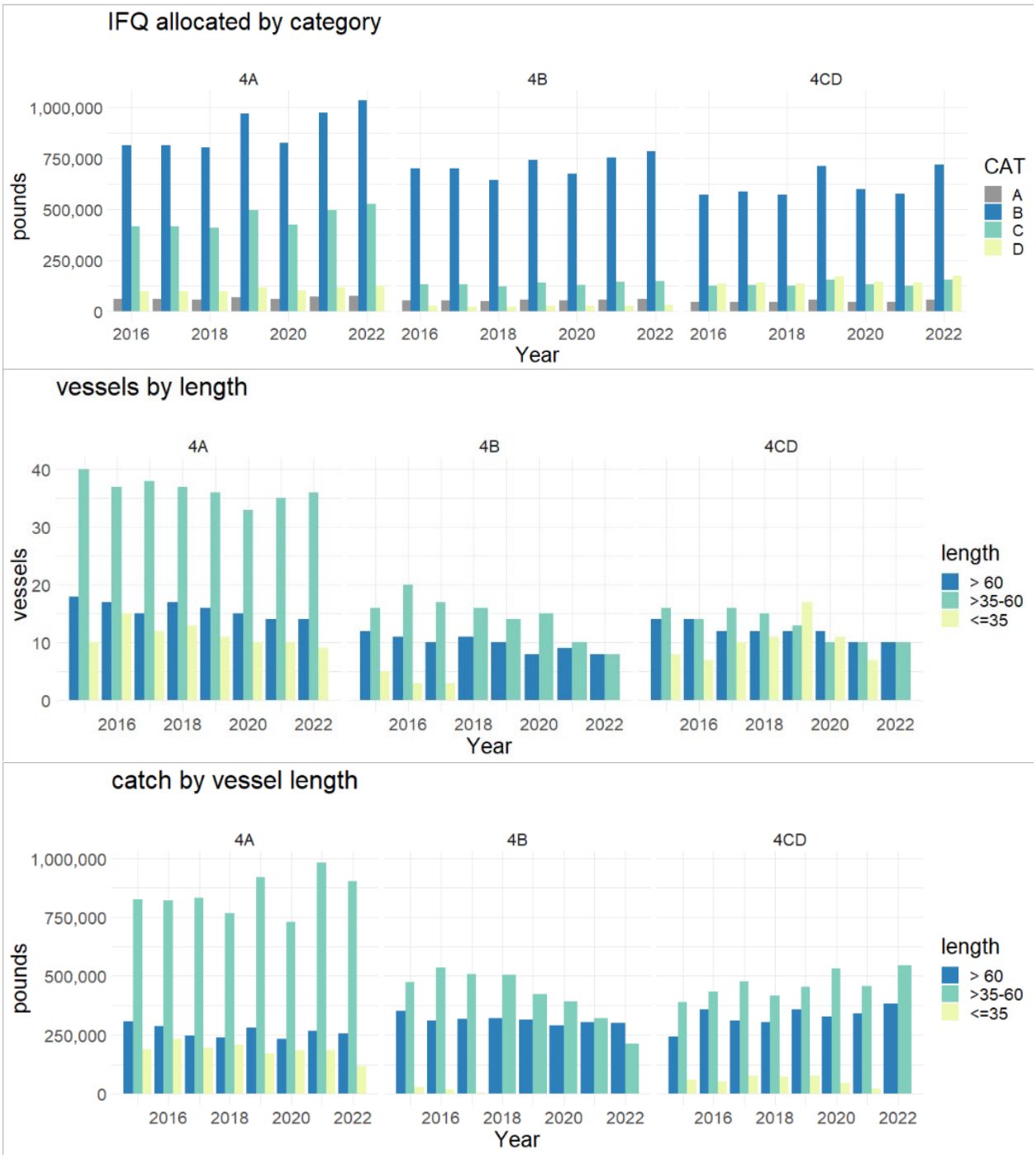

Figure 6 QS allocation by category, IFQ catch and vessel participation by vessel length.

Source: QS holdings NMFS RAM accessed https://www.fisheries.noaa.gov/alaska/commercial-fishing/permits-and-licenses-issued-alaska#individual-fishing-quota-(ifq)-halibut/sablefish-and-cdq-halibut-ifq
Vessel landings, participation: NMFS IFQ landings database sourced by AKFIN. Updated 5.16.23.

3.2.1.6 QS use caps

The IFQ Program includes QS use caps intended to prevent excessive consolidation of harvesting privileges. Regulations specify that "Unless the amount in excess of the following limits was received in the initial allocation of halibut QS, no person other than a CQE representing the community of Adak, AK, individually or collectively, may use more QS than specified by the use caps found at 50 CFR 679.42 (f)." Similar to vessel use caps, QS caps are specific to regulatory area. However, unlike vessel use caps, QS use caps are a constant number of QS units rather than a percentage of the TAC. In Area 4, the QS use cap is 495,044 QS units (50 CFR 679.42(f)).

Table 14 details how the QS use cap applies in Area 4 in 2023, displaying the QS use cap, and the QS Pool, TAC, IFQ equivalent to the use cap and the minimum number of people needed to harvest 100 percent of the QS in each area. If QS could be spread out evenly and most efficiently, it would require a minimum of 69 people to land all of the IFQ allocated to Area 4. Realistically, harvesting 100 percent of the quota would require more people than this minimum because of other regulatory constraints as well as numerous practical challenges. For instance, the QS holders identifying persons who are able to harvest their IFQ with the appropriately sized vessel, agreeing to lease arrangements, and processing all of the IFQ transfers. In addition to logistical constraints there are regulatory constraints such as the QS block program that restrict how QS can be consolidated and transferred that would prevent QS from being distributed equally and would increase the number of individuals necessary to harvest 100 percent of the quota.

Table 13 2023 QS pool, IFQ TAC and QS use cap

Area	QS Pool (units)	QS use cap (1.5% of Area 4 QS pool in units)	Area TAC (lbs)	QS:IFQ ratio	IFQ equivalent to use cap (lbs)	Minimum number of individuals to harvest 100%
4A	14,586,011	495,044	1,410,000	10.3447	47,855	30
4B	9,284,774		976,000	9.5131	52,038	19
4C	4,016,352		450,000	8.9252	55,466	9
4D	4,958,250		630,000	7.8702	62,901	11

Source: NMFS Restricted Access Management (RAM) division

While we do not collect data on every individual on a fishing vessel, each IFQ landing requires an individual listed as the "delivered by individual" on the fish ticket. The delivered by individual is the IFQ permit holder, if they are on board. If the IFQ permit holder is not on board, the hired master is listed as the delivered by individual. Table 15 shows the number of individuals listed as the "delivered by individual" in Areas 4A, 4B, and 4C/4D since 2013. These data do not include crew members without IFQ, so they are not a comprehensive tally of individuals who participated in the fishery.

Even considering that the minimum number of individuals listed in Table 14 is an underestimate of the actual number of people necessary to harvest 100 percent of the TAC, it typically represents fewer than half the number of QS holders who have delivered IFQ in Area 4A, 4B, 4C, and 4D in previous years. The number of individual QS holders delivering IFQ have decreased in all areas in Area 4 since 2019.

Table 14 Number of individual QS holders delivering IFQ.

Year	4A	4B	4C/4D	Total
2013	100	53	48	148
2014	109	48	49	153
2015	111	48	45	151
2016	116	49	48	159
2017	109	47	44	152
2018	107	50	46	160
2019	111	43	53	164
2020	78	30	35	106
2021	79	25	30	103
2022	81	28	35	108

Source: NMFS Restricted Access Management (RAM) division IFQ landings database sourced through AKFIN. 2022 data updated through 5.16.23

Separate limits on halibut QS use apply to CQEs. In Area 4B, no CQE may receive an amount of halibut QS on behalf of any single eligible community which is more than 1,392,716 units of halibut QS (146,400 pounds of IFQ in 2023) (50 CFR 679.42(f)(2)) and no individual that receives IFQ derived from halibut QS held by a CQE, including GAF, may hold, individually or collectively, more than 50,000 pounds (22.7 mt) of IFQ halibut, including IFQ halibut received as GAF, derived from any halibut QS source (50 CFR 679.42(f)(6)). Therefore at least three individuals would be required to harvest the entire 143,944 pounds of IFQ derived from the ACDC CQE QS in 2023.

3.2.1.7 CDQ Issues

Vessel limitations do not apply to halibut quota apportioned to CDQ reserves. In area 4E, 100 percent of the annual halibut quota is apportioned to the CDQ and in this area there is a fishing trip limit of 10,000 lbs of halibut CDQ harvested through September 1 (50 CFR 679.31(a)(2)(ii)(D)). Since 2018, no vessel fishing Area 4E CDQ has harvested IFQ, so these vessels are not affected by IFQ vessel caps.

In 2018, the Council recommended and NMFS implemented new flexibilities to allow transfer of IFQ to CDQs in times of extremely low halibut abundance (83 FR 8028, March 26, 2018). This provision allows CDQ groups to receive transfers of halibut catcher vessel IFQ (Categories B, C, and D IFQ) in Areas 4C and 4D when the halibut annual commercial catch limit is less than 1.5 million pounds in Area 4CDE and in Area 4B when the annual halibut commercial catch limit is less than 1 million pounds in Area 4B. This measure allows CDQ groups to expand the fishing opportunities for the small boat fleets operating out of the CDQ group's communities and provide IFQ holders with the opportunity to receive value for their IFQ when extremely low halibut commercial catch limits may not be large enough to provide for an economically viable fishery for IFQ holders. These thresholds have not been reached although 2023 limits approached these limits with 2.02 mil lbs in 4CDE, and 1.22 mil lbs in 4B.

3.2.1.8 Communities

Vessels participating in the IFQ halibut fishery in Area 4 are associated with numerous communities. Table 16 shows the number of vessels delivering IFQ in the Area 4 halibut IFQ fishery by community of vessel ownership address. A majority of these vessels are owned by people in communities in Alaska (with an average of 70 percent of vessels for 2015-2022). In 2022, the largest number of vessels were owned by people in the Alaskan communities of Homer (13 vessels) and Kodiak (7 vessels). Notably, the community of Savoonga declined from 7 vessels in 2021 to no vessels in 2022. The community of St. Paul experienced a similar decline from 8 vessels in 2019 to one vessel in 2020 and zero vessels in 2022.

