



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration

National Marine Fisheries Service

P.O. Box 21668

Juneau, Alaska 99802-1668

April 4, 1997

Helen Allen
North Pacific Fishery Management Council
605 W. 4th Avenue, Room 306
Anchorage, Alaska 99501

Dear Helen:

Enclosed for your records on the groundfish FMP amendments 43/43 (IFQ sweep-up provisions) is a copy of the November 27, 1996 Environmental Assessment/Regulatory Impact Review and a signed copy of "To All Interested Government Agencies and Public Groups" letter, which is to go with the Environmental Assessment to anyone requesting it.

Sincerely,

Lori J. Gravel
Program Support Specialist

Enclosure





UNITED STATES DEPARTMENT OF COMMERCE
Office of the Under Secretary for
Oceans and Atmosphere
Washington, D.C. 20230

DEC 18 1996

To All Interested Government Agencies and Public Groups:

Under the National Environmental Policy Act, an environmental review has been performed on the following action.

TITLE: Environmental Assessment of the Final Rule to Implement Amendment 43 to the Fishery Management Plan (FMP) for the Groundfish Fishery to the Bering Sea and Aleutian Islands Area, and Amendment 43 to the FMP for Groundfish of the Gulf of Alaska and a Regulatory Amendment to the Individual Fishing Quota (IFQ) Halibut Regulations

LOCATION: Alaska Region

SUMMARY: Amendments 43/43 and an associated halibut fishery regulation would increase the levels for small quota share (QS) blocks for Pacific halibut and sablefish managed under the IFQ program and is intended to maintain the objectives of the IFQ program (i.e., limit excessive consolidation of QS, maintain diversity of the fishing fleet, and allow new entrants into the fishery) while increasing the program's flexibility by allowing a moderately greater amount of QS to be consolidated into economically fishable amounts.

RESPONSIBLE OFFICIAL: Steven Pennoyer
Administrator, Alaska Region
National Marine Fisheries Service
709 W. 9th Street
P.O. Box 21668
Juneau, Alaska 99802
Phone: (907) 586-7221

The environmental review process led us to conclude that this action will not have a significant impact on the environment. Therefore, an environmental impact statement was not prepared. A copy of the finding of no significant impact, including the environmental assessment, is enclosed for your information. Also, please send one copy of your comment to me in Room 5805, OP/SP, U.S. Department of Commerce, Washington, D.C. 20230.

Sincerely,

Donna Wieting
Acting Director, Office of Ecology
and Conservation



ENVIRONMENTAL ASSESSMENT/REGULATORY IMPACT REVIEW

FOR

AMENDMENT 43 TO THE
BERING SEA/ALEUTIAN ISLANDS GROUND FISH FISHERY MANAGEMENT PLAN

AND

AMENDMENT 43 TO THE
GULF OF ALASKA GROUND FISH FISHERY MANAGEMENT PLAN

AND

A REGULATORY AMENDMENT TO
HALIBUT IFQ REGULATIONS

TO INCREASE THE SWEEP-UP LEVELS

UNDER THE HALIBUT AND SABLEFISH IFQ BLOCK PROGRAM

prepared by

Staff
North Pacific Fishery Management Council

November 27, 1996

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EXECUTIVE SUMMARY

Amendments 43/43 to the Bering Sea/Aleutian Islands and Gulf of Alaska fishery management plans, recommending increasing the sweep-up levels for halibut and sablefish IFQs were approved by the Council at their April 1996 meeting. Implementation of the revised sweep-up levels is expected prior to the 1997 IFQ fishing season. Currently, sweep-up levels defined under the Block Amendment, and based on 1994 Total Allowable Catch (TAC) levels are less than 1,000 lb for halibut and less than 3,000 lb for sablefish. The IFQ longline industry has reported that current sweep-up levels do not equal the harvest of a viable fishing trip. Industry has requested a moderate increase in the sweep-up levels to allow greater amounts of QS to be swept-up into economically "fishable" amounts, without overly increasing consolidation or allowing the creation of large-sized blocks.

Industry members have reported that the smallest blocks may be purchased at relatively low prices, an economic advantage to crew and new entrants to the fishery. Larger blocks sell at a price similar to unblocked shares. Fishermen are also unable to transfer very small, blocked QS due to a lack of a market for those shares. This is a result of the block limit, which allows only two blocks per regulatory area, or one block and some amount of unblocked QS. Additionally, many QS owners have small blocked QS distributed across many regulatory areas. These are unlikely to be fished due to their size.

A moderate increase in the sweep-up levels would likely increase the transfer of very small, blocked QS to crew and small boat fishermen who seek to increase their holdings. While there may be some price increases in small block shares, it is anticipated that a price differential would remain between smaller and larger QS blocks. If the ability to transfer and consolidate small blocks is increased, then the number of unfished blocks should decrease.

At much larger sweep-up levels than currently allowed, the price differential between blocked and unblocked shares may be lost. The effectiveness of the Block Program may be eliminated at large sizes since large blocks and unblocked shares have been reported to sell at roughly the same price and would eliminate entry level QS. Price structure goals of the Block Program would be lost, as well. The differential pricing of larger blocked and unblocked QS is further exacerbated by the paucity of financing for the IFQ industry, particularly for crew and new entrants without capital or assets.

The sweep-up levels included in this analysis are:

Alternative 1: Status quo.

QS blocks less than 1,000 pounds of halibut can be combined as long as the resulting block does not contain QS that would equate to more than 1,000 pounds of IFQ at 1994 TAC levels.

QS blocks less than 3,000 pounds of sablefish can be combined as long as the resulting block does not contain QS that would equate to more than 3,000 pounds of IFQ at 1994 TAC levels.

Alternative 2: Increase the halibut sweep-up levels under the Modified Block Program to:

- (Preferred) Option A. 3,000 lb, set in QS units and based on 1996 TAC levels.
- Option B. 5,000 lb.

Alternative 3: Increase the sablefish sweep-up levels under the Modified Block Program to:

- (Preferred) Option A. 5,000 lb, set in QS units and based on 1996 TAC levels.
- Option B. 7,000 lb.

The analysis draws the following conclusions about potential consolidation and availability of QS under the various alternatives and options. Alternative 2 would allow halibut QS blocks to be combined into blocks equivalent to less than 3,000 lb under Option A or less than 5,000 lb under Option B. The 5,991 halibut QS blocks issued by RAM as of December 1995 could be consolidated by 25% to 4,489 blocks under the current sweep-up limit of 1,000 lb and the 1994 base year. Potential consolidation under Option A could be 44% to 3,340 blocks; Option B could consolidate blocks by 55% to 2,678. The Council's preferred option for halibut sweep-up levels is Alternative 2 Option A, less than 3,000 lb. The lower sweep-up level was chosen to maintain swept-up blocks at a size that is economically viable for fishing, as well as economically feasible for purchase by crew members and new entrants to the fishery.

Alternative 3 would allow sablefish QS blocks to be combined into blocks of less than 5,000 lb under Option A or less than 7,000 lb under Option B. The 1,046 sablefish QS blocks could be consolidated by 39% to 853 blocks under the current sweep-up limit of 3,000 lb and the 1994 base year. Potential consolidation under Option A could be 49% to 718 blocks; Option B would consolidate blocks by 57% to 601. The Council's preferred option for sablefish sweep-up levels is Alternative 3 Option A, less than 5,000 lb. The lower sweep-up level was chosen to maintain swept-up blocks at a size that is economically viable for fishing, as well as economically feasible for purchase by crew members and new entrants to the fishery.

The Council also chose to set the sweep-up limits in Quota Share (QS) units based on the 1996 Total Allowable Catches. Updating the base year to 1996 increases halibut QS block consolidation to the actual sweep-up poundage chosen by the Council, as the sweep-up equivalents were adjusted by RAM with the annual quota changes. Adjusting the base year to 1996 increases consolidation by 1 percent for halibut and 3 percent for sablefish. It adds 972,220 lb to the 3,000 lb halibut sweep-up category and increases consolidation of blocked holdings to 1,211 compared with 2,402 under Alternative 1. For sablefish, 605,721 lb are added to the 5,000 lb category and increases consolidation to 285 QS holdings compared with 443 under Alternative 1.

1.0 INTRODUCTION

The proposed action addresses an increase in the sweep-up levels for halibut and sablefish IFQs as approved under Amendment 31 to the Groundfish FMP for the Bering Sea/Aleutian Islands and Amendment 35 for the Groundfish FMP for the Gulf of Alaska (Modified Block Program). The Block Amendment provides that quota share (QS) blocks resulting in less than 1,000 lb of IFQ for halibut and less than 3,000 lb of IFQ for sablefish in the implementation year (1994) can be combined. This "sweeping-up" provision allowed very small QS allocations to be combined into "fishable" amounts. Under the Block Amendment, all initially issued QS that resulted in less than 20,000 lb of IFQ using the 1994 total allowable catch (TAC) were blocked. The Block Amendment created a variety of block sizes and made them available for transfer. Crew and new entrants to the fishery would be able to secure a smaller block, and then subsequently transfer the smaller block to obtain a larger block as the fishing operation grew and experience of the fisherman increased. This "step" approach was thought to assist in the growth of each operation to efficient economies of scale.

The proposed action would increase the sweep-up levels for halibut and sablefish IFQs, while maintaining the goals of the IFQ program to limit excessive consolidation, maintain diversity of the fleet, and allow new entrants into the fishery. Use limits, owner-on-board restrictions, vessel limits, vessel category restrictions, and the Block Amendment were originally incorporated into the IFQ program to maintain, as much as possible, the character of the fleet prior to IFQs, to allow for new entrants and crew members, and to protect Alaskan coastal economies dependent on fishing. The Council was concerned that QS could be consolidated into too few hands. The provisions listed above were designed to slow consolidation and limit the degree to which it could occur. The block provisions would have less impact on larger operations because QS allocations for an IFQ regulatory area that represented 20,000 lb in 1994 will remain unblocked. However, a great majority of initial recipients received blocked QS due to smaller average harvests during the qualifying years.

1.1 Management Background

The groundfish fisheries in the Exclusive Economic Zone (3 to 200 miles offshore) of the Gulf of Alaska, Bering Sea, and Aleutian Islands are managed under the Fishery Management Plan (FMP) for the Groundfish Fisheries of the GOA and the FMP for the Groundfish Fisheries of the BSAI. Both FMPs were developed by the Council under the Magnuson Fishery Conservation and Management Act (Magnuson Act). The GOA FMP was approved by the Secretary of Commerce and became effective in 1978; the BSAI FMP became effective in 1982.

The Northern Pacific Halibut Act of 1982 (NPHA), P.L. 97-176, 16 U.S.C. 773 c (c) authorizes the regional fishery management councils having authority for the geographic area concerned to develop regulations governing the Pacific halibut catch in U.S. waters which are in addition to but not in conflict with regulations of the International Pacific Halibut Commission. The halibut IFQ program is implemented by federal regulations under 50 CFR part 676, Limited Access Management of Fisheries off Alaska under authority of the Magnuson Fishery Conservation and Management Act of 1975, P. L. 94-265, 16 U.S.C. 1801.

The National Environmental Policy Act (NEPA), Executive Order (E.O.) 12866, and the Regulatory Flexibility Act (RFA) require a description of the purpose and need for the proposed action as well as a description of alternative actions which may address the problem. Section 2 contains information on the biological and environmental impacts of the alternatives as required by NEPA. Impacts on endangered species and marine mammals are addressed in this section. Section 3 contains a Regulatory Impact

Review (RIR) which addresses the requirements of both E.O. 12866 and the RFA that economic impacts of the alternatives be considered.

This document is the draft Environmental Assessment/Regulatory Impact Review (EA/RIR) for Amendment 43 to the Bering Sea/Aleutian Islands (BSAI) Groundfish FMP and Amendment 43 to the Gulf of Alaska (GOA) Groundfish FMP. Changes to the halibut IFQ program would be implemented through a regulatory amendment to 50 CFR part 679, Fisheries of the Exclusive Economic Zone Off Alaska under authority of the Magnuson-Stevens Fishery Conservation and Management Act, 16 U.S.C. 1801.

A history of the Council's actions with respect to Alaska's halibut and sablefish IFQ fisheries is summarized in Amendments 31/35 (Modified Block Amendment). The Block Amendment addressed concerns that a large consolidation of QS could have occurred under the original IFQ plan and that such an extensive consolidation might be harmful to the traditional fishing economies of some Alaska coastal communities. The Block Amendment modified the original IFQ program (NPFMC 1992) to ensure that small, part-time and diversified operations could continue to profitably participate in the IFQ fisheries.

As outlined in Amendments 31/35 (NPFMC, 1994), the implicit assumption under the Block Amendment is that QS under the original IFQ program would tend to be more valuable to full-time operations, and that those operations would be able to bid more for QS. Proponents of the different block proposals predicted that small part-time operations, diversified operations which fish in these fisheries on a part-time basis, and small "entry-level" operations would tend to disappear from these fisheries over time. Proponents felt that it would have deleterious social and economic effects on many of Alaska's coastal communities.

In the end, the Council developed and passed a "Modified Block Amendment." The primary component of this amendment held that initial allocations of QS worth 20,000 pounds or more of IFQ in the first year of the program would be "unblocked" and transferable under the same conditions as QS under the original IFQ program. Initial allocations of QS worth less than 20,000 pounds of IFQ in the first year of the program would be blocked and could only be traded as a block. Additionally, a person holding any unblocked QS in an area could only hold a single block of QS for that area. Persons who hold no unblocked QS in an area could hold up to two blocks in that area.

The sweep-up provisions of the Block Amendment are the subject of the current proposed amendment. The "sweeping up" provision for halibut and sablefish allows very small blocks to be combined into a fishable amount. Blocks of QS less than 1,000 pounds of halibut at 1994 TAC levels can be combined as long as the resulting block does not contain QS that would equate to more than 1,000 pounds of IFQ at 1994 levels. Similarly, QS blocks less than 3,000 pounds of sablefish at 1994 TAC levels can be combined as long as the resulting block does not contain QS of more than 3,000 pounds of IFQ in 1994.

1.2 Purpose and Need for Action

The preferred action would increase the sweep-up levels for halibut to 3,000 lb and sablefish to 5,000 lb. Currently, sweep-up levels defined under the Block Amendment, based on 1994 Total Allowable Catch (TAC) levels, are: (1) less than 1,000 lb for halibut, (2) less than 3,000 lb for sablefish. The IFQ longline industry has reported that current sweep-up levels do not equal the harvest of a worthwhile fishing trip. Industry has requested a moderate increase in the sweep-up levels to allow greater amounts of QS to be swept-up into economically "fishable" amounts, without overly increasing consolidation or allowing the creation of large-sized blocks.

Industry members have reported that the smallest blocks may be purchased at relatively low prices, an economic advantage to crew and new entrants to the fishery. Larger blocks sell at a price similar to unblocked shares. Fishermen are also unable to transfer very small, blocked QS due to a lack of a market for those shares. This is a result of the block limit, which allows only two blocks per regulatory area, or one block and some amount of unblocked QS. Additionally, many QS owners have small, blocked QS distributed across many regulatory areas. These are unlikely to be fished due to their small size.

A moderate increase in the sweep-up levels would likely enhance the opportunity to transfer very small, blocked QS to crewmen and small boat fishermen who seek to increase their holdings. While there may be some price increases in small block shares, it is anticipated that a price differential would remain between smaller and larger QS blocks. If the ability to transfer and consolidate smaller blocks is enhanced, then it should decrease the number of unfished blocks.

At much larger sweep-up levels than currently allowed (7,500 - 10,000 lb for halibut and 10,000 - 20,000 lb for sablefish), the price differential between blocked and unblocked shares may be lost. The effectiveness of the Block Program may be eliminated at large sizes since large blocks and unblocked shares have been reported to sell at roughly the same price and would eliminate entry level QS. Price structure goals of the Block Program would be lost, as well. The differential pricing of larger blocked and unblocked QS is further exacerbated by the paucity of financing for the IFQ industry, particularly for crewmen and new entrants without capital or assets.

The sweep-up levels included in this analysis are:

Alternative 1: Status quo.

QS blocks less than 1,000 pounds of halibut can be combined as long as the resulting block does not contain QS that would equate to more than 1,000 pounds of IFQ at 1994 levels.

QS blocks less than 3,000 pounds of sablefish can be combined as long as the resulting block does not contain QS that would equate to more than 3,000 pounds of IFQ at 1994 levels.

The current sweep-up levels of 1,000 lb for halibut and 3,000 lb for sablefish based on 1994 quotas are specified in the IFQ regulations [50 CFR 679.41]; the IFQ pounds associated with QS are adjusted according to the annual quotas set by the Council for sablefish and the International Pacific Halibut Commission for halibut. Since 1994, the actual sweep-up levels have been adjusted with the annual Total Allowable Catch (TAC) for both species and all areas except Bering Sea sablefish and are now equivalent to less than the original sweep-up level in all but one regulatory area. The effects of TAC changes on sweep-up levels are described in more detail below.

Under the status quo, 33% of all halibut QS issuances were less than the 1,000 lb sweep-up level; 34% of all sablefish QS issuances were less than the 3,000 lb sweep-up level (Table 2). Note that a relatively large number of QS holders hold a relatively small amount (2%) of IFQ pounds at these QS block sizes.

Alternative 2: Increase the halibut sweep-up levels under the Modified Block Program to:

(Preferred) Option A. 3,000 lb, set in QS units and based on 1996 TAC levels.

Option B. 5,000 lb.

Alternative 3: Increase the sablefish sweep-up levels under the Modified Block Program to:

(Preferred) **Option A. 5,000 lb, set in QS units and based on 1996 TAC levels.**

Option B. 7,000 lb.

All quantitative information in this analysis has been presented by halibut and sablefish regulatory area to allow the Council to consider possible regional differences in the social and economic needs of different communities when selecting sweep-up levels.

Table 1. Quota share pools and TACs for 1995 and 1996.

		1995		1996	
Area	Adjusted Quota Share Pool	Adjusted Total Allowable Catch	Ratio (QS/IFQ)	Adjusted Total Allowable Catch	Ratio* (QS/IFQ)
Halibut					
2C	59,853,126	9,000,000	6.650	9,000,000	6.664
3A	185,818,173	20,000,000	9.291	20,000,000	9.304
3B	54,435,504	3,700,000	14.712	3,700,000	14.731
4A	14,861,967	1,950,000	7.622	1,950,000	7.649
4B	9,236,860	1,848,000	4.998	1,848,000	5.029
4C	3,969,186	385,000	10.310	385,000	10.310
4D	4,685,996	539,000	8.694	539,000	8.694
Sablefish					
SE	68,528,249	12,985,094	5.277	10,346,188	6.654
WY	55,222,648	8,586,917	6.431	6,366,885	8.678
CG	110,855,516	15,167,648	7.309	12,169,392	9.211
WG	37,318,847	4,585,568	8.138	3,880,096	9.682
BS	16,388,151	1,410,944	11.615	1,587,312	18.255
AI	31,126,431	2,910,072	10.696	970,024	19.842

Table 2. Current halibut and sablefish catcher vessel QS holdings(1995) by regulatory area.

HALIBUT					SABLEFISH				
	< 1,000 lb sweep-up		Total			< 3,000 lb sweep-up		Total	
Area	Pounds	Num. of holdings	Pounds	Num. of holdings	Area	Pounds	Num. of holdings	Pounds	Num. of holdings
2C	294,626	751	8,832,565	2,371	SE	165,014	177	11,128,151	719
3A	367,403	1,159	19,455,915	3,087	WY	132,387	147	7,395,063	427
3B	144,519	369	3,591,788	1,052	CG	189,649	262	12,584,057	622
4A	41,894	86	1,872,743	523	WG	53,170	49	2,662,135	205
4B	10,091	17	1,783,408	145	BS	47,634	55	942,140	118
4C	10,348	21	383,169	80	AI	55,249	47	1,261,141	104
4D	3,459	9	498,879	63					
Total	872,341	2,412	36,418,467	7,321	Total	643,104	737	35,972,687	2,195
	2%	33%				2%	34%		

A policy decision arises with the proposed sweep-up alternatives on whether to revise the current 1994 base year upon which the sweep-ups are calculated. The sweep-up limits in pounds may change annually for each regulatory area with the TAC and no longer equal the 1,000 lb halibut limit and 3,000 lb sablefish limit set in 1994. For example, 1,000 lb in 1994 in halibut Area 2C is equivalent to 772 lb in 1996 (Table 3). The reductions in "actual" sweep-up pounds between 1994-96 by area range between 2 and 45% for halibut and 68% to a 50% gain for sablefish. At their April 1996 meeting, the Council's preferred option included adjusting the base year to 1996.

An operational decision then arises on whether to specify the actual sweep-up pounds or the associated QS units by area in the regulations. The QS units and pounds for the 1994 and 1996 base years for the status quo limits are listed in Table 4. The Council may specify the QS units in the regulations and allow the associated pounds to fluctuate with the TAC (as under the status quo). Or the Council may recommend specifying the sweep-up pounds in the regulations to allow the associated QS units to fluctuate annually with the TAC. The NMFS RAM Division has indicated this annual calculation is feasible.

Specifying pounds with fluctuating QS units would not cause an existing swept-up block to be deemed over the limit, but would allow a block under the new QS limit to be augmented up to that higher limit. For example, if in 1997 a halibut block was swept up to the QS specified in the regulations (e.g., < 3,000 lb = 6,664 QS units), that block would not be affected by a change in the TAC that caused that block to exceed what could be swept-up in 1998 (= 6,400 QS units). However, RAM would allow more QS to be swept into the block if in the second year the TAC change would allow it (= 6,800 QS units). However, once a QS block is swept-up, it cannot be subdivided.

Annual changes may increase public uncertainty, as the QS units associated with the sweep-up pounds may change annually. Equity issues may also arise, as QS amounts qualifying for a swept-up block will change annually, potentially disadvantaging a QS holder in a given year compared with one who swept a lower amount of QS units in a different year under the same sweep-up pound limit. At their April 1996 meeting, the Council's preferred option included setting the sweep-up levels in QS units by regulatory area.

Proposed changes to allow larger vessel QS to be used on smaller vessels under Amendments 42/42 (Buydown Amendment) (NPFMC 1995) are assumed to not affect the proposed changes under this amendment. Amendment 42/42 does not allow QS to be combined across vessel categories and blocked QS are still limited by the two-block limit.