Table 15 Community of Vessel Ownership by Address for Vessels Harvesting Halibut IFQ in 4ABCD, 2015-2022 (number of vessels)

Geography	2015	2016	2017	2018	2019	2020	2021	2022	Annual Average 2015-2022 (number)	Annual Average 2015-2022 (percent)
Adak	1	1	1	1	1	1	0	1	0.9	1.04%
Akutan	3	3	1	1	2	0	1	0	1.4	1.64%
Anchorage	4	3	2	2	3	2	2	2	2.5	2.98%
Atka	4	3	3	0	0	0	0	0	1.3	1.49%
Cordova	2	2	2	1	1	1	1	1	1.4	1.64%
Craig	1	1	1	0	0	0	0	0	0.4	0.45%
Delta Junction	3	3	3	2	3	3	3	3	2.9	3.42%
Dutch Harbor	1	2	2	3	2	3	3	3	2.4	2.83%
Gambell	0	0	0	0	0	1	0	0	0.1	0.15%
Homer	9	11	13	15	13	12	13	13	12.4	14.73%
Juneau	3	2	2	3	1	1	1	2	1.9	2.23%
Ketchikan	1	1	0	0	0	0	0	0	0.3	0.30%
Kodiak	10	12	10	10	11	8	7	5	9.1	10.86%
Petersburg	1	1	2	1	1	1	0	1	1.0	1.19%
Port Lions	0	0	0	0	0	1	0	1	0.3	0.30%
Saint George Isl	1	1	1	2	1	0	0	0	0.8	0.89%
Saint Paul	8	6	9	10	8	1	1	0	5.4	6.40%
Savoonga	0	0	0	0	9	9	7	0	3.1	3.72%
Seward	1	1	1	2	1	0	0	1	0.9	1.04%
Sitka	3	3	3	3	3	2	3	3	2.9	3.42%
Soldotna			1	1	1	1	1	1	1.0	1.19%
Unalaska	5	4	3	4	4	4	5	2	3.9	4.61%
Wasilla	3	3	3	3	2	2	1	2	2.4	2.83%
Yakutat	1	1	1	1	1	1	1	1	1.0	1.19%
Alaska Total	65	64	64	65	68	54	50	42	59.0	70.24%
All Other States Total	26	27	25	26	24	24	25	23	25.0	29.76%
Grand Total	**91**	**91**	**89**	**91**	**92**	**78**	**75**	**65**	**84.0**	**100.00%**

NMFS Restricted Access Management (RAM) division IFQ landings database sourced through AKFIN.

The number of vessels associated with ownership addresses in a community may not correspond to the amount of QS held by residents of these communities, or the amount of IFQ fished from the vessels in these communities. For example, residents of a given community may hold QS that results in IFQ that is fished on a vessel that is owned by residents outside of that community. The amount of halibut IFQ harvested from vessels in these communities cannot be shown for each community due to limitations on the release of confidential data. However, information on QS holdings by community is publicly available and reported by NMFS RAM[10]. Table 17 through Table 20 show the 2023 QS holdings by community for Area 4A, 4B, 4C and 4D, the IFQ equivalent pounds and the percentage of the proposed vessel use caps by alternative. Area 4A halibut QS is primarily associated with the Alaskan communities of Anchorage, Homer, Kodiak, and Unalaska as well as the states of Washington and Oregon (Table 17). Area 4B halibut is primarily held by the Alaskan communities of Adak and Kodiak as well as the State of Washington (Table 18). All 4B QS for Adak is held by the CQE group which is subject to a vessel use cap of 50,000 lbs. In Area 4C, Washington state primarily holds QS, followed by the Alaskan communities of St. Paul Island and Anchorage (Table 19). QS for Area 4D is held predominately in Washington state and the Alaskan communities of Anchorage and Delta Junction (Table 20).

[10] https://www.fisheries.noaa.gov/alaska/commercial-fishing/permits-and-licenses-issued-alaska#individual-fishing-quota-(ifq)-halibut/sablefish-and-cdq-halibut-ifq

Table 16 Area 4A 2023 QS holdings by community

State	Community	Individual QS holders	QS (units)	IFQ equivalent (lbs)	% of vessel use cap				
					Alt 1	Alt 2.1a	Alt 2.1b	Alt 2.1c	Alt 2.2
AK		127	9,625,399	930,467	1045%	671%	537%	447%	697%
	Akutan	8	273,563	26,445	30%	19%	15%	13%	20%
	Anchorage	13	1,021,330	98,730	111%	71%	57%	47%	74%
	Cordova	5	364,526	35,238	40%	25%	20%	17%	26%
	Delta Junction	1	198,675	19,205	22%	14%	11%	9%	14%
	Dillingham	1	22	2	0%	0%	0%	0%	0%
	Dutch Harbor	9	1,024,708	99,056	111%	71%	57%	48%	74%
	Fairbanks	2	120,159	11,616	13%	8%	7%	6%	9%
	Homer	27	1,767,743	170,884	192%	123%	99%	82%	128%
	Juneau	3	14,450	1,397	2%	1%	1%	1%	1%
	Kodiak	26	2,669,197	258,026	290%	186%	149%	124%	193%
	Naknek	1	102	10	0%	0%	0%	0%	0%
	Petersburg	3	152,338	14,726	17%	11%	8%	7%	11%
	Port Lions	1	75181	7,268	8%	5%	4%	3%	5%
	Saint George Island	1	14	1	0%	0%	0%	0%	0%
	Saint Paul Island	2	2249	217	0%	0%	0%	0%	0%
	Seward	1	139639	13,499	15%	10%	8%	6%	10%
	Sitka	4	255,599	24,708	28%	18%	14%	12%	19%
	Soldotna	1	117,375	11,346	13%	8%	7%	5%	8%
	Togiak	2	60	6	0%	0%	0%	0%	0%
	Twin Hills	1	10	1	0%	0%	0%	0%	0%
	Unalaska	9	1071893	103,618	116%	75%	60%	50%	78%
	Wasilla	5	305125	29,496	33%	21%	17%	14%	22%
	Wrangell	1	51,441	4,973	6%	4%	3%	2%	4%
AZ		1	290,182	28,051	32%	20%	16%	13%	21%
CA		3	133425	12,898	14%	9%	7%	6%	10%
CO		1	100,479	9,713	11%	7%	6%	5%	7%
FL		2	144,907	14,008	16%	10%	8%	7%	10%
IN		1	61,738	5,968	7%	4%	3%	3%	4%
NM		1	69,953	6,762	8%	5%	4%	3%	5%
OR		11	944,615	91,314	103%	66%	53%	44%	68%
TX		1	56,563	5,468	6%	4%	3%	3%	4%
UT		2	223,920	21,646	24%	16%	12%	10%	16%
VA		1	64,547	6,240	7%	5%	4%	3%	5%
WA		35	2,805,267	271,179	305%	196%	156%	130%	203%
	Seattle	18	1,806,885	174,668	196%	126%	101%	84%	131%

NMFS Restricted Access Management (RAM) division. Seattle includes other cities in the Seattle Metropolitan Statistical Area.

Table 17 Area 4B 2023 QS holdings by community

State	Community	Individual QS holders	QS (units)	IFQ equivalent (lbs)	% of vessel use cap				
					Alt 1	Alt 2.1a	Alt 2.1b	Alt 2.1c	Alt 2.2
AK		37	4,576,992	481,125	540%	347%	278%	231%	360%
	Adak	2	1,386,179	145,713	164%	105%	84%	70%	109%
	Anchorage	6	960,303	100,945	113%	73%	58%	49%	76%
	Atka	8	349,066	36,693	41%	26%	21%	18%	27%
	Dillingham	1	370,314	38,927	44%	28%	22%	19%	29%
	Dutch Harbor	3	213,090	22,400	25%	16%	13%	11%	17%
	Fairbanks	1	22,392	2,354	3%	2%	1%	1%	2%
	Haines	1	7,293	766.6270721	1%	1%	0%	0%	1%
	Juneau	1	2,368	249	0%	0%	0%	0%	0%
	Kodiak	10	980,026	103018.5744	116%	74%	59%	50%	77%
	Petersburg	1	2	0	0%	0%	0%	0%	0%
	Sitka	1	219984	23124.3233	26%	17%	13%	11%	17%
	Unalaska	2	65,975	6,935	8%	5%	4%	3%	5%
AZ		1	194,682	20,465	23%	15%	12%	10%	15%
CA		4	270,008	28,383	32%	20%	16%	14%	21%
FL		1	239,816	25,209	28%	18%	15%	12%	19%
ID		1	41,459	4,358	5%	3%	3%	2%	3%
OR		5	322,814	33,934	38%	24%	20%	16%	25%
UT		1	17,927	1,884	2%	1%	1%	1%	1%
VA		1	52,353	5,503	6%	4%	3%	3%	4%
WA		25	3,565,609	374,810	421%	270%	216%	180%	281%
	Seattle	14	2,166,534	227,742	256%	164%	131%	110%	171%

NMFS Restricted Access Management (RAM) division. Seattle includes other cities in the Seattle Metropolitan Statistical Area. *All 4B QS held in Adak is held by the CQE group and is therefore subject to a vessel use cap of 50,000 lbs.

Table 18 Area 4C 2023 QS holdings by community

State	Community	Individual QS holders	QS (units)	IFQ equivalent (lbs)	% of vessel use cap				
					Alt 1	Alt 2.1a	Alt 2.1b	Alt 2.1c	Alt 2.2
AK		31	2,039,014	228,456	257%	165%	132%	110%	171%
	Anchorage	7	716,448	80,272	90%	58%	46%	39%	60%
	Delta Junction	3	247,891	27,774	31%	20%	16%	13%	21%
	Dutch Harbor	1	96,994	10,867	12%	8%	6%	5%	8%
	Homer	2	19,928	2,233	3%	2%	1%	1%	2%
	Saint George Island	3	32,473	3,638	4%	3%	2%	2%	3%
	Saint Paul Island	12	776,296	86,978	98%	63%	50%	42%	65%
	Seward	1	12,077	1,353	2%	1%	1%	1%	1%
	Wasilla	2	136,907	15,339	17%	11%	9%	7%	11%
CA		1	109,227	12,238	14%	9%	7%	6%	9%
MT		1	28,291	3,170	4%	2%	2%	2%	2%
OR		5	531,377	59,537	67%	43%	34%	29%	45%
UT		1	107,843	12,083	14%	9%	7%	6%	9%
VA		1	23,150	2,594	3%	2%	1%	1%	2%
WA		10	1,177,450	131,924	148%	95%	76%	63%	99%
	Seattle	6	780,190	87,414	98%	63%	50%	42%	65%

NMFS Restricted Access Management (RAM) division. Seattle includes other cities in the Seattle Metropolitan Statistical Area.

Table 19 Area 4D 2023 QS holdings by community

State	Community	Individual QS holders	QS (units)	IFQ equivalent (lbs)	% of vessel use cap				
					Alt 1	Alt 2.1a	Alt 2.1b	Alt 2.1c	Alt 2.2
AK		18	1,851,872	235,302	264%	170%	136%	113%	176%
	Anchorage	7	542,412	68,920	77%	50%	40%	33%	52%
	Delta Junction	3	416,424	52,911	59%	38%	31%	25%	40%
	Dillingham	1	122,473	15,562	17%	11%	9%	7%	12%
	Dutch Harbor	1	220,204	27,979	31%	20%	16%	13%	21%
	Juneau	1	213,044	27,070	30%	20%	16%	13%	20%
	Kodiak	1	97,063	12,333	14%	9%	7%	6%	9%
	Seward	1	44,173	5,613	6%	4%	3%	3%	4%
	Wasilla	3	196,079	24,914	28%	18%	14%	12%	19%
CA		1	24,351	3,094	3%	2%	2%	1%	2%
FL		1	23,640	3,004	3%	2%	2%	1%	2%
OR		7	663,104	84,255	95%	61%	49%	41%	63%
UT		1	124,873	15,867	18%	11%	9%	8%	12%
VA		1	134,866	17,136	19%	12%	10%	8%	13%
WA		18	2,135,544	271,346	305%	196%	157%	130%	203%
	Seattle	10	1,340,471	170,322	191%	123%	98%	82%	128%

NMFS Restricted Access Management (RAM) division. Seattle includes other cities in the Seattle Metropolitan Statistical Area.

Table 21 through Table 23 show the communities that have processed IFQ halibut from Area 4A, 4B and 4C/4D since 2015. Due to confidentiality rules, specific landings data cannot be reported for each community. Landings from all of Area 4 are highly skewed with few communities processing the majority of the landed weight. In 2022, six communities processed halibut from Area 4, down from nine communities in 2021 and 11 in 2019. In 2021 and 2022, the top three communities processing landings were Dutch Harbor, Akutan, and King Cove, representing 90% and 96% of overall landings in Area 4. In 2020, the top three communities were Dutch Harbor, Akutan, and Kodiak, accounting for 88% of landings.

Table 20 Communities processing Area 4A IFQ

Community	2015	2016	2017	2018	2019	2020	2021	2022
Adak	x	x	x	x	x			
Akutan	x	x	x	x	x	x	x	x
Atka	x		x					
Dutch Harbor	x	x	x	x	x	x	x	x
False Pass	x							
Homer	x	x	x	x	x	x	x	x
King Cove	x	x	x	x	x	x	x	x
Kodiak	x	x	x	x	x	x	x	x
Sand Point	x	x	x	x	x	x	x	x
Seward				x	x		x	
St Paul	x	x	x	x	x			

Table 21 Communities processing Area 4B IFQ

Community	2015	2016	2017	2018	2019	2020	2021	2022
Adak	x	x	x	x	x	x		
Akutan	x	x	x	x	x	x	x	x
Atka	x	x	x					
Dutch Harbor	x	x	x	x	x	x	x	x
Homer					x		x	
King Cove	x	x	x	x	x	x	x	x
Kodiak	x	x	x	x	x			
Sand Point		x						
St Paul			x					

Table 22 Communities processing Area 4C/4D IFQ halibut

Community	2015	2016	2017	2018	2019	2020	2021	2022
Akutan	x	x	x	x	x	x	x	x
Dillingham							x	
Dutch Harbor	x	x	x	x	x	x	x	x
False Pass	x							
Homer		x		x	x	x	x	
King Cove		x	x	x	x	x	x	x
Kodiak	x	x	x			x		x
Sand Point	x			x		x		
Savoonga			x		x	x	x	
Seward					x		x	
St Paul	x	x	x	x	x			
St George	x	x	x		x			

Source: NMFS Restricted Access Management (RAM) division IFQ landings database sourced through AKFIN, updated 1.4.23

Processor revenue by fishery cannot be reported for individual processors or communities participating in Area 4 halibut processing due to confidentiality rules. Therefore, to demonstrate the relative dependence of processors on the halibut fishery, Table 24 shows the number of processors in the BSAI[11] FMP areas that process halibut and the percent of overall revenue derived from processing halibut in 10% increments. In 2021, six of eight processors derived less than 10 percent of their revenue from halibut, while one processor was highly dependent on halibut, accounting for 90-100% of their revenue. In 2022 all eight processors derived less than 1% of their revenue from halibut, however 2022 revenue data are still in the development stage and are not finalized.

Table 25 shows the same processors and the percent revenue derived from crab. Given recent crab fishery closures this information is provided to demonstrate the relative interdependence of processing facilities on these species and potential affects of crab stock declines on halibut processing availability. Prior to 2020, more halibut processors in the BSAI derived a majority of their revenue from processing crab. In 2020 and 2021, no halibut processor in the BSAI derived more than 30% of their revenue from crab while 2022 data show that one processor derived over 90% of their revenue from crab.

[11] BSAI is an approximation of Area 4 however part of Area 4A overlaps the GOA FMP area.

Table 23 The number of processors processing halibut in BSAI and percent of revenue derived from halibut

% Revenue from halibut	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<1%	2	2	1	1	1	1	1	3	4	8
1-10%	5	5	5	6	6	4	4	3	2	
10-20%			1		1	2	1			
20-30%							1			
30-40%				1						
40-50%									1	
50-60%										
60-70%	1							1		
70-80%		2	1							
80-90%			1		1					
90-100%	2	1	1	2	1	1	1	1	1	
Any	10	10	10	10	10	8	8	8	8	8

Table 24 The number of processors processing halibut in BSAI and percent of revenue derived from crab

% Revenue from crab	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<1%	6	5	6	5	4	3	3	2	4	1
1-10%						1	1	1		2
10-20%	1	1		1	2	2	2	2	1	
20-30%	1	1	2	1	1				1	
30-40%										
40-50%										
50-60%							1			
60-70%										
70-80%										
80-90%		1	1		2	2				
90-100%	2	1	1	3	1		1			1
Any	10	9	10	10	10	8	8	5	6	4

3.2.1.9 Ex-vessel Values

Halibut prices have fluctuated over the past 10 years, but ex-vessel prices in nominal dollars have increased across all areas since 2020 (Table 26). Prices in Area 4 generally trended lower than other areas through the early 2010s however in recent years prices have shown more consistency across IFQ Areas. Prices in Area 4A, 4B, 4C, and 4D declined between 2016 and 2020 falling to the lowest since 2010 in 2020 before rebounding substantially in 2021 and rising again in 2022 (Figure 6).

Table 25 Halibut estimated ex-vessel prices 2010-2022

Area	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
2C	4.71	6.41	5.99	5.17	6.07	6.33	6.63	5.87	4.87	5.14	3.87	6.33	7.66
3A	4.69	6.33	5.74	5.1	6.26	6.31	6.6	5.81	4.99	5.19	3.93	6.62	7.47
3B	4.65	6.34	5.57	4.81	6.09	6.13	6.43	5.61	4.83	4.85	3.83	6.72	7.7
4A	4.56	6.47	5.32	4.4	5.73	5.99	6.21	5.47	4.28	3.93	3.42	5.91	7.66
4B	4.24	6.04	5.04	4.2	5.4	5.69	5.74	5.14	4.06	3.95	3.38	5.9	7.65
4C	3.89	5.69	5.28	4.18	conf	conf	5.45	5.08	3.9	3.77	2.33	5.91	7.65
4D	4.49	6.4	5.36	4.34	5.67	5.96	6.15	5.37	4.19	3.97	3.48	5.97	7.65
4E	3.21	4.28	3.91	4.6	2.74	4.67	4.78	5.35	4.45	4.75	4.22	5.78	7.66
Statewide	4.62	6.29	5.6	4.91	6.03	6.18	6.44	5.68	4.76	4.86	3.79	6.44	7.57

Source: CFEC and AKFIN 08/10/21 https://www.fisheries.noaa.gov/alaska/sustainable-fisheries/alaska-fisheries-management-reports#ifq-halibut/sablefish.