Table 3. Effect of quota changes on 1994 base year sweep-up limits for halibut and sablefish by regulatory area.

HALIBUT	POUNDS				QS UNITS		RAT IO	
Area	1994	1995	1996	Change '94 to '96	Base Year		(QSpool/TAC)	
	1994	1996			1994	1996	1995	1996
2C	1,000	774	772	-23%	5,146	6,664	6.664	6.664
3A	1,000	730	729	-27%	6,779	9,304	9.291	9.304
3B	1,000	886	885	-11%	13,040	14,731	14.712	14.731
4A	1,000	988	985	-2%	7,532	7,649	7.622	7.649
4B	1,000	869	864	-14%	4,346	5,029	4.998	5.029
4C	1,000	551	551	-45%	5,685	10,310	10.310	10.310
4D	1,000	736	736	-26%	6,397	8,694	8.694	8.694
SABLEFISH								
SE	3,000	2,338	1,854	-38%	12,339	19,962	5.277	6.654
WY	3,000	2,276	1,687	-44%	14,640	26,020	6.431	8.678
CG	3,000	2,130	1,690	-44%	15,564	27,329	7.309	9.211
WG	3,000	3,055	2,568	-14%	24,861	28,853	8.138	9.682
BS	3,000	7,051	4,486	50%	81,900	50,684	10.696	18.255
AI	3,000	1,796	968	-68%	19,209	58,828	11.615	19.842

Table 4. Current QS distribution and resulting sweep-up pound limits based on

1994 TACs by regulatory area.

1994 base units 1996 sweep-up equivalents						
Halibut Area	Alt. 1	Alt. 2	Alt. 2	Alt. 1	Alt. 2	Alt. 2
	Option A	Option A	Option B	Option A	Option A	Option B
	1,000 lb	3,000 lb	5,000 lb	1,000 lb	3,000 lb	5,000 lb
2C	5,146	15,438	25,730	772	2,316	3,861
3A	6,779	20,337	33,895	729	2,186	3,643
3B	13,040	39,120	65,200	885	2,656	4,426
4A	7,532	22,596	37,660	985	2,954	4,924
4B	4,346	13,038	21,730	864	2,593	4,321
4C	5,685	17,055	28,425	551	1,654	2,757
4D	6,397	19,191	31,985	736	2,207	3,679
Sablefish Area	Alt. 1	Alt. 3	Alt. 3	Alt. 1	Alt. 3	Alt. 3
	Option A	Option A	Option B	Option A	Option A	Option B
	3,000 lb	5,000 lb	7,000 lb	3,000 lb	5,000 lb	7,000 lb
SE	12,339	20,565	28,791	1,854	3,090	4,327
WY	14,640	24,400	34,160	1,687	2,812	3,936
CG	15,564	25,940	36,316	1,690	2,816	3,942
WG	24,861	41,435	58,009	2,568	4,280	5,992
BS	81,900	136,500	191,100	4,486	7,477	10,468
AI	19,209	32,015	44,821	968	1,613	2,259

2.0 NEPA REQUIREMENTS/ENVIRONMENTAL IMPACTS OF THE ALTERNATIVES

An environmental assessment (EA) is required by the National Environmental Policy Act of 1969 (NEPA) to determine whether the action considered will result in significant impact on the human environment. If the action is determined not to be significant based on an analysis of relevant considerations, the EA and resulting finding of no significant impact (FONSI) would be the final environmental documents required by NEPA. An environmental impact statement (EIS) must be prepared for major Federal actions significantly affecting the human environment.

An EA must include a brief discussion of the need for the proposal, the alternatives considered, the environmental impacts of the proposed action and the alternatives, and a list of document preparers. The purpose and alternatives were discussed in Sections 1.1 and 1.2, and the list of preparers is in Section 8. This section contains the discussion of the environmental impacts of the alternatives including impacts on threatened and endangered species and marine mammals.

2.1 Environmental Impacts of the Alternatives

The environmental impacts generally associated with fishery management actions are effects resulting from (1) harvest of fish stocks which may result in changes in food availability to predators and scavengers, changes in the population structure of target fish stocks, and changes in the marine ecosystem community structure; (2) changes in the physical and biological structure of the marine environment as a result of fishing practices, e.g., effects of gear use and fish processing discards; and (3) entanglement/entrapment of non-target organisms in active or inactive fishing gear.

A summary of the effects of the annual groundfish total allowable catch amounts on the biological environment and associated impacts on marine mammals, seabirds, and other threatened or endangered species are discussed in the final environmental assessment for the annual groundfish total allowable catch specifications.

2.2 Impacts on Endangered, Threatened or Candidate Species

Endangered and threatened species under the ESA that may be present in the Bering Sea include:

Endangered

Northern right whale	<i>Balaena glacialis</i>
Sei whale	<i>Balaenoptera borealis</i>
Blue whale	<i>Balaenoptera musculus</i>
Fin whale	<i>Balaenoptera physalus</i>
Humpback whale	<i>Megaptera novaeangliae</i>
Sperm whale	<i>Physeter macrocephalus</i>
Snake River sockeye salmon	<i>Oncorhynchus nerka</i>
Short-tailed albatross	<i>Diomedea albatrus</i>

Threatened

Steller sea lion	<i>Eumetopias jubatus</i>
Snake River spring and summer chinook salmon	<i>Oncorhynchus tshawytscha</i>
Snake River fall chinook salmon	<i>Oncorhynchus tshawytscha</i>
Spectacled eider	<i>Somateria fischeri</i>

The status of the ESA section 7 consultations required to assess the impact of the groundfish fisheries on endangered, threatened, or candidate species is updated annually during the groundfish specification process.

Fishing activities conducted under this rule would not affect endangered or threatened species or critical habitat in any manner not already considered in prior consultations on this fishery.

2.3 Impacts on Marine Mammals

Marine mammals not listed under the Endangered Species Act that may be present in the GOA and BSAI include cetaceans, [minke whale (*Balaenoptera acutorostrata*), killer whale (*Orcinus orca*), Dall's porpoise (*Phocoenoides dalli*), harbor porpoise (*Phocoena phocoena*), Pacific white-sided dolphin (*Lagenorhynchus obliquidens*), and the beaked whales (e.g., *Berardius bairdii* and *Mesoplodon spp.*)] as well as pinnipeds [northern fur seals (*Callorhinus ursinus*), and Pacific harbor seals (*Phoca vitulina*)] and the sea otter (*Enhydra lutris*).

None of the alternatives are expected to have a significant impact on marine mammals.

Implementation of the preferred alternative would be conducted in a manner consistent, to the maximum extent practicable, with the Alaska Coastal Management Program within the meaning of Section 30(c)(1) of the Coastal Zone Management Act of 1972 and its implementing regulations.

The preferred alternative is not likely to significantly affect the quality of the human environment, and the preparation of an environmental impact statement for the proposed action is not required by Section 102(2)(C) of the National Environmental Policy Act or its implementing regulations.

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The Regulatory Impact Review (RIR) provides information about the economic and sociological impacts of the alternatives including identification of the individuals or groups that may be affected by the action, the nature of these impacts, quantification of the economic impacts if possible, and discussion of the trade-offs between qualitative and quantitative benefits and costs.

Executive Order 12866, "Regulatory Planning and Review," was signed on September 30, 1993 and established guidelines for promulgating new regulations and reviewing existing regulations. While the order covers a variety of regulatory policy considerations, the benefits and costs of regulatory actions are a prominent concern. Section 1 of the order describes the regulatory philosophy and principles that are to guide agency development of regulations. The regulatory philosophy stresses that, in deciding whether and how to regulate, agencies should assess all costs and benefits of all regulatory alternatives. In choosing among regulatory approaches, the philosophy is to choose those approaches including potential economic, environmental, public health and safety, and other advantages; distributive impacts; and equity) that maximize net benefit to the nation.

The regulatory principles in E.O. 12866 emphasize careful identification of the problem to be addressed. The agency is to identify and assess alternatives to direct regulation, including economic incentives, such as user fees or marketable permits, to encourage the desired behavior. When an agency determines that a regulation is the best available method of achieving the regulatory objective, it shall design its regulations in the most cost-effective manner to achieve the regulatory objective. Each agency shall assess both the costs and benefits of the intended regulation and, recognizing that some costs and benefits are difficult to quantify, propose or adopt a regulation only upon a reasoned determination that the benefits of the intended regulation justify its costs. Each agency shall base its decisions on the best reasonably obtainable scientific, technical, economic, and other information concerning the need for, and the consequences of, the intended regulation.

An RIR is required for all regulatory actions that either implement a new FMP or significantly amend an existing FMP. The RIR is part of the process of preparing and reviewing FMPs and provides a comprehensive review of the changes in net economic benefits to society associated with proposed regulatory actions. The analysis also provides a review of the problems and policy objectives prompting the regulatory proposals and an evaluation of the major alternatives that could be used to solve the problem. The purpose of the analysis is to ensure that the regulatory agency systematically and comprehensively considers all available alternatives so that the public welfare can be enhanced in the most efficient and cost-effective way. The RIR addresses many of the items in the regulatory philosophy and principles of E.O. 12866.

Executive Order 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:

- (1) Have an annual effect on the economy of \$100 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, or tribal governments or communities;
- (2) Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;
- (3) Materially alter the budgetary impacts of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or
- (4) Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in this Executive Order.

A regulatory program is "economically significant" if it is likely to result in the effects described in item (1) above. The RIR is designed to provide information to determine whether the proposed regulation is likely to be "economically significant."

This section provides an RIR for adjusting the sweep-up levels specified under the IFQ Block Amendment. An objective of this amendment is to allow greater amounts of small blocked QS to be consolidated into larger, more fishable amounts. The Block Amendment was designed to guarantee that a large number of small QS blocks would continue to exist to ensure that some QS would continue to be available to support a part-time fleet and an entry level fishery.

Actual consolidation is difficult to address, but is expected to be less than the hypothetical maximum consolidation under all alternatives since not all holders of small, blocked QS will wish to transfer them and not all QS holders will wish to obtain more small, blocked QS in a particular area. This is evident upon examination of the current distribution of small, blocked QS that could be swept up under the current limits. One year after implementation of the IFQ program and the Block Amendment, hypothetical maximum consolidation of blocked QS under the sweep-up levels for both halibut and sablefish have not been met. Hypothetical consolidation under the status quo halibut sweep-up level (<1,000 lb) could be increased by 25%, and for sablefish (<3,000 lb), by 37% (Table 2). Only 31 halibut sweep-up consolidations occurred as of December 20, 1995, representing 67,580 QS units and 8,129 lb (Table 5); 15 sablefish sweep-ups occurred in 1995, representing 81,986 QS units and 4,931 lb. This is less than 1% of the hypothetical sweep-ups under the status quo for each species.

Table 5. Halibut and sablefish QS sweep-ups that occurred in 1995 (Source: RAM).

HALIBUT				SABLEFISH			
Area	Num	QS Units	IFQ lb	Area	Num	QS Units	IFQ lb
2C	11	20,745	3,120	SEO	10	10,288	1,950
3A	15	31,103	3,348	WY	1	678	105
3B	3	6,934	471	CG	4	21,020	2,876
4A	2	9,068	1,190	WG	0	0	0
4B	0	0	0	AI	0	0	0
4C	0	0	0	BS	0	0	0
4D	0	0	0				
TOTAL	31	67,580	8,129	TOTAL	15	31,986	4,931

Increased consolidation is expected even under the status quo, given that fishermen are still learning how to fish under the flexibility of the IFQ program. The marketplace, particularly in the first year of the IFQ program, is still evolving in terms of dockside price of IFQ species and price paid for transferred QS. QS holders' fishing strategies and the marketplace are expected to move toward the most economically efficient use of the resources.

3.1 MANAGEMENT ALTERNATIVES

3.1.1 Alternative 1: Status quo.

Under Alternative 1 (status quo), small QS blocks less than 1,000 pounds of halibut IFQ in the first year of the program (1994) can be combined as long as the resulting block is less than 1,000 pounds. Similarly, small QS blocks less than 3,000 pounds of sablefish IFQ in 1994 can be combined as long as the resulting block is less than 3,000 pounds. This has been termed the "sweeping up" provision and is intended to turn all blocks into "fishable" amounts of QS. Approximately one third of both halibut and sablefish QS holdings, representing 2% of total IFQ pounds were under their respective sweep-up limits (Table 2).

The main focus of the following section is to examine to what extent the proposed amendment alters the potential for maximum consolidation relative to the status quo. The estimates of hypothetical maximum consolidation were made assuming that unblocked halibut QS holders would want to hold the maximum amount allowed for an area. How actual consolidation would be altered by the different alternatives is a difficult question, but it is expected to be less than the hypothetical maximum consolidation under all alternatives, including the status quo.

Halibut: QS blocks less than 1,000 pounds of halibut can be combined as long as the resulting block does not contain QS that would equate to more than 1,000 pounds of IFQ at 1994 levels.

Appendix Tables A1a and b and A2a and b depict the hypothetical maximum consolidation of halibut IFQs by area and sweep-up category for the status quo and Alternative 2 options. Tables A1a and b contain the number of blocks and Table A2a and b contain the IFQ pounds. The 'a' tables use 1994 as the base year; the 'b' tables update the base year to 1996. The IFQ distributions as they currently exist are shown under the "Current Status" heading. The "Alternative 1" column provides the hypothetical maximum consolidation under the status quo sweep-up limit of less than 1,000 lb.

The "Total" rows provide the "bottom line" effect of the current and proposed sweep-up alternatives. Note that after one year of the IFQ program, the status quo sweep-up limit allows consolidation of total blocked halibut QS in all halibut regulatory areas. While 25% (100%-75%) of all halibut blocks could have been swept-up under the status quo, less than 1% were swept-up in 1995.

The "Alternative 2" column provides the hypothetical maximum consolidation of blocks for Option A (<3,000 lb) and Option B (<5,000 lb). Note that a few blocks less than 1,000 pounds of IFQ remain in each area after the "sweep-up," e.g., the "204+4" in the first row (2C, <1,000) under Alternative 1. This is due to the sweep-up estimation methodology which leaves one person in each "vessel category" in each area with a "remainder" block.

These data are also provided in more detail for each regulatory area in the Appendix. Most consolidation could occur in Areas 2C, 3A, and 3B (to 78, 70, and 74% of current QS blocks). Selecting Area 3A as an example since this area could hypothetically experience the most consolidation through sweeping-up, note that consolidation under the current 1,000 lb sweep-up level could reach a maximum to 70% (another way of expressing this consolidation is that blocks could be reduced by 30% [100-70%]). Compared with the status quo (a total of 2,549 blocks and 6,964,073 lb), consolidation under the current sweep-up limit could reduce the total number of blocks to 1,785 (the pounds remain the same). Examining this further at the level of IFQ sweep-up category (<1,000 lb), the 1,022 blocks of less than 1,000 lb could be consolidated into 245 blocks of less than 1,000 lb with 4 remaining blocks (one each in vessel categories A, B, C, and D).

When comparing the effects of sweep-up limits on numbers of blocks and IFQ pounds, note that the distribution of the QS/IFQ holders by IFQ category is quite different than the distribution of IFQ pounds by IFQ category. There are a relatively large number of QS holders with relatively small sized holdings. No consolidation actually occurs in the pounds, only the distribution of pounds into different sized blocks.

Table 6 summarizes the effects of block consolidation and IFQ (pounds) distribution of the proposed sweep-up and base year alternatives for halibut. Note that the Council's decision to update the base year to 1996 increases total block consolidation by 1% and adds 972,220 lb to the under the Council's preferred alternative of less than 3,000 lb for the halibut sweep-up level.

Sablefish: QS blocks less than 3,000 pounds of sablefish can be combined as long as the resulting block does not contain QS that would equate to more than 3,000 pounds of IFQ at 1994 levels.

Appendix Tables A3a and b and Tables A4a and b show the hypothetical maximum consolidation of sablefish IFQs by area and sweep-up category for the status quo and Alternative 3 options. Tables A3a and b contain the number of blocks and Tables A4a and b show the pounds of IFQ. The 'a' tables use

1994 as the base year; the 'b' tables update the base year to 1996. The IFQ distributions as they exist currently are shown under the "Current Status" heading. The "Alternative 1" column provides the hypothetical maximum consolidation under the status quo sweep-up limit of less than 3,000 lb.

The "Total" rows provide the "bottom line" effect of the current and proposed sweep-up alternatives. Note that after one year of the IFQ program, the status quo sweep-up limit allows consolidation of total blocked sablefish QS in all regulatory areas. While 39% (100%-61%) of all sablefish blocks could have been swept-up under the status quo, less than 1% were swept-up in 1995.

The "Alternative 3" column provides the hypothetical maximum consolidation of blocks for Option A (<5,000 lb) and Option B (<7,000 lb). Note that a few blocks less than 3,000 pounds of IFQ remain in each area after the "sweep-up", e.g., the "29+3" in the first row (SE, <3,000) under Alternative 1. This is due to the sweep-up estimation methodology which leaves one person in each "vessel category" within an area with a "remainder" block.

These data are also provided in more detail for each regulatory area. Most consolidation could occur in the Central Gulf and West Yakutat (48 and 59% of original QS blocks). Selecting the Central Gulf as an example since this area could hypothetically experience the most consolidation through sweeping-up, note that consolidation under the current 3,000 lb sweep-up level could reach a maximum by 48%. Compared with the status quo (a total of 397 blocks and 967,668 lb), consolidation under the current sweep-up limit could reduce the total number of blocks to 191 (the pounds remain the same). Examining this further at the level of IFQ sweep-up category (<3,000 lb), 244 blocks less than 3,000 lb could be consolidated into 35 blocks less than 3,000 lb with 3 remaining blocks (one each in vessel categories A, B, and C).

When comparing the effects of sweep-up limits on numbers of blocks and IFQ pounds, note that the distribution of the QS/IFQ holders by IFQ category is quite different than the distribution of IFQ pounds by IFQ category. There are a relatively large number of QS holders with relatively small sized holdings. No consolidation actually occurs in the pounds, only the distribution of pounds into different sized blocks.

Table 7 summarizes the effects of block consolidation under the proposed sweep-up and base year alternatives for sablefish. Note that updating the base year to 1996 increases block consolidation by 3% and adds 605,721 lb into swept-up blocks under the Council's preferred alternative of less than 5,000 lb category.

Table 6. Effects of halibut sweep-up alternatives across all regulatory areas and 1994 and 1996 base years.

BLOCKS 1994 base year		CURRENT STATUS		ALTERNATIVE 1 <1,000lb		ALTERNATIVE 2A <3,000lb		ALTERNATIVE 2B <5,000lb	
IFQs		# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent
< 1,000		2,136	36%	609+23	14%				
1,000 - 2,999		1,428	24%	1,428	32%	888+25	27%		
3,000 - 4,999		745	12%	745	17%	745	22%	969+27	37%
5,000 +		1,682	28%	1,682	37%	1,682	50%	1,682	63%
TOTAL		5,991	100%	4,489	75%	3,340	56%	2,678	45%

1996 base year									
< 1,000		2,425	40%	865+25	20%				
1,000 - 2,999		1,512	25%	1,512	34%	1,211+24	38%		
3,000 - 4,999		738	12%	738	17%	738	22%	1,303+25	50%
5,000 +		1,316	22%	1,316	30%	1,316	40%	1,316	50%
TOTAL		5,991	100%	4,456	74%	3,289	55%	2,644	44%

POUNDS 1994 base year		CURRENT STATUS		ALTERNATIVE 1 <1,000lb		ALTERNATIVE 2A <3,000lb		ALTERNATIVE 2B <5,000lb	
IFQs		Pounds in Class	Percent	*Pounds in Class	Percent	Pounds in Class	Percent	Pounds in Class	Percent
< 1,000		623,901	3%	608,391+15,510	3%				
1,000 - 2,999		2,077,220	11%	2,077,220	11%	2,627,124+73,997	15%		
3,000 - 4,999		2,298,794	13%	2,298,794	13%	2,298,794	13%	4,844,031+155,884	27%
5,000 +		13,183,076	73%	13,183,076	73%	13,183,076	73%	13,183,076	73%
TOTAL		18,182,991	100%	18,182,991	100%	18,182,991	100%	18,182,991	100%

1996 base year									
< 1,000		879,032	5%	864,135+14,902	5%				
1,000 - 2,999		2,794,289	15%	2,794,289	15%	3,631,789+41,532	20%		
3,000 - 4,999		2,915,739	16%	2,915,739	16%	2,915,739	16%	4,480,107+75903	36%
5,000 +		11,628,361	64%	11,628,361	64%	11,628,361	64%	11,628,361	64%
TOTAL		18,217,421	100%	18,217,426	100%	18,217,421	100%	18,217,421	100%

Table 7. Effects of sablefish sweep-up alternatives across all regulatory areas and 1994 and 1996 base years.

BLOCKS 1994 base year		CURRENT STATUS		ALTERNATIVE 1 <3,000lb		ALTERNATIVE 3A <5,000lb		ALTERNATIVE 3B <7,000lb	
IFQs		# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent
< 3,000		725	52%	154+18	20%				
3,000 - 4,999		147	10%	147	17%	166+18	26%		
5,000 - 6,999		110	8%	110	13%	110	15%	159+18	29%
7,000 +		424	30%	424	50%	424	59%	424	71%
TOTAL		1,406	100%	853	61%	718	51%	601	43%

1996 base year

< 3,000	852	61%	239+18	32%		
3,000 - 4,999	186	13%	186	23%	285+18	45%
5,000 - 6,999	134	10%	134	17%	134	20%
7,000 +	234	17%	234	29%	234	35%
TOTAL	1,406	100%	811	58%	671	48%

POUNDS 1994 base year		CURRENT STATUS		ALTERNATIVE 1 <3,000lb		ALTERNATIVE 3A <5,000lb		ALTERNATIVE 3B <7,000lb	
Sablefish	IFQs	Pounds in Class	Percent	*Pounds in Class	Percent	Pounds in Class	Percent	Pounds in Class	Percent
< 3,000		483,318	10%	461,846+21,472	10%				
3,000 - 4,999		386,613	8%	386,613	8%	779,844+90,087	19%		
5,000 - 6,999		415,177	9%	415,177	9%	415,177	9%	1,112,841+172,267	28%
7,000 +		3,385,583	72%	3,385,583	72%	3,385,583	72%	3,385,583	72%
TOTAL		4,670,691	100%	4,670,691	100%	4,670,691	100%	4,670,691	100%

1996 base year

< 3,000	744,104	12%	716,761+27,343	12%		
3,000 - 4,999	731,548	12%	731,548	12%	1,424,715+50,937	23%
5,000 - 6,999	799,152	13%	799,152	13%	799,152	13%
7,000 +	4,048,061	64%	4,048,061	64%	4,048,061	64%
TOTAL	6,322,865	100%	6,322,865	100%	6,322,865	100%

3.1.2 Alternative 2: Increase the halibut sweep-up levels under the Modified Block Program to:

(Preferred) Option A. 3,000 lb, set in QS units and based on 1996 TAC levels.