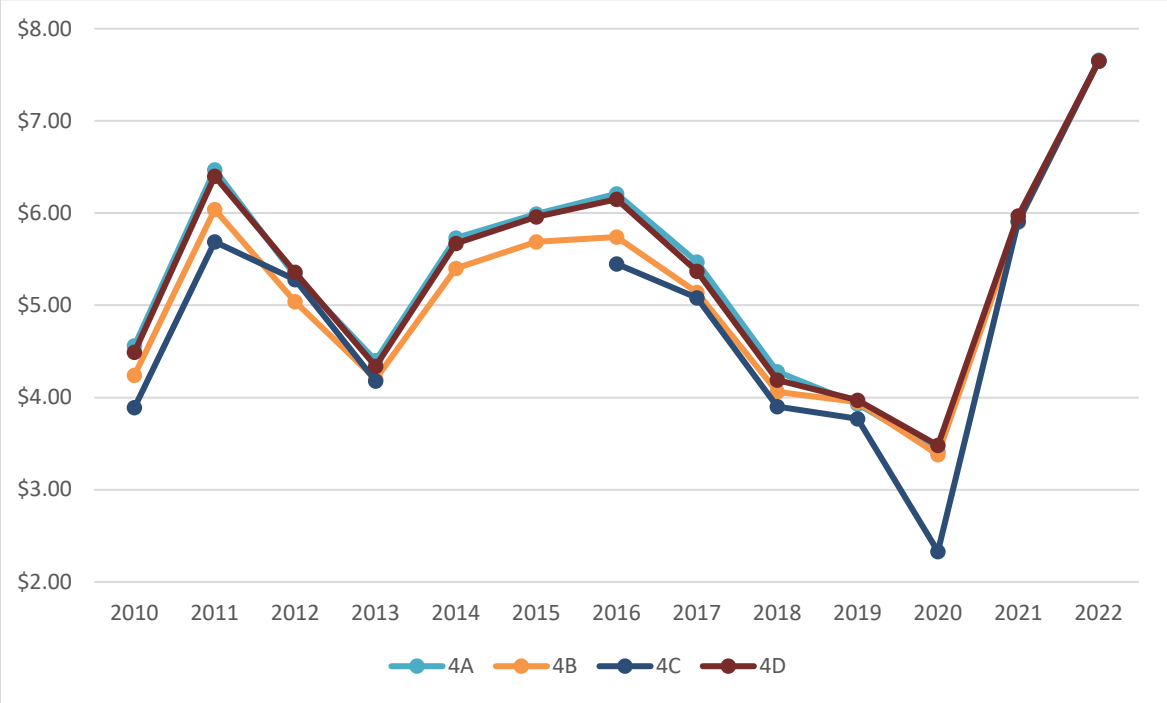

Figure 7 Area 4 halibut estimated ex-vessel prices 2010-2022

3.2.1.10 Recent trends in effort

Much of the public testimony describing the current need for larger vessel caps, cites the need to use larger vessels to operate more efficiently and travel further to fishing grounds and to reach active processors. Figure 8- Figure 10 examine the distribution of effort parameters, by trip in the IFQ halibut fishery in from 2017-2022. Trip duration is calculated as the days between fishing start and landed date, distance to port is calculated as the average straight-line distance in nautical miles from the center of the ADFG stat area(s) where fishing occurred and the port where fish were landed. The years 2017-2022 represent three years of data prior to any changes in vessel caps or transfer flexibility (2017-2019) and three years that include flexibility (2020-2022). Boxplots show the distribution of the data each year. The horizontal center line represents the median, the box represents the middle 50% (25% above, and 25% below the median) and the vertical lines represent the lower and higher 25% of scores excluding outliers (shown as circles).

Generally, there are no obvious trends throughout the time series in Areas 2C, 3A, 3B or 4A. Area 4B shows increases in the distribution of trip duration and distance for the last three years. Area 4CD shows variable trends with notable increases across all metrics (trip duration, distance, pounds and vessel length) in 2022. Given the removal of vessel caps in recent years it is difficult to determine the direct cause of these trends. Whether trips generally trended towards longer and farther due to the fact that vessel caps were removed or was a trend that was occurring in the fishery regardless cannot be determined in the data.

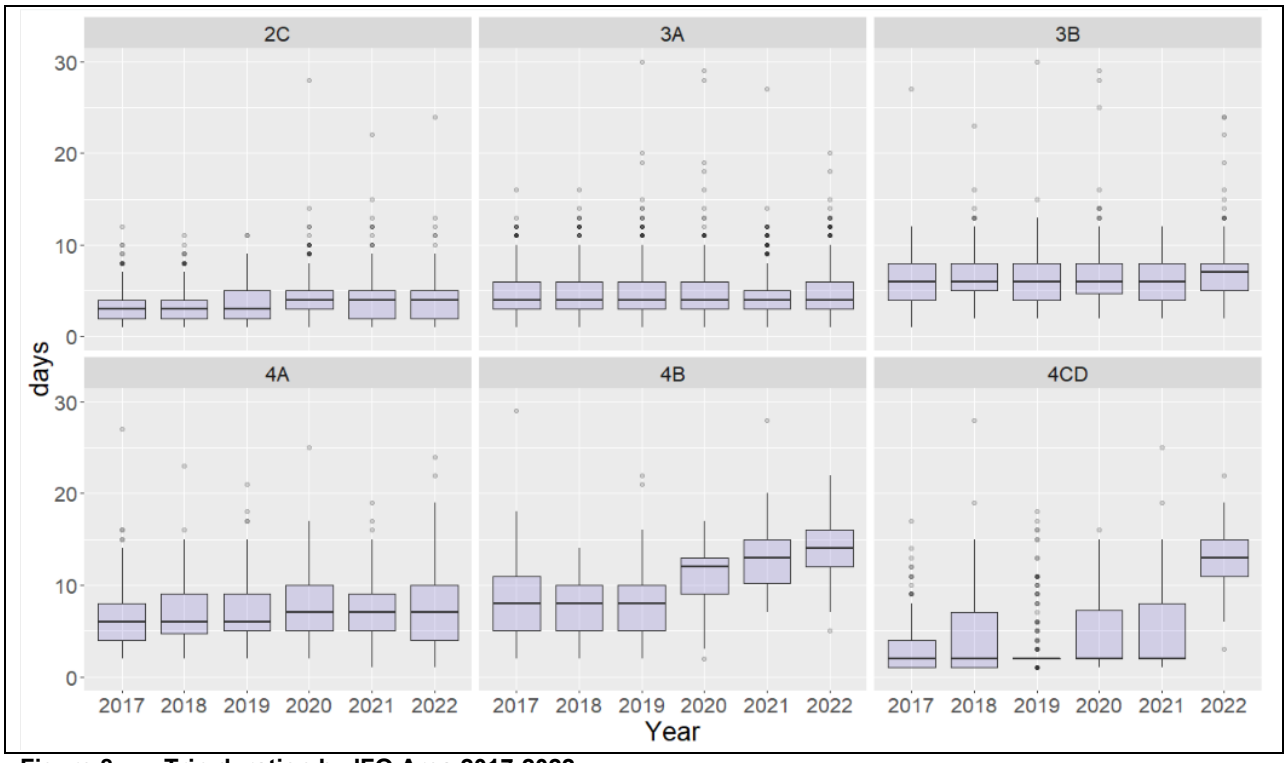

Figure 8 Trip duration by IFQ Area 2017-2022

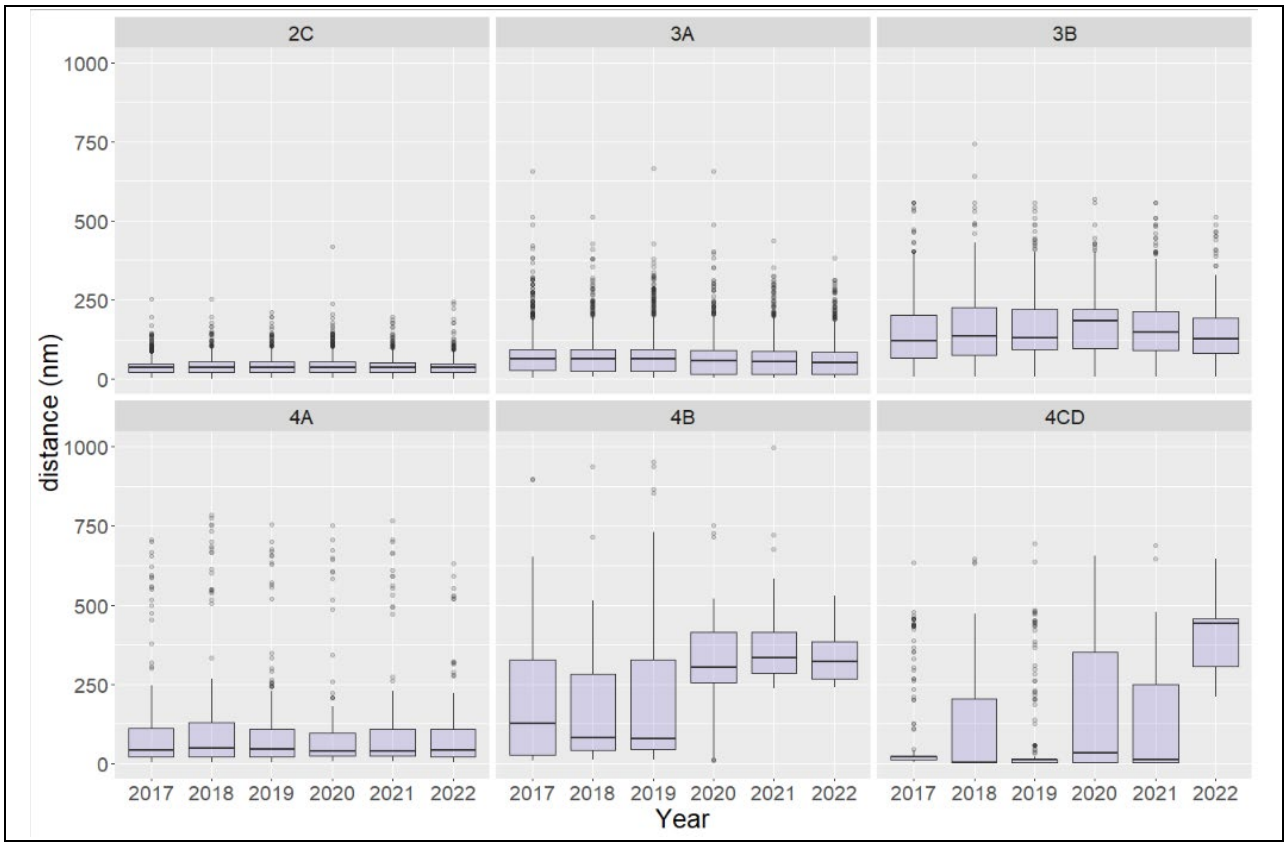

Figure 9 Average distance per trip from stat area(s) fished to port of landing by IFQ Area 2017-2022

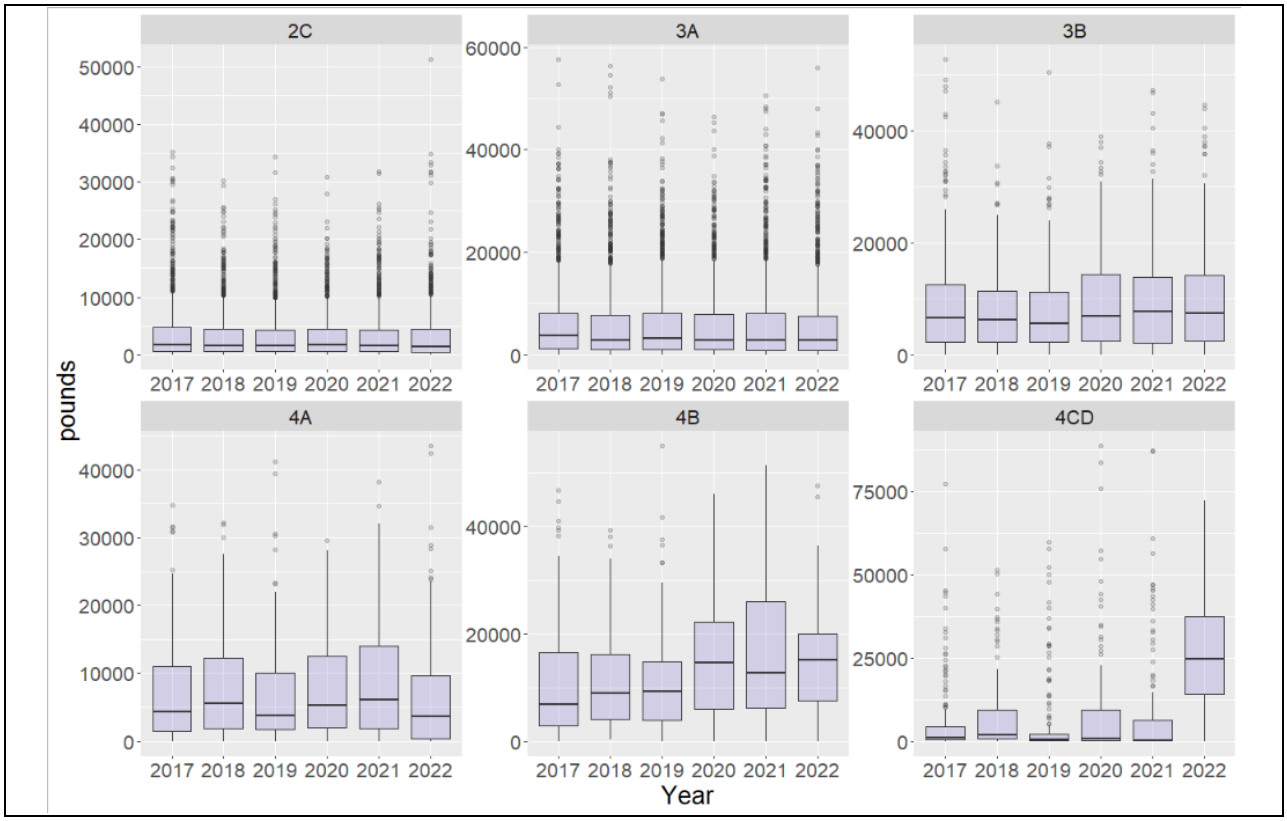

Figure 10 Pounds of IFQ halibut landed per trip by IFQ Area 2017-2022

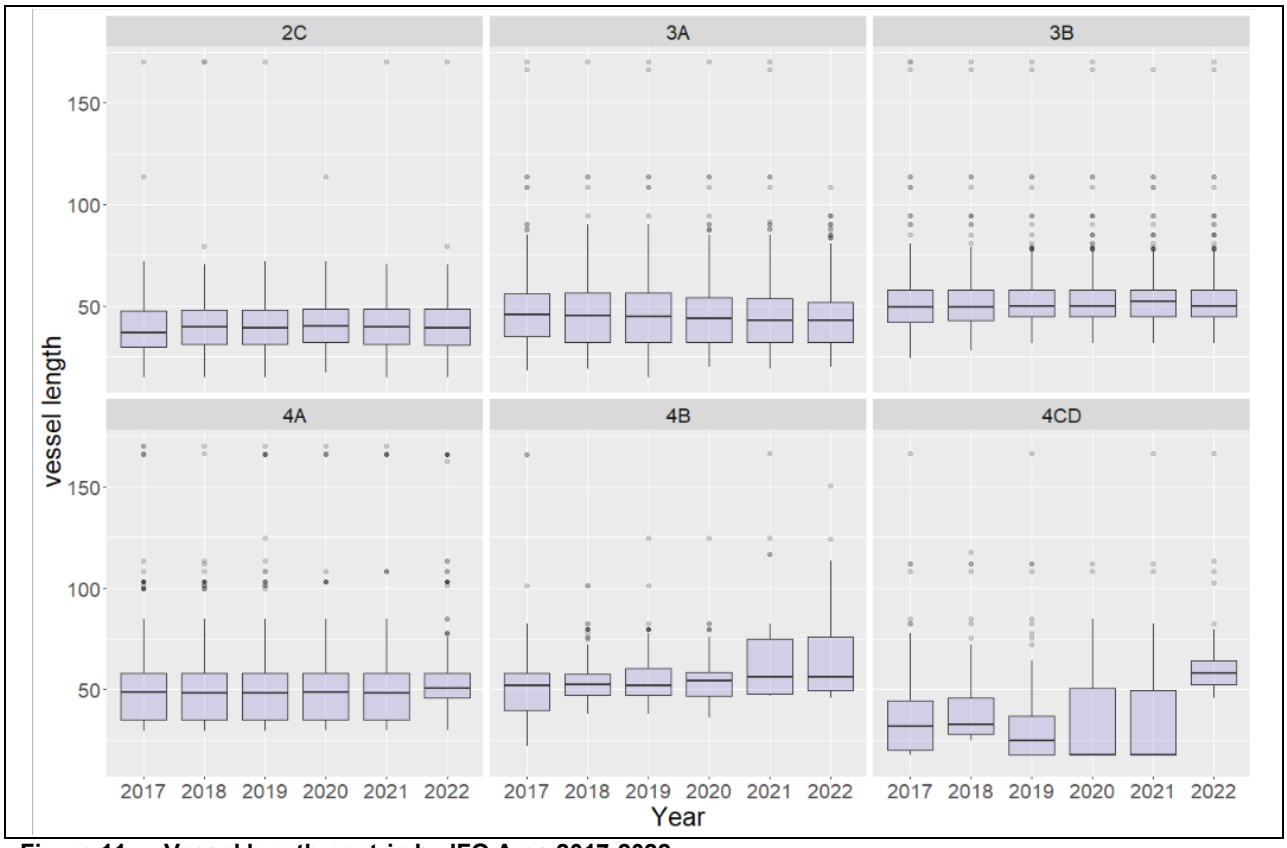

Figure 11 Vessel length per trip by IFQ Area 2017-2022

3.3 Analysis of Impacts:

3.3.1 Alternative 1 (No Action)

If Alternative 1 is selected, the current removal of vessel caps in Area 4 will remain in place through the 2027 IFQ season, at which point the vessel use caps as defined under 50 CFR § 679.42(h) will take effect. Alternative 1 provides the most flexibility for vessels in Area 4 in the near term (through 2027) and the least amount of flexibility overall in the long term (2028 and beyond) as it represents the lowest limit of the proposed Alternatives and options.

Short term impacts (through 2027 fishing year)

Under Alternative 1 there are no vessel cap limitations in Area 4 through the 2027 fishing year. This provides the most flexibility for vessels operating in Area 4, and those vessels when they operate in other areas as no catch from Area 4 is counted against the vessel limitations in other areas. A majority of the vessels operating in Area 4 also operate in other areas (Table 6) and are thus able to accrue landings up to the cap outside of Area 4. This flexibility may allow for higher utilization of TAC both inside and outside of Area 4.

When the Council took action on the temporary waiver of vessel caps, they deliberated the appropriate length of the temporary removal, concerned that a longer-term interim measure may cement vessel cap exemptions into the business plans of operators in area 4. The Council agreed that vessel cap limitations are a central component of the IFQ program and extended the exemption through 2027, not to signal that a longer-term adjustment to vessel caps was not a priority, but rather to provide a longer buffer in the event of unexpected delays in the Council or implementation process. Selecting Alternative 1 may

contradict that intent as it will represent a total of eight years (2020-2027) of exemptions of vessel caps in Area 4.

Longer term impacts (2028 and beyond)

Under Alternative 1, beginning in fishing year 2028, vessel limitations will return to those as defined under 50 CFR § 679.42(h), representing the lowest vessel caps of any of the alternatives and options. The intention of vessel IFQ caps is to limit IFQ consolidation on vessels, which could reduce the number of vessels needed to prosecute the fishery and subsequently reduce the number of available crew jobs as well as opportunities for new entrants. Maintaining vessel use caps may help preserve opportunities for smaller operations that would not otherwise participate in the fishery if additional consolidation occurs. However, due to potential changes in the fishery after multiple years of exemptions from vessel caps and reductions in local processing capacity, vessel use caps may not ensure additional opportunity for vessels and crew, particularly in remote Area 4 halibut IFQ fisheries.

If the supply of vessels available to prosecute Area 4 halibut IFQ fisheries is limited such that the entire allocation cannot be spread out amongst available vessels while meeting the more restrictive vessel cap limitations, it is possible that Alternative 1 may increase the likelihood that annual halibut allocation is left unharvested. This may particularly be the case in Area 4 where there is a smaller number of participating vessels and these vessels are closer to the caps relative to Area 2 and 3 (Table 10). The number of vessels participating in Area 4 has declined in recent years (Table 9) however it is unclear which vessels did not participate because of recent regulatory flexibilities (i.e., the emergency action on temporary transfer flexibility as well as the exemption from the vessel use caps in Area 4) and which vessels would have otherwise not participated due to health and safety or financial concerns experienced in 2020-2022.

The likelihood that the supply of vessels is constrained enough to strand unharvested quota under the Alternative 1 caps depends on many factors. Some vessels may have not operated in recent years due to health and safety concerns related to COVID-19 or because individual operators could not justify the costs (e.g. fuel, vessel maintenance, labor, etc.) produced by operating a vessel given uncertain ex-vessel prices or other changes in profitability related to recent market impacts. Nominal ex-vessel prices increased substantially since 2020 (Table 26) however inflation also rose considerably over that time so the increase in prices may not have offset increased costs. If vessel participation remains steady or continues to decline, there is still a buffer before the number of vessels decreases below the minimum number of vessels required to harvest the full TAC with the Alternative 1 cap in place (Table 9).

The number of active halibut IFQ processors in Area 4 has declined over recent years (Table 21-Table 23). Vessels harvesting halibut IFQ in Area 4B and 4CD have traveled farther from fishing grounds to processing locations in recent years (Figure 9, Table 21). The length of vessels operating in Area 4CD has also noticeably increased in recent years (Figure 11). Whether these trends are due to limited vessel and processor capacity or the increased flexibility from the temporary removal of regulatory restrictions in recent years is unknown. If these trends continue and vessels need to travel further to reach active processing locations, smaller vessels may be less likely to operate, reducing the overall supply of vessels and changing the demographics or solidifying recent demographics of participation in Area 4.