Under Alternative 2, Option A, total blocked QS across all regulatory areas could be hypothetically reduced to 56% of current levels (this can also be described as a reduction of 44%) (Table 6). Most consolidation occurs in Areas 2C, 3A, and 3B (58, 51, and 52% of original QS blocks) (Table A1a). Again using Area 3A as an example, note that consolidation under this option could reach a hypothetical maximum of 51%. Compared with the status quo (a total of 2,549 blocks and 6,964,073 lb), increasing the sweep-up limit to less than 3,000 lb reduces the potential total number of blocks to 1,304 (the pounds remain the same). Examining this further at the level of IFQ sweep-up category (<3,000 lb), 1,022 blocks of less than 1,000 lb + 556 blocks between 1,000 - 2,999 lb (= 1,578 blocks) could be consolidated into 329 blocks of less than 3,000 lb with 4 remaining blocks (one each in vessel categories A, B, C, and D).

Preferred Alternative 2A Option A increases consolidation of blocked holdings to 1,211 compared with 2,402 under the Alternative 1 sweep-up level.

Option B. 5,000 lb.

Under Alternative 2, Option B (<5,000 lb), total blocked QS could be hypothetically reduced to 41% of current levels (or a reduction of 59%) (Table A1a). Most consolidation occurs in the same regulatory areas as under

Option A at 47, 41, and 40% of current QS blocks. Again using Area 3A as an example, note that this option could result in consolidation to 41% of the status quo. Compared with the status quo (a total of 2,549 blocks

and 6,964,073 lb), increasing the sweep-up limit to less than 5,000 lb reduces the hypothetical number of blocks

to 1,047. In more detail, 1,022 blocks of less than 1,000 lb, + 556 blocks between 1,000 - 2,999 lb + 281 blocks between 3,000-4,999 lb (= 1,859 blocks) can be consolidated into 353 blocks of less than 5,000 lb with 4 remaining blocks.

While it appears evident that the hypothetical maximum consolidation will never occur, increasing the sweep-up levels provides additional opportunities for increased consolidation. When compared against Alternative 1, the number of QS blocks could hypothetically decrease by an additional 19% (3,340) under Alternative 2A and 30% (2,678) under Alternative 2B.

In comparing the Alternative 2 options, note that increasing the sweep-up level from Option A (888 + 745+1,682 = 3,340 blocks) to Option B results in a hypothetical consolidation to 2,678 blocks in all halibut areas, affording an additional overall reduction of 11% (56%-45%). Similar reductions occur in each area.

3.1.3 Alternative 3: Increase the sablefish sweep-up levels under the Modified Block Program to:

(Preferred) Option A. 5,000 lb, set in QS units and based on 1996 TAC levels.

Under Alternative 3, Option A (5,000 lb), total blocked QS across all regulatory areas could hypothetically be reduced to 51% of current levels (this can also be described as a reduction of 49%) (Table 7). Again using the Central Gulf area as an example, note that consolidation under this option could reach a maximum to 40% of original QS distribution (Table A3a). Compared with the status quo (a total of 397 blocks and 967,668 lb), increasing the sweep-up limit to less than 5,000 lb hypothetically reduces the total number of blocks to 159 (the pounds remain the same). Examining this further at the level of IFQ sweep-up category (<3,000 lb), the 244 blocks of less than 3,000 lb + 32 blocks between 3,000 - 4,999 lb (= 276 blocks) could be consolidated into 35 blocks of less than 5,000 lb with 3 remaining blocks (one each in vessel categories A, B, and C).

Preferred Alternative 3A Option A increases consolidation of blocked holdings to 285 QS holdings compared with 443 under Alternative 1.

Option B. 7,000 lb.

Under Alternative 3, Option B, total blocked QS could hypothetically be reduced to 43% of current levels (or a reduction of 57%) (Table 7). Again using the Central Gulf, note that consolidation under this option could reach a hypothetical maximum to 33% of original QS distribution (Table A3a). Compared with the status quo (a total of 397 blocks and 967,668 lb), increasing the sweep-up limit to less than 7,000 lb hypothetically reduces the total number of blocks to 131. Examining this further at the level of IFQ sweep-up category (<7,000 lb), 244 blocks of less than 3,000 lb + 32 blocks between 3,000 - 4,999 lb + 26 blocks between 5,000-6,999 lb (= 302 blocks) could be consolidated into 33 blocks of less than 7,000 lb with 3 remaining blocks (one each in vessel categories A, B, and C).

While it appears evident that the hypothetical maximum consolidation will never occur, increasing the sweep-up levels provides additional opportunities for increased consolidation. When compared against Alternative 1, the number of QS blocks could hypothetically decrease by an additional 10% (718) under Alternative 3A and 18% (601) under Alternative 3B.

In comparing the two options, note that increasing the sweep-up level from Option A (166 + 110 + 424 = 718 blocks) to Option B results in a hypothetical consolidation to 601 blocks in all halibut areas, affording an additional overall reduction of 8% (51%-43%). Similar reductions occur in each area.

3.2 Identification of the Individuals or Groups That May Be Affected by the Proposed Action

Quantitative identification of winners and losers under this alternative is not possible because information as to the intentions of specific individuals is not available. The 5,412 individuals or corporations who were issued halibut blocked QS and 1,315 individuals or corporations who were issued sablefish blocked QS may potentially be affected by the proposed management action. The numbers of potentially affected individuals are a hypothetical maximum, since not all QS holders are expected to utilize the proposed higher sweep-up levels.

The effect of increasing the maximum size of swept-up blocks under the proposed alternatives for halibut and sablefish is unknown. It is reasonable to assume, however, that for some QS holders the current levels are not sufficient to warrant sweeping-up since less than one percent of possible sweep-up transactions occurred in 1995.

The results from a quota shareholder survey planned for early 1996 by the Alaska Department of Commerce and University of Alaska Anchorage/Institute of Social and Economic Research may address additional reasons for lack of QS consolidation.

3.3 QS Prices

A review of reported QS prices from commercial brokers indicate that prices vary by vessel category, size of halibut QS holdings, and regulatory area (Table 9). Two generalizations can be made: (1) blocked QS sold at lower prices than unblocked QS; and (2) smaller blocks of QS sold at lower prices than larger blocks.

Price data of transferred QS is not currently available from the NMFS Restricted Access Management Division, but is currently being analyzed by the State of Alaska Commercial Fisheries Entry Commission

under contract by NMFS as part of the inter-agency State/Federal review of the first IFQ season. This report is scheduled for presentation to the Council in September 1996.

3.4 Unharvested IFQs

Unharvested QS are the likely source from which to increase sweep-up amounts under the proposed alternatives. As of December 20, 1995, 13% of halibut and 10% of sablefish remained of their respective quotas from the 1995 IFQ season (Table 10). After subtracting QS currently under appeal, remaining halibut and sablefish totaled 11% and 6%, respectively. Unharvested IFQ for halibut ranged between 8% in Area 3A and 29% in Area 4B, and for sablefish, between 1% in Southeast Alaska and 37% in the Aleutian Islands.

Many fishermen indicated they were leaving small QS blocks unfished because they were too small to warrant fishing, in areas that were remote, or where they no longer fished. Some fishermen waited until the end of the season and did not fish due to bad weather. Additionally, the marketplace was weak for transfers of small, blocked quota from fishermen who chose not to fish their QS to those who would have potentially harvested them. For halibut, 33% of all QS issuances were less than the sweep-up level of 1,000 lb; for sablefish, 34% were less than the 3,000 lb sweep-up level (Table 2).

An examination of completely unfished halibut and sablefish IFQ permits by area and size of blocked and unblocked IFQs further illustrates the amount of IFQ left unharvested (Tables 11a and 11b). The majority of unused QS in 1995 resided in small blocks. A discernable pattern occurs for QS permits; the smaller the associated IFQ, the less likely they were to be completely fished.

For halibut, 81% of QS permits for blocked halibut IFQs less than 1,000 lb went completely unfished in 1995 (Table 11a). The percentage of unfished blocked permits decreased as the sweep-up level increased (i.e., 40% of permits between 1,000 and 3,000 lb and 20% of permits between 3,000 to 5,000 lb). Permits issued for holders of both blocked and unblocked ("MLT" in Table 11a and 11b) had much higher use levels. The percentage of unfished, unblocked permits exceeded the percentage of unfished, blocked permits; however, the former permits primarily resulted from very small, unblocked QS pieces issued as compensation for reduced QS in the Bering Sea as a result of the halibut and sablefish Community Development Quota program.

Similar effects are shown in Table 11b for sablefish; whereby 65% of blocked QS permits under 3,000 lb were completely unused. Unfished permits declined to 24% under Alternative 3 Option A and 19% under Option B sweep-up levels. Unblocked permits had even greater percentages of unfished permits under both options. As for halibut, unblocked sablefish QS under 3,000 lb are likely to be CDQ compensation QS.

Table 9. Reported prices for halibut and sablefish QS transactions (Source: Access Unlimited, Inc.).

Area	Vessel		Size	Price/lb
	Category	B/U		
2C	B	B	1,000	\$7.80
2C	B	U	<1,000	\$6.70-7.00
2C	C	B	<5,000	\$5.50-6.00
2C	C	B	5,000-10,000	\$7.15-8.00
2C	C	U	1,000	\$7.75-7.80
2C	D	B	<5,000	\$4.50-6.50
3A	B	B	7,000-12,000	\$5.00-6.70
3A	B	U	10,000	\$7.25
3A	C	B	500-3,000	\$5.50-6.25
3A	C	B	10,000-15,000	\$6.40-6.50
3A	C	U	12,000	\$6.75
3A	D	B	5,000	\$7.00
3A	D	U	2,000	\$7.53
3B	B	B	2,000-6,000	\$5.00-6.25
3B	C	B	1,000	\$5.00
3B	C	U	20,000	\$8.00
3B	D	B	2,000	\$4.50-5.00
4A	B	B	5,000-10,000	\$5.00-5.50
4A	B	B	10,000-15,000	\$6.25
4A	D	B	5,000	\$5.00
4B	B	B	10,000-15,000	\$5.00
CG	B	U	20,000	\$6.25
CG	C	U	30,000	\$5.50
EY	C	B	<5,000	\$6.00
SE	C	B	1,000	\$7.00
WY	B	U	1,000	\$7.00
WY	B	U	40,000	\$6.00
WY	C	B	1,000	\$5.50
WY	C	B	5,000-10,000	\$5.80

Amendments 32/36 implemented changes to the IFQ program intended to increase the remunerative value of CDQ compensation QS by relieving the existing transfer restrictions by: (1) exempting some CDQ compensation QS from the block provision, and (2) allowing some CDQ compensation to be transferred across vessel categories. The one-year exemption was approved on December 22, 1995, however, some QS have already

Table 10. 1995 halibut and sablefish IFQ allocations, landings and percent of quota remaining (Source:RAM*).

Halibut	TAC			Reserve IFQ Pounds	Percent of Allocation	Remaining - Reserve	Percent Remaining
	Allocation Pounds	Remaining Pounds	Percent Remaining				
2C	9,000,000	1,211,485	13%	10,595	0.1%	1,200,890	13%
3A	20,000,000	2,025,828	10%	322,008	1.6%	1,703,820	9%
3B	3,700,000	528,131	14%	71,285	1.9%	456,846	12%
4A	1,950,000	366,331	19%	81,390	4.2%	284,941	15%
4B	1,848,000	599,667	32%	4,160	0.2%	595,507	32%
4C	385,000	83,779	22%	0	0.0%	83,779	22%
4D	539,000	107,232	20%	0	0.0%	107,232	20%
4E	0	0	0%	0	0.0%	0	0%
Total	37,422,000	4,922,453	13%	489,438	1.3%	4,433,015	12%
Sablefish							
SE	12,996,900	993,716	8%	678,610	5.2%	315,106	2%
WY	8,586,917	593,747	7%	415,299	4.8%	178,448	2%
CG	15,167,648	1,095,058	7%	550,817	3.6%	544,241	4%
WG	4,585,568	634,750	14%	293,888	6.4%	340,862	7%
AI	2,190,072	992,289	45%	138,853	6.3%	853,436	39%
BS	1,410,944	412,625	29%	0	0.0%	412,625	29%
Total	44,938,049	4,722,185	11%	2,077,467	4.6%	2,644,718	6%

*as of March 5, 1996

been transferred since this action was a lessening of government restrictions. More unused, unblocked CDQ compensation QS are expected to be transferred in 1996.

An examination of use rates of State of Alaska Commercial Fishery Entry Commission limited entry permits in selected fisheries for 1993 (most recently available data) indicate that the seemingly high percentage of unused IFQ permits are not uncommon (Table 12). Unused permits ranged between 2 and 52% for 1993 State of Alaska limited entry salmon and herring fisheries.

Table 12. Use rates of limited entry fishery permits in selected Alaska fisheries.

<u>Fishery</u>	<u>Unused permits</u>
Salmon, seine	23%
Salmon, gill net	15%
Salmon, drift gill net	2%
Salmon, set net	9%
Herring, sac roe seine	41%
Herring, sac roe gill net	52%

3.5 Administrative, Enforcement, and Information Costs

No additional administrative, enforcement, or information costs are expected under any of the alternatives. The actual number of QS holders is expected to decrease under any of the options under Alternatives 2 or 3 as some QS holders of very small blocked QS are likely to transfer their very small blocks for consolidation under a higher sweep-up level.

Table 11a

Table 11a. Number of unfished halibut permits by area, type* and size of IFQ holding (Source: RAM)

Area	B/U	Under 1,000 lb			1,000 to 3,000lb			3,000 to 5,000 lb		
		total	unfish	%	total	unfish	%	total	unfish	%
2C	BL	680	490	72%	407	117	29%	181	15	8%
2C	MLT	11	5	45%	36	4	11%	22	0	0%
2C	UBL	182	163	90%	42	14	33%	19	5	26%
3A	BL	1,072	902	84%	472	183	39%	193	32	17%
3A	MLT	16	4	25%	39	8	21%	26	3	12%
3A	UBL	93	92	99%	23	15	65%	11	3	27%
3B	BL	346	293	85%	194	79	41%	77	10	13%
3B	MLT	5	2	40%	9	2	22%	9	1	11%
3B	UBL	129	125	97%	7	7	100%	2	1	50%
4A	BL	77	64	83%	85	55	65%	49	20	41%
4A	MLT	2	1	50%	8	2	25%	6	2	33%
4A	UBL	137	131	96%	2	0	0%	3	2	67%
4B	BL	20	19	95%	27	26	96%	19	17	89%
4B	MLT	0	0	0%	0	0	0%	0	0	0%
4B	UBL	0	0	0%	0	0	0%	0	0	0%
4C	BL	21	17	81%	21	15	71%	19	9	47%
4C	MLT	0	0	0%	0	0	0%	0	0	0%
4C	UBL	0	0	0%	0	0	0%	0	0	0%
4D	BL	9	9	100%	18	17	94%	8	5	63%
4D	MLT	0	0	0%	0	0	0%	0	0	0%
4D	UBL	0	0	0%	0	0	0%	0	0	0%
Total	BL	2,225	1,794	81%	1,224	492	40%	546	108	20%
Total	MLT	34	12	35%	92	16	17%	63	6	10%
Total	UBL	541	511	94%	74	36	43%	35	11	48%

(* BL = Blocked, MLT = Blocked & Unblocked, or UBL = Unblocked)

Table 11b

Table 11b. Number of unfished sablefish permits by area, type* and size of IFQ holding (Source: RAM)

Area	B/U	Under 3,000lb			3,000 to 5,000 lb			5,000 to 7,000 lb		
		total	unfish	%	total	unfish	%	total	unfish	%
SE	BL	141	86	61%	38	5	13%	31	2	6%
SE	MLT	8	2	25%	8	1	13%	3	0	0%
SE	UBL	79	63	80%	5	3	60%	3	0	0%
WY	BL	126	81	64%	21	4	19%	23	2	9%
WY	MLT	6	1	17%	5	1	20%	2	0	0%
WY	UBL	42	34	81%	4	2	50%	2	1	50%
CG	BL	245	142	58%	22	5	23%	20	3	15%
CG	MLT	5	1	20%	2	0	0%	2	0	0%
CG	UBL	23	19	83%	1	0	0%	2	1	50%
WG	BL	47	40	85%	14	4	29%	12	6	50%
WG	MLT	1	0	0%	5	0	0%	0	0	0%
WG	UBL	40	34	85%	1	1	100%	0	0	0%
BS	BL	56	42	75%	23	8	35%	13	6	46%
BS	MLT	0	0	0%	0	0	0%	0	0	0%
BS	UBL	0	0	0%	0	0	0%	0	0	0%
AI	BL	44	37	84%	9	5	56%	9	2	22%
AI	MLT	2	1	50%	0	0	0%	0	0	0%
AI	UBL	3	2	67%	2	1	50%	0	0	0%
Total	BL	659	428	65%	127	31	24%	108	21	19%
Total	MLT	22	7	32%	20	2	10%	7	0	0%
Total	UBL	187	154	82%	13	7	54%	7	2	29%

(* BL = Blocked, MLT = Blocked & Unblocked, or UBL = Unblocked)

4.0 REGULATORY FLEXIBILITY ANALYSIS

The objective of the Regulatory Flexibility Act is to require consideration of the capacity of those affected by regulations to bear the direct and indirect costs of regulation. If an action will have a significant impact on a substantial number of small entities, an Initial Regulatory Flexibility Analysis must be prepared to identify the need for the action, alternatives, potential costs and benefits of the action, the distribution of these impacts, and a determination of net benefits.

NMFS has defined all fish harvesting businesses that are independently owned and operated, not dominant in their field of operation, with annual receipts not in excess of \$2 million as small businesses. In addition, seafood processors with 500 employees or less, wholesale industry members with 100 members or less, not-for-profit enterprises, and government jurisdictions with a population of 50,000 or less are considered small entities. A "substantial number" of small entities would generally be 20% of the total universe of small entities affected by the regulation. A regulation would have a "significant impact" on these small entities if it resulted in a reduction in annual gross revenues by more than 5%, annual compliance costs that increased total costs of production by more than 5%, or compliance costs of small entities that are at least 10% higher than compliance costs as a percent of sales for large entities.

If an action is determined to affect a substantial number of small entities, the analysis must include:

- (1) description and estimate of the number of small entities and total number of entities in a particular affected sector, and total number of small entities affected; and
- (2) analysis of economic impact on small entities, including direct and indirect compliance costs, burden of completing paperwork, or record keeping requirements, effect on the competitive position of small entities, effect on the small entity's cash flow and liquidity, and ability of small entities to remain in the market.

4.1 Economic Impact on Small Entities

These impacts do not appear to be significant within the meaning of the Act. They are not likely to lead to a reduction in the gross revenues received by the small business sector of the fleet.

5.0 LITERATURE CITED

- National Marine Fisheries Service. 1994a. Final Environmental Impact Statement for 1995 groundfish total allowable catch specifications. NMFS. Alaska Region, Juneau, Alaska.
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- 1994. Regulatory Impact Review for Amendments 30/34 to the GOA and BSAI Fishery Management Plans (CDQ Reserve Program for Sablefish). NPFMC, 605 West Fourth Avenue, Suite 306, Anchorage, Alaska. 20 p.

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USFWS. 1989. Formal consultation with the U.S. Fish and Wildlife Service pursuant to Section 7 of the Endangered Species Act. Biological Opinion, July 3, 1989. Communication to NMFS. Alaska Region, Juneau, Alaska.

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APPENDIX

Table A1a. Distribution of halibut IFQs based on 1994 using 1996 TACs swept up to 1,000 lb (status quo), 3,000 lb, and 5,000 lb.

Halibut Area	IFQs	CURRENT STATUS		ALTERNATIVE 1 <1,000lb		ALTERNATIVE 2A <3,000lb		ALTERNATIVE 2B <5,000lb	
		# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent
2C	< 1,000	652	33%	204+4	13%				
	1,000 - 2,999	475	24%	475	31%	290+4	25%		
	3,000 - 4,999	257	13%	257	17%	257	22%	324+4	35%
	5,000 +	615	31%	615	40%	615	53%	615	65%
	TOTAL	1,999	100%	1,555	78%	1,166	58%	943	47%
3A	< 1,000	1,022	40%	245+4	14%				
	1,000 - 2,999	556	22%	556	31%	329+4	26%		
	3,000 - 4,999	281	11%	281	16%	281	22%	353+4	34%
	5,000 +	690	27%	690	39%	690	53%	690	66%
	TOTAL	2,549	100%	1,785	70%	1,304	51%	1,047	41%
3B	< 1,000	340	40%	114+4	19%				
	1,000 - 2,999	239	28%	239	38%	167+4	38%		
	3,000 - 4,999	108	13%	108	17%	108	24%	172+4	51%
	5,000 +	170	20%	170	27%	170	38%	170	49%
	TOTAL	857	100%	635	74%	449	52%	346	40%
4A	< 1,000	87	26%	38+4	14%				
	1,000 - 2,999	103	31%	103	36%	76+4	36%		
	3,000 - 4,999	59	18%	59	20%	59	26%	88+4	52%
	5,000 +	86	26%	86	30%	86	38%	86	48%
	TOTAL	335	100%	290	87%	225	67%	178	53%
4B	< 1,000	16	13%	6+4	9%				
	1,000 - 2,999	27	22%	27	23%	16+4	20%		
	3,000 - 4,999	19	16%	19	16%	19	19%	20+4	29%
	5,000 +	60	49%	60	52%	60	61%	60	71%
	TOTAL	122	100%	116	95%	99	81%	84	69%
4C	< 1,000	12	17%	1+3	6%				
	1,000 - 2,999	15	21%	15	24%	4+3	14%		
	3,000 - 4,999	11	15%	11	17%	11	22%	4+4	20%
	5,000 +	33	46%	33	52%	33	65%	33	80%
	TOTAL	71	100%	63	89%	51	72%	41	58%
4D	< 1,000	7	12%	1+2	6%				
	1,000 - 2,999	13	22%	13	24%	6+2	17%		
	3,000 - 4,999	10	17%	10	19%	10	22%	8+3	28%
	5,000 +	28	48%	28	52%	28	61%	28	72%
	TOTAL	58	100%	54	93%	46	79%	39	67%
TOTAL	< 1,000	2,136	36%	609+23	14%				
	1,000 - 2,999	1,428	24%	1,428	32%	888+25	27%		
	3,000 - 4,999	745	12%	745	17%	745	22%	969+27	37%
	5,000 +	1,682	28%	1,682	37%	1,682	50%	1,682	63%
	TOTAL	5,991	100%	4,489	75%	3,340	56%	2,678	45%

* the first number equals the number of swept-up blocks, the second number equals remainder (un-swept amount)

Table A1b. Distribution of halibut IFQs based on 1996 TACs swept up to 1,000 lb (status quo), 3,000 lb, and 5,000 lb.