The number of communities processing halibut from Area 4 has decreased from 11 in 2019 to six in 2022 and only three processed Area 4B IFQ and four processed area 4CD IFQ in 2022 (Table 21-Table 23). The community of St. Paul has not processed IFQ halibut in Area 4 since 2019 (Table 21-Table 23). A 2022 Council analysis on EBS snow crab demonstrates that the Trident Seafoods plant, located in St. Paul is highly dependent on crab deliveries: “As noted on Trident’s website, the plant is the largest crab processing plant in the world. The plant can process and freeze more than 500,000 pounds of snow crab per day. The plant has processed snow crab, king crab, and Tanner crab in the past. During the peak of the snow crab season in February, the plant employs as many as 400 workers. Given the processor’s focus on crab processing and the loss of EBS snow crab operating revenue and the potential continued loss of

BBRKC operating revenue due to the continued closure of the fishery, it is likely the processor will be severely impacted by this loss of operating revenue" (NPFMC 2022). The same analysis describes the uncertainty of future processing operations in St. Paul: "(a)s noted in a personal communication with a Trident representative, in general, it is more costly to operate at low TAC levels than to have the shoreplants shuttered and pay for annual maintenance. However, long-term implications of doing so, for the community and regional delivery requirements, make the cost of not operating in St. Paul severe. If the plant is shuttered for a prolonged period, there would be additional costs related to the replacement non-stainless steel parts (e.g., drive changes and some bearings)" (NPFMC 2022).

If the most restrictive vessel caps are implemented under Alternative 1, there could be differential impacts on QS holders depending on their fishing operations, and the availability of vessels in the community where they operate. For example, some QS holders may hold small amounts of quota, or reside in a community where numerous vessels are able to operate and could consolidate their IFQ on those vessels under existing regulations. For these operations, maintaining vessel use caps under Alternative 1 would have minimal impact. Some QS holders in other communities may not be able to find an adequate number of vessels operating out of their community and may have difficultly identifying vessel owners who are able to harvest their IFQ. Maintaining the smallest vessel use caps under Alternative 1 may limit the harvest of IFQ for QS holders who have difficulty finding vessel operators to harvest their IFQ, or who prefer to consolidate their IFQ on one or a few vessels that have traditionally operated out of a given community.

Overall

If Alternative 1 is selected it will represent a total of eight years (2020-2027) of exemptions of vessel caps in Area 4 followed by reimplementing the original vessel caps. This kind of drastic fluctuation from no vessel limitations to the tightest limitations may be difficult for some operations to adapt to. However, it may lead to more predictability and less confusion for stakeholders compared to another adjustments to a new cap level.

The intention of vessel IFQ caps is to limit IFQ consolidation on vessels and preserve opportunities for smaller operations that would not otherwise participate in the fishery if additional consolidation occurs. However, because vessel caps are calculated as a percentage of overall TAC, recent declines in TAC have led to smaller caps. In the early years of the IFQ Program, the vessel caps were two to three times the amount of the current caps (Figure 3). While the number of vessels required to harvest the entire allocation, given the vessel caps has varied by IFQ Area throughout this time (Figure 5), the ability for vessels to operate efficiently under the caps has become more challenging as the caps themselves have decreased in pounds. Alternative 1 would maintain this most restrictive limit.

3.3.2 Analysis of Impacts: Alternative 2

Under Alternative 2, Federal regulations implementing the IFQ program at 50 CFR § 679.42(h), would be revised to reflect new vessel limitations for halibut IFQ fishing in IPHC regulatory Area 4. The impacts of Alternative 2 relative to Alternative 1 are likely to be very different in the near term (through 2027) and the long term (2028 and beyond). Due to the current removal of vessel caps in Area 4, every option under Alternative 2 represents a restriction from status quo, if implemented prior to 2028 as it would implement a vessel cap where there currently is none. However, after 2028 (when the current vessel cap removal expires), every option under Alternative 2 represents a more flexible vessel cap in Area 4 than Alternative 1. Because the implementation timing of this action is unknown, when comparing impacts of these alternatives, this analysis focuses on those that would occur after the current vessel cap removal has expired and Alternative 1 represents a vessel cap that is more restrictive in Area 4 than those proposed under Alternative 2.

The specific limit of each vessel cap under Alternative 2 in any given year will depend on the annual Area IFQ TACs. Since future TACs are unknown, analysts compared what the vessel caps would have been

under each option given Area IFQ TACS for the past 10 years (Figure 11). All options for vessel limits under Alternative 2 would be larger than Alternative 1, with options 1a, b and c fluctuating consistently relative to one another and option 2 varying relative to the other options, but consistently with Alternative 1. The largest cap in 2023 would be 207,960 pounds under Alternative 2, option 1c and the lowest would be 89,030 pounds under Alternative 1.

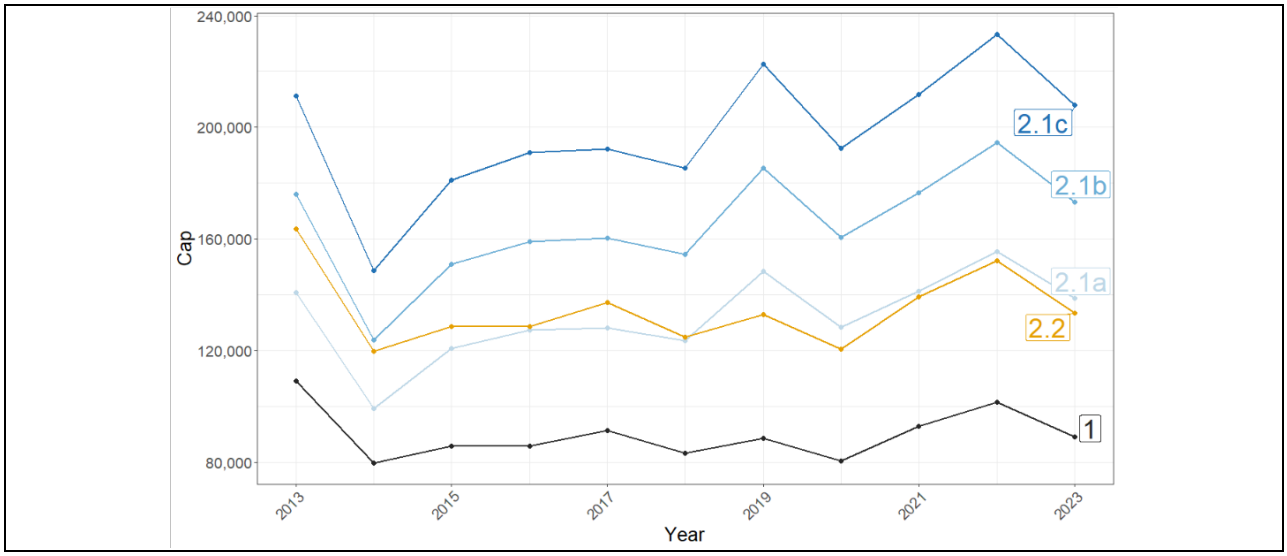

Figure 12 Back-calculated vessel cap lbs by Alternative and option 2013-2023

Alternative 1 and Alternative 2 option 2 are calculated as percentages of the overall coastwide IFQ TAC (2C, 3A, 3B, 4A, 4B, 4C, 4D, 4E combined), while Alternative 2 options 1a, 1b, and 1c are calculated as percentages of the Area 4 IFQ TAC. The marginal differences in caps between Alternative 2 options 1a-c, relative to Alternative 1, depends on the percentage selected and the relative changes of coastwide TAC and area 4 TACs. To more easily compare the relative differences of these alternatives historically, Figure 13 shows the caps under each Alternative and Option as a percent of the Area 4 IFQ TAC and Figure 14 shows the caps under each Alternative and Option as a percent of the coastwide IFQ TAC. Historically, at the highest point in 2006, the Alternative 2.2 cap would have been 6% of the Area 4 TAC, and Alternative 1 would have been just over 4% (Figure 13). All options under Alternative 2 represent caps that would have been greater than Alternative 1 calculation of 0.5% of the coastwide TAC since 2007 (Figure 14).

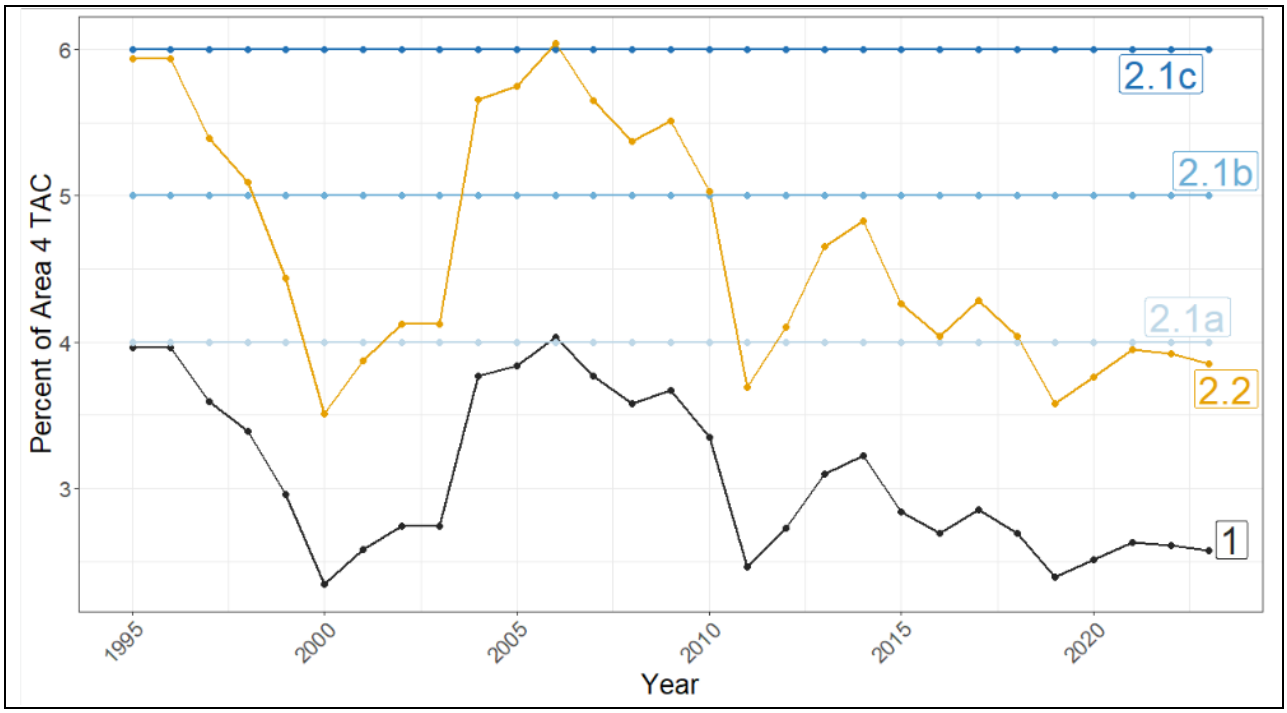

Figure 13 Back-calculated vessel caps by alternative 2013-2023 as percent of Area 4 TAC

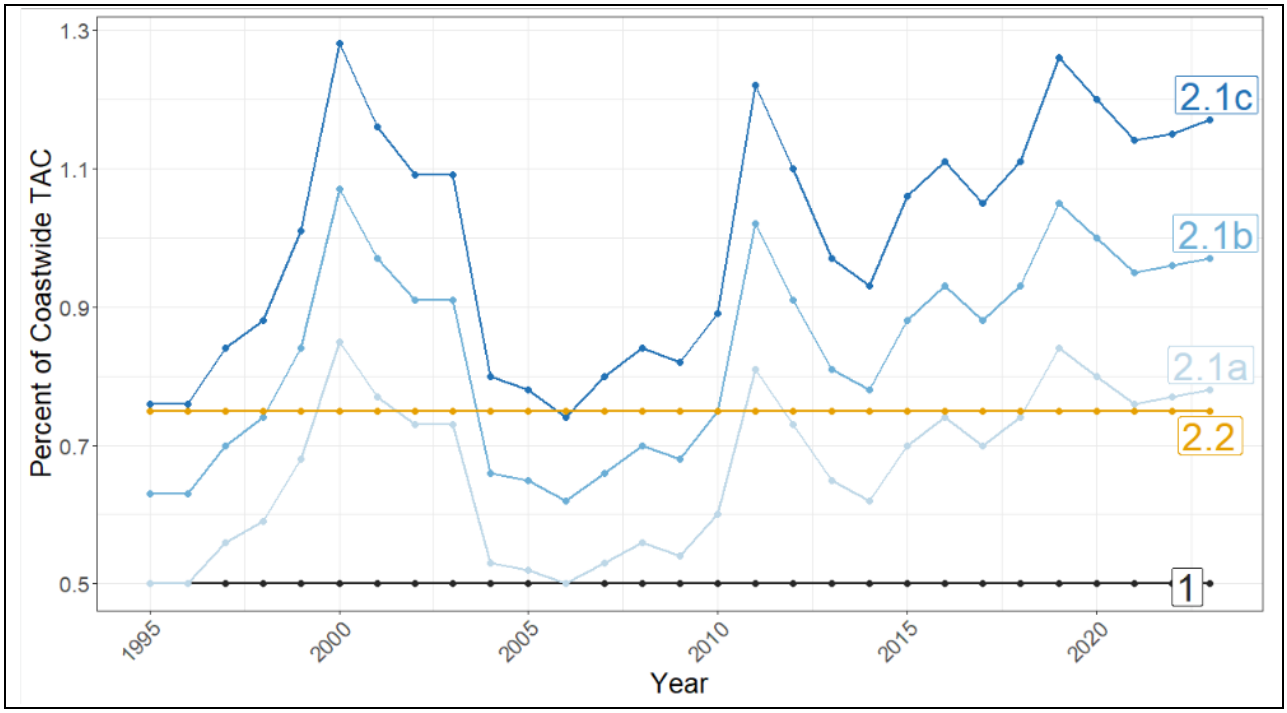

Figure 14 Back-calculated vessel caps by alternative 2013-2023 as percent of Coastwide TAC

One potential impact associated with changing vessel caps is the number of vessels that will be required to harvest the total TAC in each area. Table 27 displays this number for Areas 4A, 4B and 4CD since 2015 given back-calculated limits of the proposed caps, as well as the number of vessels that harvested IFQ in each area. Larger cap limits require fewer vessels to harvest the entire TAC. Since 2015 the number of participating vessels in each area has been greater than the number required to harvest 100% of the TAC under any of the proposed cap calculations.

Table 26 Number of vessels harvesting IFQ in Area 4A, 4B, 4CD, and minimum number required to harvest all of each Area TAC under potential vessel caps

Area	Year	No. of vessels harvesting IFQ	Minimum no. of vessels to harvest 100% of TAC with cap				
			Alt 1	Alt 2.1a	Alt 2.1b	Alt 2.1c	Alt 2. 2
4A	2015	68	17	12	10	8	11
	2016	69	17	11	9	8	11
	2017	65	16	11	9	8	11
	2018	67	17	12	9	8	11
	2019	63	19	12	9	8	13
	2020	58	18	11	9	8	12
	2021*	59	18	12	10	8	12
	2022*	59	18	12	10	8	12
	2023		16	11	9	7	11
4B	2015	33	11	8	7	6	8
	2016	34	11	8	6	5	8
	2017	30	10	8	6	5	7
	2018	27	11	7	6	5	7
	2019	24	11	7	6	5	8
	2020*	23	11	7	6	5	8
	2021*	19	11	7	6	5	8
	2022*	16	11	7	6	5	7
	2023*		11	8	6	5	8
4C/D	2015	38	9	6	5	4	6
	2016	36	11	7	6	5	7
	2017	38	10	8	6	5	7
	2018	38	11	8	6	5	8
	2019	42	13	8	6	5	9
	2020*	33	12	8	6	5	8
	2021*	27	10	7	6	5	7
	2022*	20	11	8	6	5	8
	2023*		13	8	7	6	9

The removal of vessel caps in Area 4 in the past few years, provides useful information regarding likely harvesting patterns of vessels without the constraints of vessels caps. Table 28 shows the number of vessels that harvested an amount greater than what the proposed caps would have been each year the vessel cap was removed. Under the most restrictive cap, calculated by Alternative 1, the largest number of vessels that would have exceeded the cap, was 15 vessels that operated in area 4A in 2021. No vessels harvested more than the largest cap, calculated under Alternative 2.1c, while anywhere from zero to four vessels exceeded any other caps calculated under alternative 2.

Table 27 Number of vessels that would have been over the proposed cap in Area 4A, 4B and 4CD in years the vessel cap was removed

Area	Year	Alt 1	Alt 2.1a	Alt 2.1b	Alt 2.1c	Alt 2.2
4A	2021	15	2	1	0	2
4A	2022	13	2	0	0	2
4B	2020	11	3	0	0	4
4B	2021	9	2	2	0	2
4B	2022	7	2	0	0	3
4CD	2020	10	2	0	0	4
4CD	2021	10	2	1	0	2
4CD	2022	9	3	0	0	4

The specific impacts of Alternative 2 depend on the option selected, future TACs and subsequent vessel caps. More general impacts associated with revising the vessel caps in area 4 to higher limits than Alternative 1 and different limits than other IFQ Areas are discussed below.

Larger vessel caps will provide increased flexibility to vessels that operate in Area 4 which may be particularly useful given recent decline in TAC utilization (Table 5) and number of communities processing IFQ in Area 4 (Table 21-Table 23). Given the relative dependence of St. Paul processing capacity on crab stocks (NPFMC 2022), and the current closures of the EBS snow crab and Bristol Bay Red King Crab, it is likely that the lack of halibut IFQ processing in St. Paul will continue and the distance vessels must travel to reach processing will remain farther than in years past (Figure 9). This may also lead to a continued selection of larger vessels to harvest IFQ in area 4 (Figure 11). It is unclear if increasing the vessel caps will increase TAC utilization as even with the removal of vessel caps TAC utilization rates in Area 4 decreased in 2022 (Table 5), however larger vessel caps are likely to increase utilization rates relative to more constraining caps.

Implementing different vessel caps in different areas may increase the complexity of operations as operators will have to plan and track their vessel harvest patterns in order to efficiently harvest the most IFQ possible while not going over limits in more constraining areas. This only affects vessels that operate in multiple areas and will be utilizing the entirety of the cap in the less constraining area. In 2022, of the 65 vessels that fished in Area 4, only 17 did not also fish outside of area 4 (Table 6).

Allowing larger caps in Area 4 may lead to friction with users in other areas who will be required to operate under the same vessel caps as status quo in an environment of declining TACs (Figure 2). However, the re-implementation of caps in area 4 after numerous years of waivers may help to alleviate concerns of operators in other areas who feel that vessel caps are an integral part of the IFQ Program.

Sub-option 1

If sub-option 1 is selected, IFQ halibut derived from QS held by a CQE in area 4B would not accrue towards the Area 4 vessel cap, however the 50,000lb vessel cap for CQEs would still apply (in 2028 and beyond when the vessel caps go back into effect). Therefore, under sup-option 1, a vessel fishing in area 4 could harvest non CQE derived IFQ up to the cap selected in Option 1 or 2, plus an additional 50,000 lb of IFQ derived from QS held by a CQE in area 4B. However, no vessel could harvest more than 50,000 lb of IFQ derived from CQE QS regardless of the area. The CQE in Area 4B (ACDC) holds QS equivalent to 143,944 lbs of IFQ in 2023 and has only had one vessel harvest its IFQ since the temporary removal of vessel limitations in 2020 (Table 7).

Sub-option 1 will provide more flexibility to vessels harvesting IFQ in Area 4 that may also want to harvest Area 4B CQE, which may increase the pool of vessels available to harvest Area 4B CQE. However, it will not provide any additional flexibility to the CQE in Area 4B terms of the number of

vessels required to harvest their total QS holdings. This sub-option is applicable only to the CQE in 4B, thus QS held by CQEs in other IFQ Areas (the Gulf of Alaska) continue to count toward all vessel caps. This distinction for CQEs in different IPHC regulatory areas may lead to friction given the disparate regulatory environment faced by different CQEs.