Halibut Area	IFQs	CURRENT STATUS		ALTERNATIVE 1 <1,000lb		ALTERNATIVE 2A <3,000lb		ALTERNATIVE 2B <5,000lb	
		# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent
2C	< 1,000	753	38%	293+4	19%				
	1,000 - 2,999	507	25%	507	33%	407+4	36%		
	3,000 - 4,999	264	13%	264	17%	264	23%	452+4	49%
	5,000 +	475	24%	475	31%	475	41%	475	51%
	TOTAL	1,999	100%	1,543	77%	1,150	58%	931	47%
3A	< 1,000	1,165	46%	369+4	21%				
	1,000 - 2,999	601	24%	601	34%	491+4	39%		
	3,000 - 4,999	265	10%	265	15%	265	21%	503+4	49%
	5,000 +	518	20%	518	29%	518	40%	518	51%
	TOTAL	2,549	100%	1,757	69%	1,280	50%	1,025	40%
3B	< 1,000	371	43%	143+4	23%				
	1,000 - 2,999	235	27%	235	37%	192+4	44%		
	3,000 - 4,999	100	12%	100	16%	100	22%	193+4	57%
	5,000 +	151	18%	151	24%	151	34%	151	43%
	TOTAL	857	100%	633	74%	447	52%	348	41%
4A	< 1,000	87	26%	39+4	15%				
	1,000 - 2,999	103	31%	103	35%	76+3	35%		
	3,000 - 4,999	62	19%	62	21%	62	28%	93+3	54%
	5,000 +	83	25%	83	29%	83	37%	83	46%
	TOTAL	335	100%	291	87%	224	67%	179	53%
4B	< 1,000	19	16%	9+4	11%				
	1,000 - 2,999	28	23%	28	24%	19+3	23%		
	3,000 - 4,999	21	17%	21	18%	21	22%	27+3	36%
	5,000 +	54	44%	54	47%	54	56%	54	64%
	TOTAL	122	100%	116	95%	97	80%	84	69%
4C	< 1,000	21	30%	9+3	19%				
	1,000 - 2,999	21	30%	21	34%	15+3	38%		
	3,000 - 4,999	18	25%	18	29%	18	38%	23+4	71%
	5,000 +	11	15%	11	18%	11	23%	11	29%
	TOTAL	71	100%	62	87%	47	66%	38	54%
4D	< 1,000	9	16%	3+2	9%				
	1,000 - 2,999	17	29%	17	31%	11+3	30%		
	3,000 - 4,999	8	14%	8	15%	8	17%	12+3	38%
	5,000 +	24	41%	24	44%	24	52%	24	62%
	TOTAL	58	100%	54	93%	46	79%	39	67%
TOTAL	< 1,000	2,425	40%	865+25	20%				
	1,000 - 2,999	1,512	25%	1,512	34%	1,211+24	38%		
	3,000 - 4,999	738	12%	738	17%	738	22%	1,303+25	50%
	5,000 +	1,316	22%	1,316	30%	1,316	40%	1,316	50%
	TOTAL	5,991	100%	4,456	74%	3,289	55%	2,644	44%

* the first number equals the number of swept-up blocks, the second number equals remainder (un-swept amount)

Table A2a. Distribution of halibut IFQs based on 1994 using 1996 TACs swept up to 1,000 lb (status quo), 3,000 lb, and 5,000 lb.

Halibut Area	IFQs	CURRENT STATUS		ALTERNATIVE 1 <1,000lb		ALTERNATIVE 2A <3,000lb		ALTERNATIVE 2B <5,000lb	
		Pounds in Class	Percent	*Pounds in Class	Percent	Pounds in Class	Percent	Pounds in Class	Percent
2C	< 1,000	205,451	3%	203,796+1,655	3%				
	1,000 - 2,999	669,867	11%	669,867	11%	860,713+14,605	14%		
	3,000 - 4,999	777,167	12%	777,167	12%	777,167	12%	1,619,676+32,809	26%
	5,000 +	4,697,407	74%	4,697,407	74%	4,697,407	74%	4,697,407	74%
	TOTAL	6,349,892	100%	6,349,892	100%	6,349,892	100%	6,349,892	100%
3A	< 1,000	246,499	4%	244,755+1,744	4%				
	1,000 - 2,999	747,561	11%	747,561	11%	980,673+13,387	14%		
	3,000 - 4,999	793,102	11%	793,102	11%	793,102	11%	1,764,647+22,515	26%
	5,000 +	5,176,911	74%	5,176,911	74%	5,176,911	74%	5,176,911	74%
	TOTAL	6,964,073	100%	6,964,073	100%	6,964,073	100%	6,964,073	100%
3B	< 1,000	116,089	5%	113,886+2,203	5%				
	1,000 - 2,999	391,023	16%	391,023	16%	494,835+12,277	21%		
	3,000 - 4,999	380,445	16%	380,445	16%	380,445	16%	859,828+27,729	37%
	5,000 +	1,525,425	63%	1,525,425	63%	1,525,425	63%	1,525,425	63%
	TOTAL	2,412,982	100%	2,412,982	100%	2,412,982	100%	2,412,982	100%
4A	< 1,000	42,612	3%	37,962+4,650	3%				
	1,000 - 2,999	189,781	14%	189,781	14%	218,927+13,466	17%		
	3,000 - 4,999	231,258	17%	231,258	17%	231,258	17%	439,912+23,739	34%
	5,000 +	881,802	66%	881,802	66%	881,802	66%	881,802	66%
	TOTAL	1,345,453	100%	1,345,453	100%	1,345,453	100%	1,345,453	100%
4B	< 1,000	8,421	1%	5,994+2,427	1%				
	1,000 - 2,999	43,653	7%	43,653	7%	41,986+10,088	8%		
	3,000 - 4,999	63,623	10%	63,623	10%	63,623	10%	99,980+15,717	18%
	5,000 +	536,353	82%	536,353	82%	536,353	82%	536,353	82%
	TOTAL	652,050	100%	652,050	100%	652,050	100%	652,050	100%
4C	< 1,000	3,094	2%	999+2,095	2%				
	1,000 - 2,999	15,218	8%	15,218	8%	11,996+6,316	9%		
	3,000 - 4,999	24,170	12%	24,170	12%	24,170	12%	19,996+22,486	21%
	5,000 +	156,167	79%	156,167	79%	156,167	79%	156,167	79%
	TOTAL	198,649	100%	198,649	100%	198,649	100%	198,649	100%
4D	< 1,000	1,735	1%	999+736	1%				
	1,000 - 2,999	20,117	8%	20,117	8%	17,994+3,858	8%		
	3,000 - 4,999	29,029	11%	29,029	11%	29,029	11%	39,992+10,889	20%
	5,000 +	209,011	80%	209,011	80%	209,011	80%	209,011	80%
	TOTAL	259,892	100%	259,892	100%	259,892	100%	259,892	100%
TOTAL	< 1,000	623,901	3%	608,391+15,510	3%				
	1,000 - 2,999	2,077,220	11%	2,077,220	11%	2,627,124+73,997	15%		
	3,000 - 4,999	2,298,794	13%	2,298,794	13%	2,298,794	13%	4,844,031+155,884	27%
	5,000 +	13,183,076	73%	13,183,076	73%	13,183,076	73%	13,183,076	73%
	TOTAL	18,182,991	100%	18,182,991	100%	18,182,991	100%	18,182,991	100%

* the first number equals the number of swept-up pounds, the second number equals remainder (un-swept amount)

Table A2b. Distribution of halibut IFQs based on 1996 TACs swept up to 1,000 lb (status quo), 3,000 lb, and 5,000 lb

Halibut Area	IFQs	CURRENT STATUS		ALTERNATIVE 1 <1,000l		ALTERNATIVE 2A <3,000l		ALTERNATIVE 2B <5,000lb	
		Pounds in Class	Percent	*Pounds in Class	Percent	Pounds in Class	Percent	Pounds in Class	Percent
2C	< 1,000	295,477	5%	292,707+2,770	5%				
	1,000 - 2,999	930,587	15%	930,587	15%	1,220,593+5,471	19%		
	3,000 - 4,999	1,049,525	16%	1,049,525	16%	1,049,525	16%	2,259,548+16,041	36%
	5,000 +	4,091,098	64%	4,091,098	64%	4,091,098	64%	4,091,098	64%
	TOTAL	6,366,687	100%	6,366,687	100%	6,366,687	100%	6,366,687	100%
3A	< 1,000	370,658	5%	368,631+2,027	5%				
	1,000 - 2,999	1,105,852	16%	1,105,852	16%	1,472,509+4,001	21%		
	3,000 - 4,999	1,044,159	15%	1,044,159	15%	1,044,159	15%	2,514,497+6,712	36%
	5,000 +	4,451,082	64%	4,451,082	64%	4,451,082	64%	4,451,082	64%
	TOTAL	6,971,751	100%	6,971,751	100%	6,971,751	100%	6,971,751	100%
3B	< 1,000	145,258	6%	142,857+2,401	6%				
	1,000 - 2,999	438,174	18%	438,174	18%	575,808+7,624	24%		
	3,000 - 4,999	392,677	16%	392,677	16%	392,677	16%	964,807+11,302	40%
	5,000 +	1,439,238	60%	1,439,238	60%	1,439,238	60%	1,439,238	60%
	TOTAL	2,415,347	100%	2,415,347	100%	2,415,347	100%	2,415,347	100%
4A	< 1,000	42,612	3%	38,961+3,651	3%				
	1,000 - 2,999	189,781	14%	189,781	14%	227,924+4,469	17%		
	3,000 - 4,999	247,007	18%	247,007	18%	247,007	18%	464,907+14,493	36%
	5,000 +	869,995	64%	869,995	64%	869,995	64%	869,995	64%
	TOTAL	1,349,395	100%	1,349,395	100%	1,349,395	100%	1,349,395	100%
4B	< 1,000	11,226	2%	8,991+2,235	2%				
	1,000 - 2,999	52,116	8%	52,116	8%	56,981+6,361	10%		
	3,000 - 4,999	80,939	12%	80,939	12%	80,939	12%	134,973+9,308	22%
	5,000 +	511,422	78%	511,422	78%	511,422	78%	511,422	78%
	TOTAL	655,703	100%	655,703	100%	655,703	100%	655,703	100%
4C	< 1,000	10,347	5%	8,991+1,356	5%				
	1,000 - 2,999	43,613	22%	43,613	22%	44,985+8,975	27%		
	3,000 - 4,999	69,435	35%	69,435	35%	69,435	35%	114,977+8,418	62%
	5,000 +	75,253	38%	75,253	38%	75,253	38%	75,253	38%
	TOTAL	198,648	100%	198,648	100%	198,648	100%	198,648	100%
4D	< 1,000	3,454	1%	2,997+457	1%				
	1,000 - 2,999	34,166	13%	34,166	13%	32,989+4,631	14%		
	3,000 - 4,999	31,997	12%	31,997	12%	31,997	12%	59,988+9,629	27%
	5,000 +	190,273	73%	190,273	73%	190,273	73%	190,273	73%
	TOTAL	259,890	100%	259,890	100%	259,890	100%	259,890	100%
TOTAL	< 1,000	879,032	5%	864,135+14,902	5%				
	1,000 - 2,999	2,794,289	15%	2,794,289	15%	3,631,789+41,532	20%		
	3,000 - 4,999	2,915,739	16%	2,915,739	16%	2,915,739	16%	4,480,107+75903	36%
	5,000 +	11,628,361	64%	11,628,361	64%	11,628,361	64%	11,628,361	64%
	TOTAL	18,217,421	100%	18,217,426	100%	18,217,421	100%	18,217,421	100%

* the first number equals the number of swept-up pounds, the second number equals remainder (un-swept amount)

Table A3a. Distribution of sablefish IFQs based on 1994 using 1996 TACs swept up to 3,000 lb (status quo), 5,000 lb, and 7,000 lb.

Sablefish Area	IFQs	CURRENT STATUS		ALTERNATIVE 1 <3,000lb		ALTERNATIVE 3A <5,000lb		ALTERNATIVE 3B <7,000lb	
		# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent
SE	< 3,000	159	41%	29+3	12%				
	3,000 - 4,999	47	12%	47	18%	40+3	19%		
	5,000 - 6,999	37	10%	37	14%	37	16%	45+3	25%
	7,000 +	145	37%	145	56%	145	64%	145	75%
	TOTAL	388	100%	261	67%	225	58%	193	50%
WY	< 3,000	139	51%	25+3	18%				
	3,000 - 4,999	24	9%	24	15%	24+3	20%		
	5,000 - 6,999	23	8%	23	14%	23	17%	26+3	25%
	7,000 +	85	31%	85	53%	85	63%	85	75%
	TOTAL	271	100%	160	59%	135	50%	114	42%
CG	< 3,000	244	61%	35+3	20%				
	3,000 - 4,999	32	8%	32	17%	35+3	24%		
	5,000 - 6,999	26	7%	26	14%	26	16%	33+3	27%
	7,000 +	95	24%	95	50%	95	60%	95	73%
	TOTAL	397	100%	191	48%	159	40%	131	33%
WG	< 3,000	53	40%	16+3	19%				
	3,000 - 4,999	16	12%	16	16%	20+3	26%		
	5,000 - 6,999	13	10%	13	13%	13	15%	21+3	32%
	7,000 +	52	39%	52	52%	52	59%	52	68%
	TOTAL	134	100%	100	75%	88	66%	76	57%
BS	< 3,000	96	72%	47+3	57%				
	3,000 - 4,999	12	9%	12	14%	42+3	63%		
	5,000 - 6,999	4	3%	4	5%	4	6%	31+3	61%
	7,000 +	22	16%	22	25%	22	31%	22	39%
	TOTAL	134	100%	88	66%	71	53%	56	42%
AI	< 3,000	34	41%	2+3	9%				
	3,000 - 4,999	16	20%	16	30%	5+3	20%		
	5,000 - 6,999	7	9%	7	13%	7	18%	3+3	19%
	7,000 +	25	30%	25	47%	25	63%	25	81%
	TOTAL	82	100%	53	65%	40	49%	31	38%
TOTAL	< 3,000	725	52%	154+18	20%				
	3,000 - 4,999	147	10%	147	17%	166+18	26%		
	5,000 - 6,999	110	8%	110	13%	110	15%	159+18	29%
	7,000 +	424	30%	424	50%	424	59%	424	71%
	TOTAL	1,406	100%	853	61%	718	51%	601	43%

* the first number equals the number of swept-up blocks, the second number equals remainder (un-swept amount)

Table A3b. Distribution of sablefish IFQs based on 1996 TACs swept up to 3,000 lb (status quo), 5,000 lb, and 7,000 lb.

Sablefish Area	IFQs	CURRENT STATUS		ALTERNATIVE 1 <3,000lb		ALTERNATIVE 3A <5,000lb		ALTERNATIVE 3B <7,000lb	
		# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent
SE	< 3,000	205	53%	66+3	27%				
	3,000 - 4,999	51	13%	51	20%	80+3	39%		
	5,000 - 6,999	53	14%	53	21%	53	25%	102+3	57%
	7,000 +	79	20%	79	31%	79	37%	79	43%
	TOTAL	388	100%	252	65%	215	55%	184	47%
WY	< 3,000	169	62%	48+3	33%				
	3,000 - 4,999	42	15%	42	27%	62+3	52%		
	5,000 - 6,999	31	11%	31	20%	31	25%	70+3	72%
	7,000 +	29	11%	29	19%	29	23%	29	28%
	TOTAL	271	100%	153	56%	125	46%	102	38%
CG	< 3,000	281	71%	62+3	36%				
	3,000 - 4,999	37	9%	37	20%	66+3	47%		
	5,000 - 6,999	27	7%	27	15%	27	18%	71+3	59%
	7,000 +	52	13%	52	29%	52	35%	52	41%
	TOTAL	397	100%	181	46%	148	37%	126	32%
WG	< 3,000	56	42%	19+3	22%				
	3,000 - 4,999	19	14%	19	19%	25+3	32%		
	5,000 - 6,999	14	10%	14	14%	14	16%	29+3	42%
	7,000 +	45	34%	45	45%	45	52%	45	58%
	TOTAL	134	100%	100	75%	87	65%	77	57%
BS	< 3,000	79	59%	26+3	35%				
	3,000 - 4,999	20	15%	20	24%	29+3	48%		
	5,000 - 6,999	6	4%	6	7%	6	9%	27+3	51%
	7,000 +	29	22%	29	35%	29	43%	29	49%
	TOTAL	134	100%	84	63%	67	50%	59	44%
AI	< 3,000	62	76%	18+3	51%				
	3,000 - 4,999	17	21%	17	41%	23+3	90%		
	5,000 - 6,999	3	4%	3	7%	3	10%	18+3	100%
	7,000 +	-	0%	-	0%	-	0%	-	0%
	TOTAL	82	100%	41	50%	29	35%	21	26%
TOTAL	< 3,000	852	61%	239+18	32%				
	3,000 - 4,999	186	13%	186	23%	285+18	45%		
	5,000 - 6,999	134	10%	134	17%	134	20%	317+18	59%
	7,000 +	234	17%	234	29%	234	35%	234	41%
	TOTAL	1,406	100%	811	58%	671	48%	569	40%

* the first number equals the number of swept-up blocks, the second number equals remainder (un-swept amount)

Table A4a. Distribution of sablefish IFQs based on 1994 using 1996 TACs swept up to 3,000 lb (status quo), 5,000 lb, and 7,000 lb.

Sablefish Area	IFQs	CURRENT STATUS		ALTERNATIVE 1 <3,000lb		ALTERNATIVE 3A <5,000lb		ALTERNATIVE 3B <7,000lb	
		Pounds in Class	Percent	*Pounds in Class	Percent	Pounds in Class	Percent	Pounds in Class	Percent
SE	< 3,000	90,564	6%	86,971+3,593	6%				
	3,000 - 4,999	114,783	8%	114,783	8%	194,961+10,386	14%		
	5,000 - 6,999	136,486	9%	136,486	9%	136,486	9%	314,955+26,878	23%
	7,000 +	1,151,522	77%	1,151,522	77%	1,151,522	77%	1,151,522	77%
	TOTAL	1,493,355	100%	1,493,355	100%	1,493,355	100%	1,494,355	100%
WY	< 3,000	78,987	10%	74,975+4,012	10%				
	3,000 - 4,999	52,363	7%	52,363	7%	114,977+16,373	17%		
	5,000 - 6,999	76,838	10%	76,838	10%	76,838	10%	181,974+26,214	27%
	7,000 +	561,351	73%	561,351	73%	561,351	73%	561,351	73%
	TOTAL	769,539	100%	769,539	100%	769,539	100%	769,539	100%
CG	< 3,000	108,372	11%	104,965+3,407	11%				
	3,000 - 4,999	69,470	7%	69,470	7%	159,968+17,874	18%		
	5,000 - 6,999	88,715	9%	88,715	9%	88,715	9%	230,967+35,590	28%
	7,000 +	701,111	72%	701,111	72%	701,111	72%	701,111	72%
	TOTAL	967,668	100%	967,668	100%	967,668	100%	967,668	100%
WG	< 3,000	51,171	7%	47,984+3,187	7%				
	3,000 - 4,999	57,131	8%	57,131	8%	94,981+13,321	16%		
	5,000 - 6,999	66,405	10%	66,405	10%	66,405	10%	146,979+27,728	25%
	7,000 +	522,978	75%	522,978	75%	522,978	75%	522,978	75%
	TOTAL	697,685	100%	697,685	100%	697,685	100%	697,685	100%
BS	< 3,000	144,217	24%	140,953+3,264	24%				
	3,000 - 4,999	72,919	12%	72,919	12%	194,961+22,175	36%		
	5,000 - 6,999	32,490	5%	32,490	5%	32,490	5%	216,969+32,657	41%
	7,000 +	353,824	59%	353,824	59%	353,824	59%	353,824	59%
	TOTAL	603,450	100%	603,450	100%	603,450	100%	603,450	100%
AI	< 3,000	10,007	7%	5,998+4,009	7%				
	3,000 - 4,999	19,947	14%	19,947	14%	19,996+9,958	22%		
	5,000 - 6,999	14,243	10%	14,243	10%	14,243	10%	20,997+23,200	32%
	7,000 +	94,797	68%	94,797	68%	94,797	68%	94,797	68%
	TOTAL	138,994	100%	138,994	100%	138,994	100%	138,994	100%
TOTAL	< 3,000	483,318	10%	461,846+21,472	10%				
	3,000 - 4,999	386,613	8%	386,613	8%	779,844+90,087	19%		
	5,000 - 6,999	415,177	9%	415,177	9%	415,177	9%	1,112,841+172,267	28%
	7,000 +	3,385,583	72%	3,385,583	72%	3,385,583	72%	3,385,583	72%
	TOTAL	4,670,691	100%	4,670,691	100%	4,670,691	100%	4,670,691	100%

* the first number equals the number of swept-up pounds, the second number equals remainder (un-swept amount)

Table A4b. Distribution of sablefish IFQs based on 1996 TACs swept up to 3,000 lb (status quo), 5,000 lb, and 7,000 lb