Sub-option 2

Under sub-option 2, the Council can identify a timeline for review of this action of either three or five years after implementation or specify that this action be included in the next halibut/sablefish IFQ Program Review. An IFQ Program Review is currently ongoing, with a completed report tentatively scheduled for Council review in October 2024. Program reviews occur every seven years so the next expected review of the halibut/sablefish IFQ Program would likely occur in 2030.

Selecting a specified review timeline may help alleviate concerns from some stakeholders regarding what may be perceived as a permanent change to a fundamental aspect of the IFQ Program. However, it is likely that any future review of the IFQ Program would include an analysis of the impacts of vessel limitations. Additionally, requiring review at a specific date allocates staff resources to that review regardless of Council priorities at that time. Regardless of whether or not the Council selects this sub-option, this would not preclude the Council from choosing to review the outcome of this action at any time during a regularly scheduled meeting.

3.4 Management and Enforcement Considerations

NMFS Restricted Access Management (RAM) division issues annual IFQ permits. Part of this process includes determining vessel use caps based on the TAC published by NMFS. Vessel use caps are enforced at the point of landing. Given the current removal of Area 4 vessel caps under Alternative 1, NMFS Enforcement does not count the Area 4 landings by vessels making qualifying landings above the established cap. Only landings of Area 4 halibut IFQ are excluded from the vessel use cap so this exclusion does not apply to a vessel that only makes landings from Areas 2 or 3. However, if a vessel fishes in Area 4, then moves into Areas 2 or 3, the Area 4 landings are not counted when determining whether a vessel exceeded the cumulative total cap in those other areas. This enforcement approach will continue through the 2027 IFQ season under Alternative 1, or until implementation of a new cap under Alternative 2.

Management and enforcement of vessel caps would become more complex under Alternative 2 because it would require tracking separate limits for separate areas. Vessels must have enough available IFQ in the area in which they are fishing so Alternative 2 may impact the order in which vessels harvest different IFQ Areas. For example, if a vessel has already caught up to the Area 3 limit while fishing in Area 4, they could not return to Area 3 to top off up to the total Area 4 limit even though the total catch in each area would be under the limit in each area.

NMFS RAM staff have advised that accommodating Alternative 2 by permanently modifying the landings programming would require NMFS developers approximately four weeks of dedicated time to determine the business requirements, modify existing (antiquated) code, and implement the changes to ensure participants could land IFQ without reporting errors.

Sub-option 1 may require additional complexity in enforcement, however RAM already tracks CQE landings separately, given different vessel limitation for IFQ and CQE.

Any action to modify the IFQ Program recommended by the Council would be subject to cost recovery under the MSA.[12] The IFQ Program cost recovery was 3 percent in 2020 and 2.3 percent in 2021 and 1.9 percent in 2022. NMFS does not anticipate a substantive drop in management costs. Under the provisions

[12] Additional information and annual cost recovery reports area available at: https://www.fisheries.noaa.gov/resource/document/individual-fishing-quota-ifq-cost-recovery-reports

of the Magnuson-Stevens Act, the fee percentage cannot exceed 3 percent of ex-vessel value regardless of direct program costs. Implementing new vessel caps for Area 4 under Alternative 2 will require modifying the landings database programming as well as additional administrative costs that are billable to the halibut and Sablefish cost recovery program.

3.5 Affected Small Entities

Section 603 of the Regulatory Flexibility Act (RFA) requires that an initial regulatory flexibility analysis (IRFA) be prepared to identify if a proposed action will result in a disproportionate and/ or significant adverse economic impact on the directly regulated small entities, and to consider any alternatives that would lessen this adverse economic impact to those small entities. This section provides information that NMFS will use to prepare the IRFA for this action, namely a description and estimate of the number of small, direction regulated entities to which the proposed action will apply.

In considering which entities are "directly regulated", the operative phrase in the proposed action under consideration is: "exempt vessels from the vessel limitations in IPHC regulatory Areas 4A, 4B, 4C, and 4D for through the 2027 IFQ season." In light of this directive, the universe of entities that might be directly regulated by this action is limited to the vessels that have traditionally harvested halibut IFQ in Area 4A, 4B, 4C, or 4D. However, this action only directly regulates vessels to the extent that they choose to take advantage of the increased vessel use cap limitation. This is voluntary, and nothing above the status quo is "required" of the vessel.

The thresholds applied to determine if an entity or group of entities are "small" under the RFA depend on the industry classification for the entity or entities. Under the RFA, businesses classified as primarily engaged in commercial fishing are considered small entities if they have combined annual gross receipts not in excess of $11.0 million for all affiliated operations worldwide, regardless of the type of fishing operation (81 FR 4469; January 26, 2016). If a vessel has a known affiliation with other vessels – through a business ownership or through a cooperative – it is measured against the small entity threshold based on the total gross revenues of all affiliated vessels.

AKFIN provided the analysts with the most recent complete set of gross revenue data by vessel. There is a lag due to the publishing and review schedule for revenue data. Therefore, 2021 represents the most up-to-date set of gross revenue data by vessel. In 2022, 97 active vessels participated in the halibut IFQ fishery in Areas 4A, 4B, 4C, and 4D. 95 of these vessels were considered small entities. 33 vessels that previously participated from 2018-2021 were not active in 2022.

3.6 Summation of the Alternatives with Respect to Net Benefit to the Nation

This section uses qualitative methods to assess the potential net benefit of action on the Nation (relative to the no action baseline). Compared to 'no action', the proposed action in this analysis would revise vessel limitations in IPHC regulatory Areas 4. Due to the current removal of vessel caps in Area 4, every option under Alternative 2 represents a short-term restriction from status quo, if implemented prior to 2028 as it would implement a vessel cap where there currently is none. However, after 2028 (when the current vessel cap removal expires), every option under Alternative 2 represents a more flexible vessel cap than 'no action' (Alternative 1). Because the implementation timing of this action is unknown, when comparing impacts of these alternatives, this analysis focuses on those that would occur after the current vessel cap removal has expired and 'no action' (Alternative 1) represents a vessel cap that is more restrictive than those proposed under any of the action alternatives (Alternative 2).

The analysis indicates that it is possible that vessel use cap regulations under Alternative 1 may increase the likelihood that some of the annual allocation of halibut IFQ in Areas 4 is left unharvested. This may occur if the availability of vessels is decreased such that the entire allocation cannot be spread out amongst participating vessels while meeting vessel use cap limitations under Alternative 1.

Larger vessel caps under Alternative 2 will provide increased flexibility to vessels that operate in Area 4 which may be particularly useful given recent decline in TAC utilization (Table 5) and number of communities processing IFQ in Area 4 4 (Figure 11). It is unclear if increasing the vessel caps will increase TAC utilization as even with the removal of vessel caps TAC utilization rates in Area 4 have decreased in 2022 (Table 5), however larger vessel caps are likely to increase utilization rates relative to more constraining caps. Therefore, increasing vessel use caps (under Alternative 2) could lead to a larger total harvest of IFQ in Area 4 than may have otherwise been harvested (under Alternative 1).

This action could lead to possible distributional impacts across crew, processors, and communities. For instance, if consolidation of halibut IFQ on a smaller number of vessels occurs due to this proposed increased flexibility, this would likely decrease the amount of crew needed to harvest the IFQ, resulting in lost jobs and revenue. Additionally, if halibut deliveries shift to Dutch Harbor, Akutan or King Cove as has occurred in recent years, these communities would benefit from any additional fisheries landing tax associated with increased landing and other communities could lose these revenues. If the operations in these communities would not have otherwise participated due to economic constraints, then this loss in jobs and revenue would also be accrued under no action. When examining data since 2020, it is difficult to assert the counterfactual scenario that may have occurred without this flexibility.

Overall, this action may lead to an increase in the amount of IFQ halibut harvested in Area 4 and therefore product produced and available to consumers producing small net benefits to the Nation.

4 Pacific Halibut Act Considerations

The fisheries for Pacific halibut are governed under the authority of the Northern Pacific Halibut Act of 1982 (Halibut Act, 16 U.S.C. 773-773k). For the United States, the Halibut Act gives effect to the Convention between the United States and Canada for the Preservation of the Halibut Fishery of the North Pacific Ocean and Bering Sea. The Halibut Act also provides authority to the Regional Fishery Management Councils, as described in § 773c:

> *(c) Regional Fishery Management Council involvement*
>
> *The Regional Fishery Management Council having authority for the geographic area concerned may develop regulations governing the United States portion of Convention waters, including limited access regulations, applicable to nationals or vessels of the United States, or both, which are in addition to, and not in conflict with regulations adopted by the International Pacific Halibut Commission (IPHC). Such regulations shall only be implemented with the approval of the Secretary, shall not discriminate between residents of different States, and shall be consistent with the limited entry criteria set forth in section 1853(b)(6) of this title. If it becomes necessary to allocate or assign halibut fishing privileges among various United States fishermen, such allocation shall be fair and equitable to all such fishermen, based upon the rights and obligations in existing Federal law, reasonably calculated to promote conservation, and carried out in such manner that no particular individual, corporation, or other entity acquires an excessive share of the halibut fishing privileges.*

The Halibut Act states that the Council may develop regulations, including limited access regulations, to govern the fishery, provided that the Council's actions are in addition to, and not in conflict with, regulations adopted by the International Pacific Halibut Commission (IPHC). Adherent to the Halibut Act, the proposed action is not in conflict with any existing regulations adopted by the IPHC.

In addition, consistent requirements under the Halibut Act, this action does not discriminate by residents of different states. The proposed action would allow additional flexibility in harvesting IFQ for vessels in Area 4 regardless of home state. Table 16 shows that between 2015 and 2022, on an annual average basis, 70 percent of the vessels participating in the IFQ fishery in Area 4 had ownership addresses in Alaska, while 30 percent of vessels were owned in other states. The proposed change to vessel caps would be available to all those who hold QS in Area 4A, 4B, 4C, and 4D and vessels that harvest in these areas regardless of the state of origin.

Changing vessel limitations for vessels in Area 4A, 4B, 4C, and 4D is also consistent with limited entry criteria set forth in Section 1853(b)(6) of the Halibut Act. This action would not create a new limited access privilege program, rather it would amend the current Halibut IFQ Program. The proposed action maintains current allocations as determined through multiple types of halibut management programs established through the Council. Additionally, QS use caps in place in the Halibut and Sablefish IFQ Program would still apply to those holding QS, continuing to ensure no particular individual, corporation, or other entity acquires an excessive share of harvesting privileges.

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