Sablefish Area	IFQs	CURRENT STATUS		ALTERNATIVE 1 <3,000l		ALTERNATIVE 3A <5,000l		ALTERNATIVE 3B <7,000lb	
		Pounds in Class	Percent	*Pounds in Class	Percent	Pounds in Class	Percent	Pounds in Class	Percent
SE	< 3,000	202,301	10%	197,934+4,367	10%				
	3,000 - 4,999	199,672	10%	199,672	10%	399,920+2,053	20%		
	5,000 - 6,999	317,324	16%	317,324	16%	317,324	16%	713,898+5399	36%
	7,000 +	1,257,480	64%	1,257,480	64%	1,257,480	64%	1,257,480	64%
	TOTAL	1,976,777	100%	1,976,777	100%	1,976,777	100%	1,976,777	100%
WY	< 3,000	148,836	14%	143,952+4,884	14%				
	3,000 - 4,999	169,568	15%	169,568	15%	309,938+8,466	29%		
	5,000 - 6,999	182,210	17%	182,210	17%	182,210	17%	489,930+10,684	46%
	7,000 +	595,157	54%	595,157	54%	595,157	54%	595,157	54%
	TOTAL	1,095,771	100%	1,095,771	100%	1,095,771	100%	1,095,771	100%
CG	< 3,000	192,392	16%	185,938+6,454	16%				
	3,000 - 4,999	146,016	12%	146,016	12%	329,934+8,474	27%		
	5,000 - 6,999	162,162	13%	162,162	13%	162,162	13%	496,929+3,641	41%
	7,000 +	733,658	59%	733,658	59%	733,658	59%	733,658	59%
	TOTAL	1,234,228	100%	1,234,228	100%	1,234,228	100%	1,234,228	100%
WG	< 3,000	59,713	7%	56,981+2,732	7%				
	3,000 - 4,999	75,303	9%	75,303	9%	124,975+10,041	16%		
	5,000 - 6,999	84,816	10%	84,816	10%	84,816	10%	202,971+16,861	25%
	7,000 +	643,449	75%	643,449	75%	643,449	75%	643,449	75%
	TOTAL	863,281	100%	863,281	100%	863,281	100%	863,281	100%
BS	< 3,000	83,513	9%	77,974+5,539	9%				
	3,000 - 4,999	75,541	8%	75,541	8%	144,971+14,083	17%		
	5,000 - 6,999	36,441	4%	36,441	4%	36,441	4%	188,973+6,522	21%
	7,000 +	721,764	79%	721,764	79%	721,764	79%	721,764	79%
	TOTAL	917,259	100%	917,259	100%	917,259	100%	917,259	100%
AI	< 3,000	57,349	24%	53,982+3,367	24%				
	3,000 - 4,999	65,448	28%	65,448	28%	114,977+7,820	52%		
	5,000 - 6,999	16,199	7%	16,199	7%	16,199	7%	125,982+13,014	59%
	7,000 +	96,553	41%	96,553	41%	96,553	41%	96,553	41%
	TOTAL	235,549	100%	235,549	100%	235,549	100%	235,549	100%
TOTAL	< 3,000	744,104	12%	716,761+27,343	12%				
	3,000 - 4,999	731,548	12%	731,548	12%	1,424,715+50,937	23%		
	5,000 - 6,999	799,152	13%	799,152	13%	799,152	13%	2,218,683+56,121	36%
	7,000 +	4,048,061	64%	4,048,061	64%	4,048,061	64%	4,048,061	64%
	TOTAL	6,322,865	100%	6,322,865	100%	6,322,865	100%	6,316,865	100%

* the first number equals the number of swept-up pounds, the second number equals remainder (un-swept amount)

DRAFT FOR SECRETARIAL REVIEW

ENVIRONMENTAL ASSESSMENT/REGULATORY IMPACT REVIEW

FOR

**AMENDMENT 43 TO THE
BERING SEA/ALEUTIAN ISLANDS GROUND FISH FISHERY MANAGEMENT PLAN**

AND

**AMENDMENT 43 TO THE
GULF OF ALASKA GROUND FISH FISHERY MANAGEMENT PLAN**

AND

**A REGULATORY AMENDMENT TO
HALIBUT IFQ REGULATIONS**

**TO INCREASE THE SWEEP-UP LEVELS
UNDER THE HALIBUT AND SABLEFISH IFQ BLOCK PROGRAM**

prepared by

Staff
North Pacific Fishery Management Council

September 5, 1996

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EXECUTIVE SUMMARY

Amendments 43/43 to the Bering Sea/Aleutian Islands and Gulf of Alaska fishery management plans, recommending increasing the sweep-up levels for halibut and sablefish IFQs were approved by the Council at their April 1996 meeting. Implementation of the revised sweep-up levels is expected prior to the 1997 IFQ fishing season. Currently, sweep-up levels defined under the Block Amendment, and based on 1994 Total Allowable Catch (TAC) levels are less than 1,000 lb for halibut and less than 3,000 lb for sablefish. The IFQ longline industry has reported that current sweep-up levels do not equal the harvest of a viable fishing trip. Industry has requested a moderate increase in the sweep-up levels to allow greater amounts of QS to be swept-up into economically "fishable" amounts, without overly increasing consolidation or allowing the creation of large-sized blocks.

Industry members have reported that the smallest blocks may be purchased at relatively low prices, an economic advantage to crew and new entrants to the fishery. Larger blocks sell at a price similar to unblocked shares. Fishermen are also unable to transfer very small, blocked QS due to a lack of a market for those shares. This is a result of the block cap which allows only two blocks per regulatory area, or one block and some amount of unblocked QS. Additionally, many QS owners have small blocked QS distributed across many regulatory areas. These are unlikely to be fished due to their size.

A moderate increase in the sweep-up levels would likely increase the transfer of very small, blocked QS to crew and small boat fishermen who seek to increase their holdings. While there may be some price increases in small block shares, it is anticipated that a price differential would remain between smaller and larger QS blocks. If the ability to transfer and consolidate small blocks is increased, then the number of unfished blocks should decrease.

At much larger sweep-up levels than currently allowed, the price differential between blocked and unblocked shares may be lost. The effectiveness of the Block Program may be eliminated at large sizes since large blocks and unblocked shares have been reported to sell at roughly the same price and would eliminate entry level QS. Price structure goals of the Block Program would be lost, as well. The differential pricing of larger blocked and unblocked QS is further exacerbated by the paucity of financing for the IFQ industry, particularly for crew and new entrants without capital or assets.

The sweep-up levels included in this analysis are:

Alternative 1: Status quo.

QS blocks less than 1,000 pounds of halibut can be combined as long as the resulting block does not contain QS that would equate to more than 1,000 pounds of IFQ at 1994 TAC levels.

QS blocks less than 3,000 pounds of sablefish can be combined as long as the resulting block does not contain QS that would equate to more than 3,000 pounds of IFQ at 1994 TAC levels.

Alternative 2: Increase the halibut sweep-up levels under the Modified Block Program to:

(Preferred) Option A. 3,000 lb, set in QS units and based on 1996 TAC levels.
Option B. 5,000 lb.

Alternative 3: Increase the sablefish sweep-up levels under the Modified Block Program to:

(Preferred) Option A. 5,000 lb, set in QS units and based on 1996 TAC levels.
Option B. 7,000 lb.

The analysis draws the following conclusions about potential consolidation and availability of QS under the various alternatives and options. Alternative 2 would allow halibut QS blocks to be combined into blocks equivalent to less than 3,000 lb under Option A or less than 5,000 lb under Option B. The 5,991 halibut QS blocks issued by RAM as of December 1995 could be consolidated by 25% to 4,489 blocks under the current sweep-up limit of 1,000 lb and the 1994 base year. Potential consolidation under Option A could be 44% to 3,340 blocks; Option B could consolidate blocks by 55% to 2,678. The Council's preferred option for halibut sweep-up levels is Alternative 2 Option A, less than 3,000 lb. The lower sweep-up level was chosen to maintain swept-up blocks at a size that is economically viable for fishing, as well as economically feasible for purchase by crew members and new entrants to the fishery.

Alternative 3 would allow sablefish QS blocks to be combined into blocks of less than 5,000 lb under Option A or less than 7,000 lb under Option B. The 1,046 sablefish QS blocks could be consolidated by 39% to 853 blocks under the current sweep-up limit of 3,000 lb and the 1994 base year. Potential consolidation under Option A could be 49% to 718 blocks; Option B would consolidate blocks by 57% to 601. The Council's preferred option for sablefish sweep-up levels is Alternative 3 Option A, less than 5,000 lb. The lower sweep-up level was chosen to maintain swept-up blocks at a size that is economically viable for fishing, as well as economically feasible for purchase by crew members and new entrants to the fishery.

The Council also chose to set the sweep-up limits in Quota Share (QS) units based on the 1996 Total Allowable Catches. Updating the base year to 1996 increases halibut QS block consolidation to the actual sweep-up poundage chosen by the Council, as the sweep-up equivalents were adjusted by RAM with the annual quota changes. Adjusting the base year to 1996 increases consolidation by 1 percent for halibut and 3 percent for sablefish. It adds 972,220 lb to the 3,000 lb halibut sweep-up category and increases consolidation of blocked holdings to 1,211 compared with 2,402 under Alternative 1. For sablefish, 605,721 lb are added to the 5,000 lb category and increases consolidation to 285 QS holdings compared with 443 under Alternative 1.

1.0 INTRODUCTION

The proposed action addresses an increase in the sweep-up levels for halibut and sablefish IFQs as approved under Amendment 31 to the Groundfish FMP for the Bering Sea/Aleutian Islands and Amendment 35 for the Groundfish FMP for the Gulf of Alaska (Modified Block Program). The Block Amendment provides that quota share (QS) blocks resulting in less than 1,000 lb of IFQ for halibut and less than 3,000 lb of IFQ for sablefish in the implementation year (1994) can be combined. This “sweeping-up” provision allowed very small QS allocations to be combined into “fishable” amounts. Under the Block Amendment, all initially issued QS that resulted in less than 20,000 lb of IFQ using the 1994 total allowable catch (TAC) were blocked. The Block Amendment created a variety of block sizes and made them available for transfer. Crew and new entrants to the fishery would be able to secure a smaller block, and then subsequently transfer the smaller block to obtain a larger block as the fishing operation grew and experience of the fisherman increased. This “step” approach was thought to assist in the growth of each operation to efficient economies of scale.

The proposed action would increase the sweep-up levels for halibut and sablefish IFQs, while maintaining the goals of the IFQ program to limit excessive consolidation, maintain diversity of the fleet, and allow new entrants into the fishery. Use caps, owner-on-board restrictions, vessel caps, vessel category restrictions, and the Block Amendment were originally incorporated into the IFQ program to maintain, as much as possible, the character of the fleet prior to IFQs, to allow for new entrants and crew members, and to protect Alaskan coastal economies dependent on fishing. The Council was concerned that QS could be consolidated into too few hands. The provisions listed above were designed to slow consolidation and limit the degree to which it could occur. The block provisions would have less impact on larger operations because QS allocations for an IFQ regulatory area that represented 20,000 lb in 1994 will remain unblocked. However, a great majority of initial recipients received blocked QS due to smaller average harvests during the qualifying years.

1.1 Management Background

The groundfish fisheries in the Exclusive Economic Zone (3 to 200 miles offshore) of the Gulf of Alaska, Bering Sea, and Aleutian Islands are managed under the Fishery Management Plan (FMP) for the Groundfish Fisheries of the GOA and the FMP for the Groundfish Fisheries of the BSAI. Both FMPs were developed by the Council under the Magnuson Fishery Conservation and Management Act (Magnuson Act). The GOA FMP was approved by the Secretary of Commerce and became effective in 1978; the BSAI FMP became effective in 1982.

The Northern Pacific Halibut Act of 1982 (NPHA), P.L. 97-176, 16 U.S.C. 773 c (c) authorizes the regional fishery management councils having authority for the geographic area concerned to develop regulations governing the Pacific halibut catch in U.S. waters which are in addition to but not in conflict with regulations of the International Pacific Halibut Commission. The halibut IFQ program is implemented by federal regulations under 50 CFR part 676, Limited Access Management of Fisheries off Alaska under authority of the Magnuson Fishery Conservation and Management Act of 1975, P. L. 94-265, 16 U.S.C. 1801.

The National Environmental Policy Act (NEPA), Executive Order (E.O.) 12866, and the Regulatory Flexibility Act (RFA) require a description of the purpose and need for the proposed action as well as a description of alternative actions which may address the problem. Section 2 contains information on the biological and environmental impacts of the alternatives as required by NEPA. Impacts on endangered species and marine mammals are addressed in this section. Section 3 contains a Regulatory Impact Review (RIR) which addresses the requirements of both E.O. 12866 and the RFA that economic impacts of the alternatives be considered.

This document is the draft Environmental Assessment/Regulatory Impact Review/Initial Regulatory Flexibility Analysis (EA/RIR/IRFA) for Amendment 43 to the Bering Sea/Aleutian Islands (BSAI) Groundfish FMP and Amendment 43 to the Gulf of Alaska (GOA) Groundfish FMP. Changes to the halibut IFQ program would be

implemented through a regulatory amendment to 50 CFR part 676, Limited Access Management of Fisheries off Alaska under authority of the Magnuson Fishery Conservation and Management Act of 1975, P. L. 94-265, 16 U.S.C. 1801.

A history of the Council's actions with respect to Alaska's halibut and sablefish IFQ fisheries is summarized in Amendments 31/35 (Modified Block Amendment). The Block Amendment addressed concerns that a large consolidation of QS could have occurred under the original IFQ plan and that such an extensive consolidation might be harmful to the traditional fishing economies of some Alaska coastal communities. The Block Amendment modified the original IFQ program (NPFMC 1992) to ensure that small, part-time and diversified operations could continue to profitably participate in the IFQ fisheries.

As outlined in Amendments 31/35 (NPFMC, 1994), the implicit assumption under the Block Amendment is that QS under the original IFQ program would tend to be more valuable to full-time operations, and that those operations would be able to bid more for QS. Proponents of the different block proposals predicted that small part-time operations, diversified operations which fish in these fisheries on a part-time basis, and small "entry-level" operations would tend to disappear from these fisheries over time. Proponents felt that it would have deleterious social and economic effects on many of Alaska's coastal communities.

In the end, the Council developed and passed a "Modified Block Amendment." The primary component of this amendment held that initial allocations of QS worth 20,000 pounds or more of IFQ in the first year of the program would be "unblocked" and transferable under the same conditions as QS under the original IFQ program. Initial allocations of QS worth less than 20,000 pounds of IFQ in the first year of the program would be blocked and could only be traded as a block. Additionally, a person holding any unblocked QS in an area could only hold a single block of QS for that area. Persons who hold no unblocked QS in an area could hold up to two blocks in that area.

The sweep-up provisions of the Block Amendment are the subject of the current proposed amendment. The "sweeping up" provision for halibut and sablefish allows very small blocks to be combined into a fishable amount. Blocks of QS less than 1,000 pounds of halibut at 1994 TAC levels can be combined as long as the resulting block does not contain QS that would equate to more than 1,000 pounds of IFQ at 1994 levels. Similarly, QS blocks less than 3,000 pounds of sablefish at 1994 TAC levels can be combined as long as the resulting block does not contain QS of more than 3,000 pounds of IFQ in 1994.

1.2 Purpose and Need for Action

The preferred action would increase the sweep-up levels for halibut to 3,000 lb and sablefish to 5,000 lb. Currently, sweep-up levels defined under the Block Amendment, based on 1994 Total Allowable Catch (TAC) levels, are: (1) less than 1,000 lb for halibut, (2) less than 3,000 lb for sablefish. The IFQ longline industry has reported that current sweep-up levels do not equal the harvest of a worthwhile fishing trip. Industry has requested a moderate increase in the sweep-up levels to allow greater amounts of QS to be swept-up into economically "fishable" amounts, without overly increasing consolidation or allowing the creation of large-sized blocks.

Industry members have reported that the smallest blocks may be purchased at relatively low prices, an economic advantage to crew and new entrants to the fishery. Larger blocks sell at a price similar to unblocked shares. Fishermen are also unable to transfer very small, blocked QS due to a lack of a market for those shares. This is a result of the block cap which allows only two blocks per regulatory area, or one block and some amount of unblocked QS. Additionally, many QS owners have small, blocked QS distributed across many regulatory areas. These are unlikely to be fished due to their small size.

A moderate increase in the sweep-up levels would likely enhance the opportunity to transfer very small, blocked QS to crewmen and small boat fishermen who seek to increase their holdings. While there may be some price increases in small block shares, it is anticipated that a price differential would remain between smaller and larger QS blocks. If the ability to transfer and consolidate smaller blocks is enhanced, then it should decrease the number of unfished blocks.

At much larger sweep-up levels than currently allowed (7,500 - 10,000 lb for halibut and 10,000 - 20,000 lb for sablefish), the price differential between blocked and unblocked shares may be lost. The effectiveness of the Block Program may be eliminated at large sizes since large blocks and unblocked shares have been reported to sell at roughly the same price and would eliminate entry level QS. Price structure goals of the Block Program would be lost, as well. The differential pricing of larger blocked and unblocked QS is further exacerbated by the paucity of financing for the IFQ industry, particularly for crewmen and new entrants without capital or assets.

The sweep-up levels included in this analysis are:

Alternative 1: Status quo.

QS blocks less than 1,000 pounds of halibut can be combined as long as the resulting block does not contain QS that would equate to more than 1,000 pounds of IFQ at 1994 levels.

QS blocks less than 3,000 pounds of sablefish can be combined as long as the resulting block does not contain QS that would equate to more than 3,000 pounds of IFQ at 1994 levels.

The current sweep-up levels of 1,000 lb for halibut and 3,000 lb for sablefish based on 1994 quotas are specified in the IFQ regulations [§676.20(d)(2)]; the IFQ pounds associated with QS are adjusted according to the annual quotas set by the Council for sablefish and the International Pacific Halibut Commission for halibut. Since 1994, the actual sweep-up levels have been adjusted with the annual Total Allowable Catch (TAC) for both species and all areas except Bering Sea sablefish and are now equivalent to less than the original sweep-up level in all but one regulatory area. The effects of TAC changes on sweep-up levels are described in more detail below.

Under the status quo, 33% of all halibut QS issuances were less than the 1,000 lb sweep-up level; 34% of all sablefish QS issuances were less than the 3,000 lb sweep-up level (Table 2). Note that a relatively large number of QS holders hold a relatively small amount (2%) of IFQ pounds at these QS block sizes.

Alternative 2: Increase the halibut sweep-up levels under the Modified Block Program to:

(Preferred) Option A. 3,000 lb, set in QS units and based on 1996 TAC levels.

Option B. 5,000 lb.

Alternative 3: Increase the sablefish sweep-up levels under the Modified Block Program to:

(Preferred) Option A. 5,000 lb, set in QS units and based on 1996 TAC levels.

Option B. 7,000 lb.

All quantitative information in this analysis has been presented by halibut and sablefish regulatory area to allow the Council to consider possible regional differences in the social and economic needs of different communities when selecting sweep-up levels.

Table 1. Quota share pools and TACs for 1995 and 1996.

		1995		1996	
Area	Adjusted Quota Share Pool	Adjusted Total Allowable Catch	Ratio (QS/IFQ)	Adjusted Total Allowable Catch	Ratio* (QS/IFQ)
Halibut					
2C	59,853,126	9,000,000	6.650	9,000,000	6.664
3A	185,818,173	20,000,000	9.291	20,000,000	9.304
3B	54,435,504	3,700,000	14.712	3,700,000	14.731
4A	14,861,967	1,950,000	7.622	1,950,000	7.649
4B	9,236,860	1,848,000	4.998	1,848,000	5.029
4C	3,969,186	385,000	10.310	385,000	10.310
4D	4,685,996	539,000	8.694	539,000	8.694
Sablefish					
SE	68,528,249	12,985,094	5.277	10,346,188	6.654
WY	55,222,648	8,586,917	6.431	6,366,885	8.678
CG	110,855,516	15,167,648	7.309	12,169,392	9.211
WG	37,318,847	4,585,568	8.138	3,880,096	9.682
BS	16,388,151	1,410,944	11.615	1,587,312	18.255
AI	31,126,431	2,910,072	10.696	970,024	19.842

Table 2. Current halibut and sablefish catcher vessel QS holdings(1995) by regulatory area.

HALIBUT					SABLEFISH				
Area	<1,000 lb sweep-up		Total		Area	<3,000 lb sweep-up		Total	
	Pounds	Num. of holdings	Pounds	Num. of holdings		Pounds	Num. of holdings	Pounds	Num. of holdings
2C	294,626	751	8,832,565	2,371	SE	165,014	177	11,128,151	719
3A	367,403	1,159	19,455,915	3,087	WY	132,387	147	7,395,063	427
3B	144,519	369	3,591,788	1,052	CG	189,649	262	12,584,057	622
4A	41,894	86	1,872,743	523	WG	53,170	49	2,662,135	205
4B	10,091	17	1,783,408	145	BS	47,634	55	942,140	118
4C	10,348	21	383,169	80	AI	55,249	47	1,261,141	104
4D	3,459	9	498,879	63					
Total	872,341	2,412	36,418,467	7,321	Total	643,104	737	35,972,687	2,195
	2%	33%				2%	34%		

A policy decision arises with the proposed sweep-up alternatives on whether to revise the current 1994 base year upon which the sweep-ups are calculated. The sweep-up limits in pounds may change annually for each regulatory area with the TAC and no longer equal the 1,000 lb halibut limit and 3,000 lb sablefish limit set in 1994. For example, 1,000 lb in 1994 in halibut Area 2C is equivalent to 772 lb in 1996 (Table 3). The reductions in "actual" sweep-up pounds between 1994-96 by area range between 2 and 45% for halibut and 68%

to a 50% gain for sablefish. At their April 1996 meeting, the Council's preferred option included adjusting the base year to 1996.

An operational decision then arises on whether to specify the actual sweep-up pounds or the associated QS units by area in the regulations. The QS units and pounds for the 1994 and 1996 base years for the status quo limits are listed in Table 4. The Council may specify the QS units in the regulations and allow the associated pounds to fluctuate with the TAC (as under the status quo). Or the Council may recommend specifying the sweep-up pounds in the regulations to allow the associated QS units to fluctuate annually with the TAC. The NMFS RAM Division has indicated this annual calculation is feasible.

Specifying pounds with fluctuating QS units would not cause an existing swept-up block to be deemed over the limit, but would allow a block under the new QS limit to be augmented up to that higher limit. For example, if in 1997 a halibut block was swept up to the QS specified in the regulations (e.g., < 3,000 lb = 6,664 QS units), that block would not be affected by a change in the TAC that caused that block to exceed what could be swept-up in 1998 (= 6,400 QS units). However, RAM would allow more QS to be swept into the block if in the second year the TAC change would allow it (=6,800 QS units). However, once a QS block is swept-up, it cannot be subdivided.

Annual changes may increase public uncertainty, as the QS units associated with the sweep-up pounds may change annually. Equity issues may also arise, as QS amounts qualifying for a swept-up block will change annually, potentially disadvantaging a QS holder in a given year compared with one who swept a lower amount of QS units in a different year under the same sweep-up pound limit. At their April 1996 meeting, the Council's preferred option included setting the sweep-up levels in QS units by regulatory area.

Proposed changes to allow larger vessel QS to be used on smaller vessels under Amendments 42/42 (Buydown Amendment) (NPFMC 1995) are assumed to not affect the proposed changes under this amendment. Amendment 42/42 does not allow QS to be combined across vessel categories and blocked QS are still limited by the two-block cap.

Table 3. Effect of quota changes on 1994 base year sweep-up limits for halibut and sablefish by regulatory area.

Area	POUNDS				QS UNITS		RAT IO (QSpool/TAC)	
	1994	1995	1996	Change '94 to '96	Base Year 1994	1996	1995	1996
HALIBUT								
2C	1,000	774	772	-23%	5,146	6,664	6.664	6.664
3A	1,000	730	729	-27%	6,779	9,304	9.291	9.304
3B	1,000	886	885	-11%	13,040	14,731	14.712	14.731
4A	1,000	988	985	-2%	7,532	7,649	7.622	7.649
4B	1,000	869	864	-14%	4,346	5,029	4.998	5.029
4C	1,000	551	551	-45%	5,685	10,310	10.310	10.310
4D	1,000	736	736	-26%	6,397	8,694	8.694	8.694
SABLEFISH								
SE	3,000	2,338	1,854	-38%	12,339	19,962	5.277	6.654
WY	3,000	2,276	1,687	-44%	14,640	26,020	6.431	8.678
CG	3,000	2,130	1,690	-44%	15,564	27,329	7.309	9.211
WG	3,000	3,055	2,568	-14%	24,861	28,853	8.138	9.682
BS	3,000	7,051	4,486	50%	81,900	50,684	10.696	18.255
AI	3,000	1,796	968	-68%	19,209	58,828	11.615	19.842

Table 4. Current QS distribution and resulting sweep-up pound limits based on 1994 TACs by regulatory area.

Halibut Area	1994 base units			1996 sweep-up equivalents		
	Alt. 1	Alt. 2	Alt. 2	Alt. 1	Alt. 2	Alt. 2
	Option A	Option B		Option A	Option B	
	1,000 lb	3,000 lb	5,000 lb	1,000 lb	3,000 lb	5,000 lb
2C	5,146	15,438	25,730	772	2,316	3,861
3A	6,779	20,337	33,895	729	2,186	3,643
3B	13,040	39,120	65,200	885	2,656	4,426
4A	7,532	22,596	37,660	985	2,954	4,924
4B	4,346	13,038	21,730	864	2,593	4,321
4C	5,685	17,055	28,425	551	1,654	2,757
4D	6,397	19,191	31,985	736	2,207	3,679
Sablefish Area	Alt. 1	Alt. 3	Alt. 3	Alt. 1	Alt. 3	Alt. 3
	Option A	Option B		Option A	Option B	
	3,000 lb	5,000 lb	7,000 lb	3,000 lb	5,000 lb	7,000 lb
SE	12,339	20,565	28,791	1,854	3,090	4,327
WY	14,640	24,400	34,160	1,687	2,812	3,936
CG	15,564	25,940	36,316	1,690	2,816	3,942
WG	24,861	41,435	58,009	2,568	4,280	5,992
BS	81,900	136,500	191,100	4,486	7,477	10,468
AI	19,209	32,015	44,821	968	1,613	2,259

2.0 NEPA REQUIREMENTS/ENVIRONMENTAL IMPACTS OF THE ALTERNATIVES

An environmental assessment (EA) is required by the National Environmental Policy Act of 1969 (NEPA) to determine whether the action considered will result in significant impact on the human environment. If the action is determined not to be significant based on an analysis of relevant considerations, the EA and resulting finding of no significant impact (FONSI) would be the final environmental documents required by NEPA. An environmental impact statement (EIS) must be prepared for major Federal actions significantly affecting the human environment.

An EA must include a brief discussion of the need for the proposal, the alternatives considered, the environmental impacts of the proposed action and the alternatives, and a list of document preparers. The purpose and alternatives were discussed in Sections 1.1 and 1.2, and the list of preparers is in Section 8. This section contains the discussion of the environmental impacts of the alternatives including impacts on threatened and endangered species and marine mammals.

2.1 Environmental Impacts of the Alternatives

The environmental impacts generally associated with fishery management actions are effects resulting from (1) harvest of fish stocks which may result in changes in food availability to predators and scavengers, changes in the population structure of target fish stocks, and changes in the marine ecosystem community structure; (2) changes in the physical and biological structure of the marine environment as a result of fishing practices, e.g.,

effects of gear use and fish processing discards; and (3) entanglement/entrapment of non-target organisms in active or inactive fishing gear.

A summary of the effects of the annual groundfish total allowable catch amounts on the biological environment and associated impacts on marine mammals, seabirds, and other threatened or endangered species are discussed in the final environmental assessment for the annual groundfish total allowable catch specifications.

2.2 Impacts on Endangered, Threatened or Candidate Species

Endangered and threatened species under the ESA that may be present in the Bering Sea include:

Endangered	
Northern right whale	<i>Balaena glacialis</i>
Sei whale	<i>Balaenoptera borealis</i>
Blue whale	<i>Balaenoptera musculus</i>
Fin whale	<i>Balaenoptera physalus</i>
Humpback whale	<i>Megaptera novaeangliae</i>
Sperm whale	<i>Physeter macrocephalus</i>
Snake River sockeye salmon	<i>Oncorhynchus nerka</i>
Short-tailed albatross	<i>Diomedea albatrus</i>
Threatened	
Steller sea lion	<i>Eumetopias jubatus</i>
Snake River spring and summer chinook salmon	<i>Oncorhynchus tshawytscha</i>
Snake River fall chinook salmon	<i>Oncorhynchus tshawytscha</i>
Spectacled eider	<i>Somateria fischeri</i>

The status of the ESA section 7 consultations required to assess the impact of the groundfish fisheries on endangered, threatened, or candidate species is updated annually during the groundfish specification process.

Fishing activities conducted under this rule would not affect endangered or threatened species or critical habitat in any manner not already considered in prior consultations on this fishery.

2.3 Impacts on Marine Mammals

Marine mammals not listed under the Endangered Species Act that may be present in the GOA and BSAI include cetaceans, [minke whale (*Balaenoptera acutorostrata*), killer whale (*Orcinus orca*), Dall's porpoise (*Phocoenoides dalli*), harbor porpoise (*Phocoena phocoena*), Pacific white-sided dolphin (*Lagenorhynchus obliquidens*), and the beaked whales (e.g., *Berardius bairdii* and *Mesoplodon spp.*)] as well as pinnipeds [northern fur seals (*Callorhinus ursinus*), and Pacific harbor seals (*Phoca vitulina*)] and the sea otter (*Enhydra lutris*).

None of the alternatives are expected to have a significant impact on marine mammals.

2.4 Coastal Zone Management Act

Implementation of the preferred alternative would be conducted in a manner consistent, to the maximum extent practicable, with the Alaska Coastal Management Program within the meaning of Section 30(c)(1) of the Coastal Zone Management Act of 1972 and its implementing regulations.

2.5 Conclusions or Finding of No Significant Impact

The preferred alternative is not likely to significantly affect the quality of the human environment, and the preparation of an environmental impact statement for the proposed action is not required by Section 102(2)(C) of the National Environmental Policy Act or its implementing regulations.

3.0 REGULATORY IMPACT REVIEW

The Regulatory Impact Review (RIR) provides information about the economic and sociological impacts of the alternatives including identification of the individuals or groups that may be affected by the action, the nature of these impacts, quantification of the economic impacts if possible, and discussion of the trade-offs between qualitative and quantitative benefits and costs.

An RIR is required by NMFS for all regulatory actions or for significant Department of Commerce or NOAA policy changes that are of significant public interest. The RIR: (1) provides a comprehensive review of the level and incidence of impacts associated with a proposed or final regulatory action; (2) provides a review of the problems and policy objectives prompting the regulatory proposals and an evaluation of the major alternatives that could be used to solve the problems; and (3) ensures that the regulatory agency systematically and comprehensively considers all available alternatives so that the public welfare can be enhanced in the most efficient and cost effective way.

Executive Order 12866, "Regulatory Planning and Review," was signed on September 30, 1993 and established guidelines for promulgating new regulations and reviewing existing regulations. While the order covers a variety of regulatory policy considerations, the benefits and costs of regulatory actions are a prominent concern. Section 1 of the order describes the regulatory philosophy and principles that are to guide agency development of regulations. The regulatory philosophy stresses that, in deciding whether and how to regulate, agencies should assess all costs and benefits of all regulatory alternatives. In choosing among regulatory approaches, the philosophy is to choose those approaches including potential economic, environmental, public health and safety, and other advantages; distributive impacts; and equity) that maximize net benefit to the nation.

The regulatory principles in E.O. 12866 emphasize careful identification of the problem to be addressed. The agency is to identify and assess alternatives to direct regulation, including economic incentives, such as user fees or marketable permits, to encourage the desired behavior. When an agency determines that a regulation is the best available method of achieving the regulatory objective, it shall design its regulations in the most cost-effective manner to achieve the regulatory objective. Each agency shall assess both the costs and benefits of the intended regulation and, recognizing that some costs and benefits are difficult to quantify, propose or adopt a regulation only upon a reasoned determination that the benefits of the intended regulation justify its costs. Each agency shall base its decisions on the best reasonably obtainable scientific, technical, economic, and other information concerning the need for, and the consequences of, the intended regulation.

An RIR is required for all regulatory actions that either implement a new FMP or significantly amend an existing FMP. The RIR is part of the process of preparing and reviewing FMPs and provides a comprehensive review of the changes in net economic benefits to society associated with proposed regulatory actions. The analysis also provides a review of the problems and policy objectives prompting the regulatory proposals and an evaluation of the major alternatives that could be used to solve the problem. The purpose of the analysis is to ensure that the regulatory agency systematically and comprehensively considers all available alternatives so that the public welfare can be enhanced in the most efficient and cost-effective way. The RIR addresses many of the items in the regulatory philosophy and principles of E.O. 12866.

Executive Order 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:

- (1) Have an annual effect on the economy of \$100 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, or tribal governments or communities;
- (2) Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;
- (3) Materially alter the budgetary impacts of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or
- (4) Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in this Executive Order.

A regulatory program is “economically significant” if it is likely to result in the effects described in item (1) above. The RIR is designed to provide information to determine whether the proposed regulation is likely to be “economically significant.”

This section provides an RIR for adjusting the sweep-up levels specified under the IFQ Block Amendment. An objective of this amendment is to allow greater amounts of small blocked QS to be consolidated into larger, more fishable amounts. The Block Amendment was designed to guarantee that a large number of small QS blocks would continue to exist to ensure that some QS would continue to be available to support a part-time fleet and an entry level fishery.

Actual consolidation is difficult to address, but is expected to be less than the hypothetical maximum consolidation under all alternatives since not all holders of small, blocked QS will wish to transfer them and not all QS holders will wish to obtain more small, blocked QS in a particular area. This is evident upon examination of the current distribution of small, blocked QS that could be swept up under the current limits. One year after implementation of the IFQ program and the Block Amendment, hypothetical maximum consolidation of blocked QS under the sweep-up levels for both halibut and sablefish have not been met. Hypothetical consolidation under the status quo halibut sweep-up level (<1,000 lb) could be increased by 25%, and for sablefish (<3,000 lb), by 37% (Table 2). Only 31 halibut sweep-up consolidations occurred as of December 20, 1995, representing 67,580 QS units and 8,129 lb (Table 5); 15 sablefish sweep-ups occurred in 1995, representing 81,986 QS units and 4,931 lb. This is less than 1% of the hypothetical sweep-ups under the status quo for each species.

Table 5. Halibut and sablefish QS sweep-ups that occurred in 1995 (Source: RAM).

HALIBUT				SABLEFISH			
Area	Num	QS Units	IFQ lb	Area	Num	QS Units	IFQ lb
2C	11	20,745	3,120	SEO	10	10,288	1,950
3A	15	31,103	3,348	WY	1	678	105
3B	3	6,934	471	CG	4	21,020	2,876
4A	2	9,068	1,190	WG	0	0	0
4B	0	0	0	AI	0	0	0
4C	0	0	0	BS	0	0	0
4D	0	0	0				
TOTAL	31	67,580	8,129	TOTAL	15	31,986	4,931

Increased consolidation is expected even under the status quo, given that fishermen are still learning how to fish under the flexibility of the IFQ program. The marketplace, particularly in the first year of the IFQ program, is still evolving in terms of dockside price of IFQ species and price paid for transferred QS. QS holders' fishing strategies and the marketplace are expected to move toward the most economically efficient use of the resources.

3.1 MANAGEMENT ALTERNATIVES

3.1.1 Alternative 1: Status quo.

Under Alternative 1 (status quo), small QS blocks less than 1,000 pounds of halibut IFQ in the first year of the program (1994) can be combined as long as the resulting block is less than 1,000 pounds. Similarly, small QS blocks less than 3,000 pounds of sablefish IFQ in 1994 can be combined as long as the resulting block is less than 3,000 pounds. This has been termed the "sweeping up" provision and is intended to turn all blocks into "fishable" amounts of QS. Approximately one third of both halibut and sablefish QS holdings, representing 2% of total IFQ pounds were under their respective sweep-up limits (Table 2).

The main focus of the following section is to examine to what extent the proposed amendment alters the potential for maximum consolidation relative to the status quo. The estimates of hypothetical maximum consolidation were made assuming that unblocked halibut QS holders would want to hold the maximum amount allowed for an area. How actual consolidation would be altered by the different alternatives is a difficult question, but it is expected to be less than the hypothetical maximum consolidation under all alternatives, including the status quo.

Halibut: QS blocks less than 1,000 pounds of halibut can be combined as long as the resulting block does not contain QS that would equate to more than 1,000 pounds of IFQ at 1994 levels.

Appendix Tables A1a and b and A2a and b depict the hypothetical maximum consolidation of halibut IFQs by area and sweep-up category for the status quo and Alternative 2 options. Tables A1 a and b contain the number of blocks and Table A2a and b contain the IFQ pounds. The 'a' tables use 1994 as the base year; the 'b' tables update the base year to 1996. The IFQ distributions as they currently exist are shown under the "Current Status" heading. The "Alternative 1" column provides the hypothetical maximum consolidation under the status quo sweep-up limit of less than 1,000 lb.

The "Total" rows provide the "bottom line" effect of the current and proposed sweep-up alternatives. Note that after one year of the IFQ program, the status quo sweep-up limit allows consolidation of total blocked halibut QS in all halibut regulatory areas. While 25% (100%-75%) of all halibut blocks could have been swept-up under the status quo, less than 1% were swept-up in 1995.

The "Alternative 2" column provides the hypothetical maximum consolidation of blocks for Option A (<3,000 lb) and Option B (<5,000 lb). Note that a few blocks less than 1,000 pounds of IFQ remain in each area after the "sweep-up," e.g., the "204+4" in the first row (2C, <1,000) under Alternative 1. This is due to the sweep-up estimation methodology which leaves one person in each "vessel category" in each area with a "remainder" block.

These data are also provided in more detail for each regulatory area in the Appendix. Most consolidation could occur in Areas 2C, 3A, and 3B (to 78, 70, and 74% of current QS blocks). Selecting Area 3A as an example since this area could hypothetically experience the most consolidation through sweeping-up, note that consolidation under the current 1,000 lb sweep-up level could reach a maximum to 70% (another way of expressing this consolidation is that blocks could be reduced by 30% [100-70%]). Compared with the status quo (a total of 2,549 blocks and 6,964,073 lb), consolidation under the current sweep-up limit could reduce the

total number of blocks to 1,785 (the pounds remain the same). Examining this further at the level of IFQ sweep-up category (<1,000 lb), the 1,022 blocks of less than 1,000 lb could be consolidated into 245 blocks of less than 1,000 lb with 4 remaining blocks (one each in vessel categories A, B, C, and D).

When comparing the effects of sweep-up limits on numbers of blocks and IFQ pounds, note that the distribution of the QS/IFQ holders by IFQ category is quite different than the distribution of IFQ pounds by IFQ category. There are a relatively large number of QS holders with relatively small sized holdings. No consolidation actually occurs in the pounds, only the distribution of pounds into different sized blocks.

Table 6 summarizes the effects of block consolidation and IFQ (pounds) distribution of the proposed sweep-up and base year alternatives for halibut. Note that the Council's decision to update the base year to 1996 increases total block consolidation by 1% and adds 972,220 lb to the under the Council's preferred alternative of less than 3,000 lb for the halibut sweep-up level.

Sablefish: QS blocks less than 3,000 pounds of sablefish can be combined as long as the resulting block does not contain QS that would equate to more than 3,000 pounds of IFQ at 1994 levels.

Appendix Tables A3a and b and Tables A4a and b show the hypothetical maximum consolidation of sablefish IFQs by area and sweep-up category for the status quo and Alternative 3 options. Tables A3a and b contain the number of blocks and Tables A4a and b show the pounds of IFQ. The 'a' tables use 1994 as the base year; the 'b' tables update the base year to 1996. The IFQ distributions as they exist currently are shown under the "Current Status" heading. The "Alternative 1" column provides the hypothetical maximum consolidation under the status quo sweep-up limit of less than 3,000 lb.

The "Total" rows provide the "bottom line" effect of the current and proposed sweep-up alternatives. Note that after one year of the IFQ program, the status quo sweep-up limit allows consolidation of total blocked sablefish QS in all regulatory areas. While 39% (100%-61%) of all sablefish blocks could have been swept-up under the status quo, less than 1% were swept-up in 1995.

The "Alternative 3" column provides the hypothetical maximum consolidation of blocks for Option A (<5,000 lb) and Option B (<7,000 lb). Note that a few blocks less than 3,000 pounds of IFQ remain in each area after the "sweep-up", e.g., the "29+3" in the first row (SE, <3,000) under Alternative 1. This is due to the sweep-up estimation methodology which leaves one person in each "vessel category" within an area with a "remainder" block.

These data are also provided in more detail for each regulatory area. Most consolidation could occur in the Central Gulf and West Yakutat (48 and 59% of original QS blocks). Selecting the Central Gulf as an example since this area could hypothetically experience the most consolidation through sweeping-up, note that consolidation under the current 3,000 lb sweep-up level could reach a maximum by 48%. Compared with the status quo (a total of 397 blocks and 967,668 lb), consolidation under the current sweep-up limit could reduce the total number of blocks to 191 (the pounds remain the same). Examining this further at the level of IFQ sweep-up category (<3,000 lb), 244 blocks less than 3,000 lb could be consolidated into 35 blocks less than 3,000 lb with 3 remaining blocks (one each in vessel categories A, B, and C).

When comparing the effects of sweep-up limits on numbers of blocks and IFQ pounds, note that the distribution of the QS/IFQ holders by IFQ category is quite different than the distribution of IFQ pounds by IFQ category. There are a relatively large number of QS holders with relatively small sized holdings. No consolidation actually occurs in the pounds, only the distribution of pounds into different sized blocks.

Table 7 summarizes the effects of block consolidation under the proposed sweep-up and base year alternatives for sablefish. Note that updating the base year to 1996 increases block consolidation by 3% and adds 605,721 lb into swept-up blocks under the Council's preferred alternative of less than 5,000 lb category.

Table 6. Effects of halibut sweep-up alternatives across all regulatory areas and 1994 and 1996 base years.

BLOCKS		CURRENT STATUS		ALTERNATIVE 1 <1,000lb		ALTERNATIVE 2A <3,000lb		ALTERNATIVE 2B <5,000lb	
1994 base year		# Blocks		# Blocks		# Blocks		# Blocks	
IFQs		in Class	Percent	in Class	Percent	in Class	Percent	in Class	Percent
< 1,000		2,136	36%	609+23	14%				
1,000 - 2,999		1,428	24%	1,428	32%	888+25	27%		
3,000 - 4,999		745	12%	745	17%	745	22%	969+27	37%
5,000 +		1,682	28%	1,682	37%	1,682	50%	1,682	63%
TOTAL		5,991	100%	4,489	75%	3,340	56%	2,678	45%

1996 base year									
< 1,000		2,425	40%	865+25	20%				
1,000 - 2,999		1,512	25%	1,512	34%	1,211+24	38%		
3,000 - 4,999		738	12%	738	17%	738	22%	1,303+25	50%
5,000 +		1,316	22%	1,316	30%	1,316	40%	1,316	50%
TOTAL		5,991	100%	4,456	74%	3,289	55%	2,644	44%

POUNDS		CURRENT STATUS		ALTERNATIVE 1 <1,000lb		ALTERNATIVE 2A <3,000lb		ALTERNATIVE 2B <5,000lb	
1994 base year		Pounds		*Pounds		Pounds		Pounds	
IFQs		in Class	Percent	in Class	Percent	in Class	Percent	in Class	Percent
< 1,000		623,901	3%	608,391+15,510	3%				
1,000 - 2,999		2,077,220	11%	2,077,220	11%	2,627,124+73,997	15%		
3,000 - 4,999		2,298,794	13%	2,298,794	13%	2,298,794	13%	4,844,031+155,884	27%
5,000 +		13,183,076	73%	13,183,076	73%	13,183,076	73%	13,183,076	73%
TOTAL		18,182,991	100%	18,182,991	100%	18,182,991	100%	18,182,991	100%

1996 base year									
< 1,000		879,032	5%	864,135+14,902	5%				
1,000 - 2,999		2,794,289	15%	2,794,289	15%	3,631,789+41,532	20%		
3,000 - 4,999		2,915,739	16%	2,915,739	16%	2,915,739	16%	4,480,107+75,903	36%
5,000 +		11,628,361	64%	11,628,361	64%	11,628,361	64%	11,628,361	64%
TOTAL		18,217,421	100%	18,217,426	100%	18,217,421	100%	18,217,421	100%

Table 7. Effects of sablefish sweep-up alternatives across all regulatory areas and 1994 and 1996 base years.

BLOCKS		CURRENT STATUS		ALTERNATIVE 1 <3,000lb		ALTERNATIVE 3A <5,000lb		ALTERNATIVE 3B <7,000lb	
1994 base year		# Blocks		# Blocks		# Blocks		# Blocks	
	IFQs	in Class	Percent	in Class	Percent	in Class	Percent	in Class	Percent
	< 3,000	725	52%	154+18	20%				
	3,000 - 4,999	147	10%	147	17%	166+18	26%		
	5,000 - 6,999	110	8%	110	13%	110	15%	159+18	29%
	7,000 +	424	30%	424	50%	424	59%	424	71%
	TOTAL	1,406	100%	853	61%	718	51%	601	43%

1996 base year									
	< 3,000	852	61%	239+18	32%				
	3,000 - 4,999	186	13%	186	23%	285+18	45%		
	5,000 - 6,999	134	10%	134	17%	134	20%	317+18	59%
	7,000 +	234	17%	234	29%	234	35%	234	41%
	TOTAL	1,406	100%	811	58%	671	48%	569	40%

POUNDS		CURRENT STATUS		ALTERNATIVE 1 <3,000lb		ALTERNATIVE 3A <5,000lb		ALTERNATIVE 3B <7,000lb	
1994 base year		Pounds		*Pounds		Pounds		Pounds	
	IFQs	in Class	Percent	in Class	Percent	in Class	Percent	in Class	Percent
	< 3,000	483,318	10%	461,846+21,472	10%				
	3,000 - 4,999	386,613	8%	386,613	8%	779,844+90,087	19%		
	5,000 - 6,999	415,177	9%	415,177	9%	415,177	9%	1,112,841+172,267	28%
	7,000 +	3,385,583	72%	3,385,583	72%	3,385,583	72%	3,385,583	72%
	TOTAL	4,670,691	100%	4,670,691	100%	4,670,691	100%	4,670,691	100%

1996 base year									
	< 3,000	744,104	12%	716,761+27,343	12%				
	3,000 - 4,999	731,548	12%	731,548	12%	1,424,715+50,937	23%		
	5,000 - 6,999	799,152	13%	799,152	13%	799,152	13%	2,218,683+56,121	36%
	7,000 +	4,048,061	64%	4,048,061	64%	4,048,061	64%	4,048,061	64%
	TOTAL	6,322,865	100%	6,322,865	100%	6,322,865	100%	6,316,865	100%

3.1.2 Alternative 2: Increase the halibut sweep-up levels under the Modified Block Program to:

(Preferred) Option A. 3,000 lb, set in QS units and based on 1996 TAC levels.

Under Alternative 2, Option A, total blocked QS across all regulatory areas could be hypothetically reduced to 56% of current levels (this can also be described as a reduction of 44%) (Table 6). Most consolidation occurs in Areas 2C, 3A, and 3B (58, 51, and 52% of original QS blocks) (Table A1a). Again using Area 3A as an example, note that consolidation under this option could reach a hypothetical maximum of 51%. Compared with the status quo (a total of 2,549 blocks and 6,964,073 lb), increasing the sweep-up limit to less than 3,000 lb reduces the potential total number of blocks to 1,304 (the pounds remain the same). Examining this further at the level of IFQ sweep-up category (<3,000 lb), 1,022 blocks of less than 1,000 lb + 556 blocks between 1,000 - 2,999 lb (= 1,578 blocks) could be consolidated into 329 blocks of less than 3,000 lb with 4 remaining blocks (one each in vessel categories A, B, C, and D).

Preferred Alternative 2A Option A increases consolidation of blocked holdings to 1,211 compared with 2,402 under the Alternative 1 sweep-up level .

Option B. 5,000 lb.

Under Alternative 2, Option B (<5,000 lb), total blocked QS could be hypothetically reduced to 41% of current levels (or a reduction of 59%) (Table A1a). Most consolidation occurs in the same regulatory areas as under Option A at 47, 41, and 40% of current QS blocks. Again using Area 3A as an example, note that this option could result in consolidation to 41% of the status quo. Compared with the status quo (a total of 2,549 blocks and 6,964,073 lb), increasing the sweep-up limit to less than 5,000 lb reduces the hypothetical number of blocks to 1,047. In more detail, 1,022 blocks of less than 1,000 lb, + 556 blocks between 1,000 - 2,999 lb + 281 blocks between 3,000-4,999 lb (= 1,859 blocks) can be consolidated into 353 blocks of less than 5,000 lb with 4 remaining blocks.

While it appears evident that the hypothetical maximum consolidation will never occur, increasing the sweep-up levels provides additional opportunities for increased consolidation. When compared against Alternative 1, the number of QS blocks could hypothetically decrease by an additional 19% (3,340) under Alternative 2A and 30% (2,678) under Alternative 2B.

In comparing the Alternative 2 options, note that increasing the sweep-up level from Option A (888 + 745+1,682 = 3,340 blocks) to Option B results in a hypothetical consolidation to 2,678 blocks in all halibut areas, affording an additional overall reduction of 11% (56%-45%). Similar reductions occur in each area.

3.1.3 Alternative 3: Increase the sablefish sweep-up levels under the Modified Block Program to:

(Preferred) Option A. 5,000 lb, set in QS units and based on 1996 TAC levels.

Under Alternative 3, Option A (5,000 lb), total blocked QS across all regulatory areas could hypothetically be reduced to 51% of current levels (this can also be described as a reduction of 49%) (Table 7). Again using the Central Gulf area as an example, note that consolidation under this option could reach a maximum to 40% of original QS distribution (Table A3a). Compared with the status quo (a total of 397 blocks and 967,668 lb), increasing the sweep-up limit to less than 5,000 lb hypothetically reduces the total number of blocks to 159 (the pounds remain the same). Examining this further at the level of IFQ sweep-up category (<3,000 lb), the 244 blocks of less than 3,000 lb + 32 blocks between 3,000 - 4,999 lb (= 276 blocks) could be consolidated into 35 blocks of less than 5,000 lb with 3 remaining blocks (one each in vessel categories A, B, and C).

Preferred Alternative 3A Option A increases consolidation of blocked holdings to 285 QS holdings compared with 443 under Alternative 1.

Option B. 7,000 lb.

Under Alternative 3, Option B, total blocked QS could hypothetically be reduced to 43% of current levels (or a reduction of 57%) (Table 7). Again using the Central Gulf, note that consolidation under this option could reach a hypothetical maximum to 33% of original QS distribution (Table A3a). Compared with the status quo (a total of 397 blocks and 967,668 lb), increasing the sweep-up limit to less than 7,000 lb hypothetically reduces the total number of blocks to 131. Examining this further at the level of IFQ sweep-up category (<7,000 lb), 244 blocks of less than 3,000 lb + 32 blocks between 3,000 - 4,999 lb + 26 blocks between 5,000-6,999 lb (= 302 blocks) could be consolidated into 33 blocks of less than 7,000 lb with 3 remaining blocks (one each in vessel categories A, B, and C).

While it appears evident that the hypothetical maximum consolidation will never occur, increasing the sweep-up levels provides additional opportunities for increased consolidation. When compared against Alternative 1, the number of QS blocks could hypothetically decrease by an additional 10% (718) under Alternative 3A and 18% (601) under Alternative 3B.

In comparing the two options, note that increasing the sweep-up level from Option A (166 + 110 + 424 = 718 blocks) to Option B results in a hypothetical consolidation to 601 blocks in all halibut areas, affording an additional overall reduction of 8% (51%-43%). Similar reductions occur in each area.

3.2 Identification of the Individuals or Groups That May Be Affected by the Proposed Action

Quantitative identification of winners and losers under this alternative is not possible because information as to the intentions of specific individuals is not available. Nonetheless, Table 8 lists the numbers of current blocked QS holders in each regulatory area for sablefish and halibut. The 5,412 individuals or corporations who were issued halibut blocked QS and 1,315 individuals or corporations who were issued sablefish blocked QS may potentially be affected by the proposed management action. The numbers of potentially affected individuals are a hypothetical maximum, since not all QS holders are expected to utilize the proposed higher sweep-up levels.

Table 8. 1995 halibut and sablefish blocked QS holders (Source: RAM).

HALIBUT		SABLEFISH	
AREA	TOTAL	AREA	TOTAL
2C	1,796	SE	343
3A	2,290	WY	256
3B	772	CG	371
4A	309	WG	134
4B	118	BS	131
4C	70	AI	80
4D	57	TOTAL	1,315
4E	0		
TOTAL	5,412		

The effect of increasing the maximum size of swept-up blocks under the proposed alternatives for halibut and sablefish is unknown. It is reasonable to assume, however, that for some QS holders the current levels are not sufficient to warrant sweeping-up since less than one percent of possible sweep-up transactions occurred in 1995.

The results from a quota shareholder survey planned for early 1996 by the Alaska Department of Commerce and University of Alaska Anchorage/Institute of Social and Economic Research may address additional reasons for lack of QS consolidation.

3.3 QS Prices

A review of reported QS prices from commercial brokers indicate that prices vary by vessel category, size of halibut QS holdings, and regulatory area (Table 9). Two generalizations can be made: (1) blocked QS sold at lower prices than unblocked QS; and (2) smaller blocks of QS sold at lower prices than larger blocks.

Price data of transferred QS is not currently available from the NMFS Restricted Access Management Division, but is currently being analyzed by the State of Alaska Commercial Fisheries Entry Commission under contract

by NMFS as part of the inter-agency State/Federal review of the first IFQ season. This report is scheduled for presentation to the Council in September 1996.

3.4 Unharvested IFQs

Unharvested QS are the likely source from which to increase sweep-up amounts under the proposed alternatives. As of December 20, 1995, 13% of halibut and 10% of sablefish remained of their respective quotas from the 1995 IFQ season (Table 10). After subtracting QS currently under appeal, remaining halibut and sablefish totaled 11% and 6%, respectively. Unharvested IFQ for halibut ranged between 8% in Area 3A and 29% in Area 4B, and for sablefish, between 1% in Southeast Alaska and 37% in the Aleutian Islands.

Many fishermen indicated they were leaving small QS blocks unfished because they were too small to warrant fishing, in areas that were remote, or where they no longer fished. Some fishermen waited until the end of the season and did not fish due to bad weather. Additionally, the marketplace was weak for transfers of small, blocked quota from fishermen who chose not to fish their QS to those who would have potentially harvested them. For halibut, 33% of all QS issuances were less than the sweep-up level of 1,000 lb; for sablefish, 34% were less than the 3,000 lb sweep-up level (Table 2).

An examination of completely unfished halibut and sablefish IFQ permits by area and size of blocked and unblocked IFQs further illustrates the amount of IFQ left unharvested (Tables 11a and 11b). The majority of unused QS in 1995 resided in small blocks. A discernable pattern occurs for QS permits; the smaller the associated IFQ, the less likely they were to be completely fished.

For halibut, 81% of QS permits for blocked halibut IFQs less than 1,000 lb went completely unfished in 1995 (Table 11a). The percentage of unfished blocked permits decreased as the sweep-up level increased (i.e., 40% of permits between 1,000 and 3,000 lb and 20% of permits between 3,000 to 5,000 lb). Permits issued for holders of both blocked and unblocked ("MLT" in Table 11a and 11b) had much higher use levels. The percentage of unfished, unblocked permits exceeded the percentage of unfished, blocked permits; however, the former permits primarily resulted from very small, unblocked QS pieces issued as compensation for reduced QS in the Bering Sea as a result of the halibut and sablefish Community Development Quota program.

Similar effects are shown in Table 11b for sablefish; whereby 65% of blocked QS permits under 3,000 lb were completely unused. Unfished permits declined to 24% under Alternative 3 Option A and 19% under Option B sweep-up levels. Unblocked permits had even greater percentages of unfished permits under both options. As for halibut, unblocked sablefish QS under 3,000 lb are likely to be CDQ compensation QS.

Amendments 32/36 implemented changes to the IFQ program intended to increase the remunerative value of CDQ compensation QS by relieving the existing transfer restrictions by: (1) exempting some CDQ compensation QS from the block provision, and (2) allowing some CDQ compensation to be transferred across vessel categories. The one-year exemption was approved on December 22, 1995, however, some QS have already

Table 9. Reported prices for halibut and sablefish QS transactions (Source: Access Unlimited, Inc.).

Vessel		B/U	Size	Price/lb
Area	Category			
2C	B	B	1,000	\$7.80
2C	B	U	<1,000	\$6.70-7.00
2C	C	B	<5,000	\$5.50-6.00
2C	C	B	5,000-10,000	\$7.15-8.00
2C	C	U	1,000	\$7.75-7.80
2C	D	B	<5,000	\$4.50-6.50
3A	B	B	7,000-12,000	\$5.00-6.70
3A	B	U	10,000	\$7.25
3A	C	B	500-3,000	\$5.50-6.25
3A	C	B	10,000-15,000	\$6.40-6.50
3A	C	U	12,000	\$6.75
3A	D	B	5,000	\$7.00
3A	D	U	2,000	\$7.53
3B	B	B	2,000-6,000	\$5.00-6.25
3B	C	B	1,000	\$5.00
3B	C	U	20,000	\$8.00
3B	D	B	2,000	\$4.50-5.00
4A	B	B	5,000-10,000	\$5.00-5.50
4A	B	B	10,000-15,000	\$6.25
4A	D	B	5,000	\$5.00
4B	B	B	10,000-15,000	\$5.00
CG	B	U	20,000	\$6.25
CG	C	U	30,000	\$5.50
EY	C	B	<5,000	\$6.00
SE	C	B	1,000	\$7.00
WY	B	U	1,000	\$7.00
WY	B	U	40,000	\$6.00
WY	C	B	1,000	\$5.50
WY	C	B	5,000-10,000	\$5.80

Table 10. 1995 halibut and sablefish IFQ allocations, landings and percent of quota remaining (Source:RAM*).

	TAC			Reserve IFQ	Percent of	Remaining	Percent
	Allocation	Remaining	Percent				
Halibut	Pounds	Pounds	Remaining	Pounds	Allocation	- Reserve	Remaining
2C	9,000,000	1,211,485	13%	10,595	0.1%	1,200,890	13%
3A	20,000,000	2,025,828	10%	322,008	1.6%	1,703,820	9%
3B	3,700,000	528,131	14%	71,285	1.9%	456,846	12%
4A	1,950,000	366,331	19%	81,390	4.2%	284,941	15%
4B	1,848,000	599,667	32%	4,160	0.2%	595,507	32%
4C	385,000	83,779	22%	0	0.0%	83,779	22%
4D	539,000	107,232	20%	0	0.0%	107,232	20%
4E	0	0	0%	0	0.0%	0	0%
Total	37,422,000	4,922,453	13%	489,438	1.3%	4,433,015	12%
Sablefish							
SE	12,996,900	993,716	8%	678,610	5.2%	315,106	2%
WY	8,586,917	593,747	7%	415,299	4.8%	178,448	2%
CG	15,167,648	1,095,058	7%	550,817	3.6%	544,241	4%
WG	4,585,568	634,750	14%	293,888	6.4%	340,862	7%
AI	2,190,072	992,289	45%	138,853	6.3%	853,436	39%
BS	1,410,944	412,625	29%	0	0.0%	412,625	29%
Total	44,938,049	4,722,185	11%	2,077,467	4.6%	2,644,718	6%

*as of March 5, 1996

been transferred since this action was a lessening of government restrictions. More unused, unblocked CDQ compensation QS are expected to be transferred in 1996.

An examination of use rates of State of Alaska Commercial Fishery Entry Commission limited entry permits in selected fisheries for 1993 (most recently available data) indicate that the seemingly high percentage of unused IFQ permits are not uncommon (Table 12). Unused permits ranged between 2 and 52% for 1993 State of Alaska limited entry salmon and herring fisheries.

Table 12. Use rates of limited entry fishery permits in selected Alaska fisheries.

Fishery	Unused permits
Salmon, seine	23%
Salmon, gill net	15%
Salmon, drift gill net	2%
Salmon, set net	9%
Herring, sac roe seine	41%
Herring, sac roe gill net	52%

(Source: 1993 CFEC data for available areas)

3.5 Administrative, Enforcement, and Information Costs

No additional administrative, enforcement, or information costs are expected under any of the alternatives. The actual number of QS holders is expected to decrease under any of the options under Alternatives 2 or 3 as some QS holders of very small blocked QS are likely to transfer their very small blocks for consolidation under a higher sweep-up level.

Table 11a. Number of unfished halibut permits by area, type* and size of IFQ holding (Source: RAM)

Area	B/U	Under 1,000 lb			1,000 to 3,000lb			3,000 to 5,000 lb		
		total	unfish	%	total	unfish	%	total	unfish	%
2C	BL	680	490	72%	407	117	29%	181	15	8%
2C	MLT	11	5	45%	36	4	11%	22	0	0%
2C	UBL	182	163	90%	42	14	33%	19	5	26%
3A	BL	1,072	902	84%	472	183	39%	193	32	17%
3A	MLT	16	4	25%	39	8	21%	26	3	12%
3A	UBL	93	92	99%	23	15	65%	11	3	27%
3B	BL	346	293	85%	194	79	41%	77	10	13%
3B	MLT	5	2	40%	9	2	22%	9	1	11%
3B	UBL	129	125	97%	7	7	100%	2	1	50%
4A	BL	77	64	83%	85	55	65%	49	20	41%
4A	MLT	2	1	50%	8	2	25%	6	2	33%
4A	UBL	137	131	96%	2	0	0%	3	2	67%
4B	BL	20	19	95%	27	26	96%	19	17	89%
4B	MLT	0	0	0%	0	0	0%	0	0	0%
4B	UBL	0	0	0%	0	0	0%	0	0	0%
4C	BL	21	17	81%	21	15	71%	19	9	47%
4C	MLT	0	0	0%	0	0	0%	0	0	0%
4C	UBL	0	0	0%	0	0	0%	0	0	0%
4D	BL	9	9	100%	18	17	94%	8	5	63%
4D	MLT	0	0	0%	0	0	0%	0	0	0%
4D	UBL	0	0	0%	0	0	0%	0	0	0%
Total	BL	2,225	1,794	81%	1,224	492	40%	546	108	20%
Total	MLT	34	12	35%	92	16	17%	63	6	10%
Total	UBL	541	511	94%	74	36	43%	35	11	48%

(* BL = Blocked, MLT = Blocked & Unblocked, or UBL = Unblocked)

Table 11b. Number of unfished sablefish permits by area, type* and size of IFQ holding (Source: RAM)

Area	B/U	Under 3,000lb			3,000 to 5,000 lb			5,000 to 7,000 lb		
		total	unfish	%	total	unfish	%	total	unfish	%
SE	BL	141	86	61%	38	5	13%	31	2	6%
SE	MLT	8	2	25%	8	1	13%	3	0	0%
SE	UBL	79	63	80%	5	3	60%	3	0	0%
WY	BL	126	81	64%	21	4	19%	23	2	9%
WY	MLT	6	1	17%	5	1	20%	2	0	0%
WY	UBL	42	34	81%	4	2	50%	2	1	50%
CG	BL	245	142	58%	22	5	23%	20	3	15%
CG	MLT	5	1	20%	2	0	0%	2	0	0%
CG	UBL	23	19	83%	1	0	0%	2	1	50%
WG	BL	47	40	85%	14	4	29%	12	6	50%
WG	MLT	1	0	0%	5	0	0%	0	0	0%
WG	UBL	40	34	85%	1	1	100%	0	0	0%
BS	BL	56	42	75%	23	8	35%	13	6	46%
BS	MLT	0	0	0%	0	0	0%	0	0	0%
BS	UBL	0	0	0%	0	0	0%	0	0	0%
AI	BL	44	37	84%	9	5	56%	9	2	22%
AI	MLT	2	1	50%	0	0	0%	0	0	0%
AI	UBL	3	2	67%	2	1	50%	0	0	0%
Total	BL	659	428	65%	127	31	24%	108	21	19%
Total	MLT	22	7	32%	20	2	10%	7	0	0%
Total	UBL	187	154	82%	13	7	54%	7	2	29%

(* BL = Blocked, MLT = Blocked & Unblocked, or UBL = Unblocked)

4.0 INITIAL REGULATORY FLEXIBILITY ANALYSIS

The objective of the Regulatory Flexibility Act is to require consideration of the capacity of those affected by regulations to bear the direct and indirect costs of regulation. If an action will have a significant impact on a substantial number of small entities, an Initial Regulatory Flexibility Analysis must be prepared to identify the need for the action, alternatives, potential costs and benefits of the action, the distribution of these impacts, and a determination of net benefits.

NMFS has defined all fish harvesting businesses that are independently owned and operated, not dominant in their field of operation, with annual receipts not in excess of \$2 million as small businesses. In addition, seafood processors with 500 employees or less, wholesale industry members with 100 members or less, not-for-profit enterprises, and government jurisdictions with a population of 50,000 or less are considered small entities. A “substantial number” of small entities would generally be 20% of the total universe of small entities affected by the regulation. A regulation would have a “significant impact” on these small entities if it resulted in a reduction in annual gross revenues by more than 5%, annual compliance costs that increased total costs of production by more than 5%, or compliance costs of small entities that are at least 10% higher than compliance costs as a percent of sales for large entities.

If an action is determined to affect a substantial number of small entities, the analysis must include:

- (1) description and estimate of the number of small entities and total number of entities in a particular affected sector, and total number of small entities affected; and
- (2) analysis of economic impact on small entities, including direct and indirect compliance costs, burden of completing paperwork, or record keeping requirements, effect on the competitive position of small entities, effect on the small entity's cash flow and liquidity, and ability of small entities to remain in the market.

4.1 Economic Impact on Small Entities

These impacts do not appear to be significant within the meaning of the Act. They are not likely to lead to a reduction in the gross revenues received by the small business sector of the fleet.

5.0 LITERATURE CITED

National Marine Fisheries Service. 1994a. Final Environmental Impact Statement for 1995 groundfish total allowable catch specifications. NMFS. Alaska Region, Juneau, Alaska.

———1994b. Section 7 consultation for 1994 total allowable catch specifications for the Bering Sea and Aleutian Islands groundfish fishery. NMFS. Alaska Region, Juneau, Alaska.

———1994c. Section 7 consultation for 1994 total allowable catch specifications for the Gulf of Alaska groundfish fishery. NMFS. Alaska Region, Juneau, Alaska.

North Pacific Fishery Management Council. 1992. Final Supplemental Environmental Impact Statement and Environmental Impact Statement for Proposed Implementation of an Individual Fishing Quota System for the Halibut and Sablefish Fixed Gear Fisheries off Alaska. North Pacific Fishery Management Council, Anchorage, Alaska.

———1994. Regulatory Impact Review for Amendments 30/34 to the GOA and BSAI Fishery Management Plans (CDQ Reserve Program for Sablefish). NPFMC, 605 West Fourth Avenue, Suite 306, Anchorage, Alaska. 20 p.

APPENDIX

Table A1a. Distribution of halibut IFQs based on 1994 using 1996 TACs swept up to 1,000 lb (status quo), 3,000 lb, and 5,000 lb.

Halibut Area	IFQs	CURRENT STATUS		ALTERNATIVE 1 <1,000lb		ALTERNATIVE 2A <3,000lb		ALTERNATIVE 2B <5,000lb	
		# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent
2C	< 1,000	652	33%	204+4	13%				
	1,000 - 2,999	475	24%	475	31%	290+4	25%		
	3,000 - 4,999	257	13%	257	17%	257	22%	324+4	35%
	5,000 +	615	31%	615	40%	615	53%	615	65%
	TOTAL	1,999	100%	1,555	78%	1,166	58%	943	47%
3A	< 1,000	1,022	40%	245+4	14%				
	1,000 - 2,999	556	22%	556	31%	329+4	26%		
	3,000 - 4,999	281	11%	281	16%	281	22%	353+4	34%
	5,000 +	690	27%	690	39%	690	53%	690	66%
	TOTAL	2,549	100%	1,785	70%	1,304	51%	1,047	41%
3B	< 1,000	340	40%	114+4	19%				
	1,000 - 2,999	239	28%	239	38%	167+4	38%		
	3,000 - 4,999	108	13%	108	17%	108	24%	172+4	51%
	5,000 +	170	20%	170	27%	170	38%	170	49%
	TOTAL	857	100%	635	74%	449	52%	346	40%
4A	< 1,000	87	26%	38+4	14%				
	1,000 - 2,999	103	31%	103	36%	76+4	36%		
	3,000 - 4,999	59	18%	59	20%	59	26%	88+4	52%
	5,000 +	86	26%	86	30%	86	38%	86	48%
	TOTAL	335	100%	290	87%	225	67%	178	53%
4B	< 1,000	16	13%	6+4	9%				
	1,000 - 2,999	27	22%	27	23%	16+4	20%		
	3,000 - 4,999	19	16%	19	16%	19	19%	20+4	29%
	5,000 +	60	49%	60	52%	60	61%	60	71%
	TOTAL	122	100%	116	95%	99	81%	84	69%
4C	< 1,000	12	17%	1+3	6%				
	1,000 - 2,999	15	21%	15	24%	4+3	14%		
	3,000 - 4,999	11	15%	11	17%	11	22%	4+4	20%
	5,000 +	33	46%	33	52%	33	65%	33	80%
	TOTAL	71	100%	63	89%	51	72%	41	58%
4D	< 1,000	7	12%	1+2	6%				
	1,000 - 2,999	13	22%	13	24%	6+2	17%		
	3,000 - 4,999	10	17%	10	19%	10	22%	8+3	28%
	5,000 +	28	48%	28	52%	28	61%	28	72%
	TOTAL	58	100%	54	93%	46	79%	39	67%
TOTAL	< 1,000	2,136	36%	609+23	14%				
	1,000 - 2,999	1,428	24%	1,428	32%	888+25	27%		
	3,000 - 4,999	745	12%	745	17%	745	22%	969+27	37%
	5,000 +	1,682	28%	1,682	37%	1,682	50%	1,682	63%
	TOTAL	5,991	100%	4,489	75%	3,340	56%	2,678	45%

* the first number equals the number of swept-up blocks, the second number equals remainder (un-swept amount)

- 1994. Environmental Assessment/Regulatory Impact Review/Initial Regulatory Flexibility Analysis for Amendments 31/35 to the GOA and BSAI Fishery Management Plans (Block Proposal). NPFMC, 605 West Fourth Avenue, Suite 306, Anchorage, Alaska. 283 p.
- 1995. Environmental Assessment/Regulatory Impact Review/Initial Regulatory Flexibility Analysis for Amendments 42/42 to the BSAI and GOA Fishery Management Plans (Buydown). NPFMC, 605 West Fourth Avenue, Suite 306, Anchorage, Alaska. 28 p.
- USFWS. 1989. Formal consultation with the U.S. Fish and Wildlife Service pursuant to Section 7 of the Endangered Species Act. Biological Opinion, July 3, 1989. Communication to NMFS. Alaska Region, Juneau, Alaska.
- 1994. Formal consultation with the U.S. Fish and Wildlife Service pursuant to Section 7 of the Endangered Species Act. Biological Opinion, February 14, 1994. Communication to NMFS. Alaska Region, Juneau, Alaska.

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Table A1b. Distribution of halibut IFQs based on 1996 TACs swept up to 1,000 lb (status quo), 3,000 lb, and 5,000 lb.

Halibut Area	IFQs	CURRENT STATUS		ALTERNATIVE 1 <1,000lb		ALTERNATIVE 2A <3,000lb		ALTERNATIVE 2B <5,000lb	
		# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent
2C	< 1,000	753	38%	293+4	19%				
	1,000 - 2,999	507	25%	507	33%	407+4	36%		
	3,000 - 4,999	264	13%	264	17%	264	23%	452+4	49%
	5,000 +	475	24%	475	31%	475	41%	475	51%
	TOTAL	1,999	100%	1,543	77%	1,150	58%	931	47%
3A	< 1,000	1,165	46%	369+4	21%				
	1,000 - 2,999	601	24%	601	34%	491+4	39%		
	3,000 - 4,999	265	10%	265	15%	265	21%	503+4	49%
	5,000 +	518	20%	518	29%	518	40%	518	51%
	TOTAL	2,549	100%	1,757	69%	1,280	50%	1,025	40%
3B	< 1,000	371	43%	143+4	23%				
	1,000 - 2,999	235	27%	235	37%	192+4	44%		
	3,000 - 4,999	100	12%	100	16%	100	22%	193+4	57%
	5,000 +	151	18%	151	24%	151	34%	151	43%
	TOTAL	857	100%	633	74%	447	52%	348	41%
4A	< 1,000	87	26%	39+4	15%				
	1,000 - 2,999	103	31%	103	35%	76+3	35%		
	3,000 - 4,999	62	19%	62	21%	62	28%	93+3	54%
	5,000 +	83	25%	83	29%	83	37%	83	46%
	TOTAL	335	100%	291	87%	224	67%	179	53%
4B	< 1,000	19	16%	9+4	11%				
	1,000 - 2,999	28	23%	28	24%	19+3	23%		
	3,000 - 4,999	21	17%	21	18%	21	22%	27+3	36%
	5,000 +	54	44%	54	47%	54	56%	54	64%
	TOTAL	122	100%	116	95%	97	80%	84	69%
4C	< 1,000	21	30%	9+3	19%				
	1,000 - 2,999	21	30%	21	34%	15+3	38%		
	3,000 - 4,999	18	25%	18	29%	18	38%	23+4	71%
	5,000 +	11	15%	11	18%	11	23%	11	29%
	TOTAL	71	100%	62	87%	47	66%	38	54%
4D	< 1,000	9	16%	3+2	9%				
	1,000 - 2,999	17	29%	17	31%	11+3	30%		
	3,000 - 4,999	8	14%	8	15%	8	17%	12+3	38%
	5,000 +	24	41%	24	44%	24	52%	24	62%
	TOTAL	58	100%	54	93%	46	79%	39	67%
TOTAL	< 1,000	2,425	40%	865+25	20%				
	1,000 - 2,999	1,512	25%	1,512	34%	1,211+24	38%		
	3,000 - 4,999	738	12%	738	17%	738	22%	1,303+25	50%
	5,000 +	1,316	22%	1,316	30%	1,316	40%	1,316	50%
	TOTAL	5,991	100%	4,456	74%	3,289	55%	2,644	44%

* the first number equals the number of swept-up blocks, the second number equals remainder (un-swept amount)

Table A2a. Distribution of halibut IFQs based on 1994 using 1996 TACs swept up to 1,000 lb (status quo), 3,000 lb, and 5,000 lb.

Halibut Area	IFQs	CURRENT STATUS		ALTERNATIVE 1 <1,000lb		ALTERNATIVE 2A <3,000lb		ALTERNATIVE 2B <5,000lb	
		Pounds in Class	Percent	*Pounds in Class	Percent	Pounds in Class	Percent	Pounds in Class	Percent
2C	< 1,000	205,451	3%	203,796+1,655	3%				
	1,000 - 2,999	669,867	11%	669,867	11%	860,713+14,605	14%		
	3,000 - 4,999	777,167	12%	777,167	12%	777,167	12%	1,619,676+32,809	26%
	5,000 +	4,697,407	74%	4,697,407	74%	4,697,407	74%	4,697,407	74%
	TOTAL	6,349,892	100%	6,349,892	100%	6,349,892	100%	6,349,892	100%
3A	< 1,000	246,499	4%	244,755+1,744	4%				
	1,000 - 2,999	747,561	11%	747,561	11%	980,673+13,387	14%		
	3,000 - 4,999	793,102	11%	793,102	11%	793,102	11%	1,764,647+22,515	26%
	5,000 +	5,176,911	74%	5,176,911	74%	5,176,911	74%	5,176,911	74%
	TOTAL	6,964,073	100%	6,964,073	100%	6,964,073	100%	6,964,073	100%
3B	< 1,000	116,089	5%	113,886+2,203	5%				
	1,000 - 2,999	391,023	16%	391,023	16%	494,835+12,277	21%		
	3,000 - 4,999	380,445	16%	380,445	16%	380,445	16%	859,828+27,729	37%
	5,000 +	1,525,425	63%	1,525,425	63%	1,525,425	63%	1,525,425	63%
	TOTAL	2,412,982	100%	2,412,982	100%	2,412,982	100%	2,412,982	100%
4A	< 1,000	42,612	3%	37,962+4,650	3%				
	1,000 - 2,999	189,781	14%	189,781	14%	218,927+13,466	17%		
	3,000 - 4,999	231,258	17%	231,258	17%	231,258	17%	439,912+23,739	34%
	5,000 +	881,802	66%	881,802	66%	881,802	66%	881,802	66%
	TOTAL	1,345,453	100%	1,345,453	100%	1,345,453	100%	1,345,453	100%
4B	< 1,000	8,421	1%	5,994+2,427	1%				
	1,000 - 2,999	43,653	7%	43,653	7%	41,986+10,088	8%		
	3,000 - 4,999	63,623	10%	63,623	10%	63,623	10%	99,980+15,717	18%
	5,000 +	536,353	82%	536,353	82%	536,353	82%	536,353	82%
	TOTAL	652,050	100%	652,050	100%	652,050	100%	652,050	100%
4C	< 1,000	3,094	2%	999+2,095	2%				
	1,000 - 2,999	15,218	8%	15,218	8%	11,996+6,316	9%		
	3,000 - 4,999	24,170	12%	24,170	12%	24,170	12%	19,996+22,486	21%
	5,000 +	156,167	79%	156,167	79%	156,167	79%	156,167	79%
	TOTAL	198,649	100%	198,649	100%	198,649	100%	198,649	100%
4D	< 1,000	1,735	1%	999+736	1%				
	1,000 - 2,999	20,117	8%	20,117	8%	17,994+3,858	8%		
	3,000 - 4,999	29,029	11%	29,029	11%	29,029	11%	39,992+10,889	20%
	5,000 +	209,011	80%	209,011	80%	209,011	80%	209,011	80%
	TOTAL	259,892	100%	259,892	100%	259,892	100%	259,892	100%
TOTAL	< 1,000	623,901	3%	608,391+15,510	3%				
	1,000 - 2,999	2,077,220	11%	2,077,220	11%	2,627,124+73,997	15%		
	3,000 - 4,999	2,298,794	13%	2,298,794	13%	2,298,794	13%	4,844,031+155,884	27%
	5,000 +	13,183,076	73%	13,183,076	73%	13,183,076	73%	13,183,076	73%
	TOTAL	18,182,991	100%	18,182,991	100%	18,182,991	100%	18,182,991	100%

* the first number equals the number of swept-up pounds, the second number equals remainder (un-swept amount)

Table A2b. Distribution of halibut IFQs based on 1996 TACs swept up to 1,000 lb (status quo), 3,000 lb, and 5,000 lb

Halibut Area	IFQs	CURRENT STATUS	ALTERNATIVE 1 <1,000lb	ALTERNATIVE 2A <3,000lb	ALTERNATIVE 2B <5,000lb
		Pounds in Class Percent	*Pounds in Class Percent	Pounds in Class Percent	Pounds in Class Percent
2C	< 1,000	295,477 5%	292,707+2,770 5%		
	1,000 - 2,999	930,587 15%	930,587 15%	1,220,593+5,471 19%	
	3,000 - 4,999	1,049,525 16%	1,049,525 16%	1,049,525 16%	2,259,548+16,041 36%
	5,000 +	4,091,098 64%	4,091,098 64%	4,091,098 64%	4,091,098 64%
	TOTAL	6,366,687 100%	6,366,687 100%	6,366,687 100%	6,366,687 100%
3A	< 1,000	370,658 5%	368,631+2,027 5%		
	1,000 - 2,999	1,105,852 16%	1,105,852 16%	1,472,509+4,001 21%	
	3,000 - 4,999	1,044,159 15%	1,044,159 15%	1,044,159 15%	2,514,497+6,712 36%
	5,000 +	4,451,082 64%	4,451,082 64%	4,451,082 64%	4,451,082 64%
	TOTAL	6,971,751 100%	6,971,751 100%	6,971,751 100%	6,971,751 100%
3B	< 1,000	145,258 6%	142,857+2,401 6%		
	1,000 - 2,999	438,174 18%	438,174 18%	575,808+7,624 24%	
	3,000 - 4,999	392,677 16%	392,677 16%	392,677 16%	964,807+11,302 40%
	5,000 +	1,439,238 60%	1,439,238 60%	1,439,238 60%	1,439,238 60%
	TOTAL	2,415,347 100%	2,415,347 100%	2,415,347 100%	2,415,347 100%
4A	< 1,000	42,612 3%	38,961+3,651 3%		
	1,000 - 2,999	189,781 14%	189,781 14%	227,924+4,469 17%	
	3,000 - 4,999	247,007 18%	247,007 18%	247,007 18%	464,907+14,493 36%
	5,000 +	869,995 64%	869,995 64%	869,995 64%	869,995 64%
	TOTAL	1,349,395 100%	1,349,395 100%	1,349,395 100%	1,349,395 100%
4B	< 1,000	11,226 2%	8,991+2,235 2%		
	1,000 - 2,999	52,116 8%	52,116 8%	56,981+6,361 10%	
	3,000 - 4,999	80,939 12%	80,939 12%	80,939 12%	134,973+9,308 22%
	5,000 +	511,422 78%	511,422 78%	511,422 78%	511,422 78%
	TOTAL	655,703 100%	655,703 100%	655,703 100%	655,703 100%
4C	< 1,000	10,347 5%	8,991+1,356 5%		
	1,000 - 2,999	43,613 22%	43,613 22%	44,985+8,975 27%	
	3,000 - 4,999	69,435 35%	69,435 35%	69,435 35%	114,977+8,418 62%
	5,000 +	75,253 38%	75,253 38%	75,253 38%	75,253 38%
	TOTAL	198,648 100%	198,648 100%	198,648 100%	198,648 100%
4D	< 1,000	3,454 1%	2,997+457 1%		
	1,000 - 2,999	34,166 13%	34,166 13%	32,989+4,631 14%	
	3,000 - 4,999	31,997 12%	31,997 12%	31,997 12%	59,988+9,629 27%
	5,000 +	190,273 73%	190,273 73%	190,273 73%	190,273 73%
	TOTAL	259,890 100%	259,890 100%	259,890 100%	259,890 100%
TOTAL	< 1,000	879,032 5%	864,135+14,902 5%		
	1,000 - 2,999	2,794,289 15%	2,794,289 15%	3,631,789+41,532 20%	
	3,000 - 4,999	2,915,739 16%	2,915,739 16%	2,915,739 16%	4,480,107+75,903 36%
	5,000 +	11,628,361 64%	11,628,361 64%	11,628,361 64%	11,628,361 64%
	TOTAL	18,217,421 100%	18,217,426 100%	18,217,421 100%	18,217,421 100%

* the first number equals the number of swept-up pounds, the second number equals remainder (un-swept amount)

Table A3a. Distribution of sablefish IFQs based on 1994 using 1996 TACs swept up to 3,000 lb (status quo), 5,000 lb, and 7,000 lb.

Sablefish Area	IFQs	CURRENT STATUS		ALTERNATIVE 1 <3,000lb		ALTERNATIVE 3A <5,000lb		ALTERNATIVE 3B <7,000lb	
		# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent
SE	< 3,000	159	41%	29+3	12%				
	3,000 - 4,999	47	12%	47	18%	40+3	19%		
	5,000 - 6,999	37	10%	37	14%	37	16%	45+3	25%
	7,000 +	145	37%	145	56%	145	64%	145	75%
	TOTAL	388	100%	261	67%	225	58%	193	50%
WY	< 3,000	139	51%	25+3	18%				
	3,000 - 4,999	24	9%	24	15%	24+3	20%		
	5,000 - 6,999	23	8%	23	14%	23	17%	26+3	25%
	7,000 +	85	31%	85	53%	85	63%	85	75%
	TOTAL	271	100%	160	59%	135	50%	114	42%
CG	< 3,000	244	61%	35+3	20%				
	3,000 - 4,999	32	8%	32	17%	35+3	24%		
	5,000 - 6,999	26	7%	26	14%	26	16%	33+3	27%
	7,000 +	95	24%	95	50%	95	60%	95	73%
	TOTAL	397	100%	191	48%	159	40%	131	33%
WG	< 3,000	53	40%	16+3	19%				
	3,000 - 4,999	16	12%	16	16%	20+3	26%		
	5,000 - 6,999	13	10%	13	13%	13	15%	21+3	32%
	7,000 +	52	39%	52	52%	52	59%	52	68%
	TOTAL	134	100%	100	75%	88	66%	76	57%
BS	< 3,000	96	72%	47+3	57%				
	3,000 - 4,999	12	9%	12	14%	42+3	63%		
	5,000 - 6,999	4	3%	4	5%	4	6%	31+3	61%
	7,000 +	22	16%	22	25%	22	31%	22	39%
	TOTAL	134	100%	88	66%	71	53%	56	42%
AI	< 3,000	34	41%	2+3	9%				
	3,000 - 4,999	16	20%	16	30%	5+3	20%		
	5,000 - 6,999	7	9%	7	13%	7	18%	3+3	19%
	7,000 +	25	30%	25	47%	25	63%	25	81%
	TOTAL	82	100%	53	65%	40	49%	31	38%
TOTAL	< 3,000	725	52%	154+18	20%				
	3,000 - 4,999	147	10%	147	17%	166+18	26%		
	5,000 - 6,999	110	8%	110	13%	110	15%	159+18	29%
	7,000 +	424	30%	424	50%	424	59%	424	71%
	TOTAL	1,406	100%	853	61%	718	51%	601	43%

* the first number equals the number of swept-up blocks, the second number equals remainder (un-swept amount)

Table A3b. Distribution of sablefish IFQs based on 1996 TACs swept up to 3,000 lb (status quo), 5,000 lb, and 7,000 lb.

Sablefish Area	IFQs	CURRENT STATUS		ALTERNATIVE 1 <3,000lb		ALTERNATIVE 3A <5,000lb		ALTERNATIVE 3B <7,000lb	
		# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent
SE	< 3,000	205	53%	66+3	27%				
	3,000 - 4,999	51	13%	51	20%	80+3	39%		
	5,000 - 6,999	53	14%	53	21%	53	25%	102+3	57%
	7,000 +	79	20%	79	31%	79	37%	79	43%
	TOTAL	388	100%	252	65%	215	55%	184	47%
WY	< 3,000	169	62%	48+3	33%				
	3,000 - 4,999	42	15%	42	27%	62+3	52%		
	5,000 - 6,999	31	11%	31	20%	31	25%	70+3	72%
	7,000 +	29	11%	29	19%	29	23%	29	28%
	TOTAL	271	100%	153	56%	125	46%	102	38%
CG	< 3,000	281	71%	62+3	36%				
	3,000 - 4,999	37	9%	37	20%	66+3	47%		
	5,000 - 6,999	27	7%	27	15%	27	18%	71+3	59%
	7,000 +	52	13%	52	29%	52	35%	52	41%
	TOTAL	397	100%	181	46%	148	37%	126	32%
WG	< 3,000	56	42%	19+3	22%				
	3,000 - 4,999	19	14%	19	19%	25+3	32%		
	5,000 - 6,999	14	10%	14	14%	14	16%	29+3	42%
	7,000 +	45	34%	45	45%	45	52%	45	58%
	TOTAL	134	100%	100	75%	87	65%	77	57%
BS	< 3,000	79	59%	26+3	35%				
	3,000 - 4,999	20	15%	20	24%	29+3	48%		
	5,000 - 6,999	6	4%	6	7%	6	9%	27+3	51%
	7,000 +	29	22%	29	35%	29	43%	29	49%
	TOTAL	134	100%	84	63%	67	50%	59	44%
AI	< 3,000	62	76%	18+3	51%				
	3,000 - 4,999	17	21%	17	41%	23+3	90%		
	5,000 - 6,999	3	4%	3	7%	3	10%	18+3	100%
	7,000 +	-	0%	-	0%	-	0%	-	0%
	TOTAL	82	100%	41	50%	29	35%	21	26%
TOTAL	< 3,000	852	61%	239+18	32%				
	3,000 - 4,999	186	13%	186	23%	285+18	45%		
	5,000 - 6,999	134	10%	134	17%	134	20%	317+18	59%
	7,000 +	234	17%	234	29%	234	35%	234	41%
	TOTAL	1,406	100%	811	58%	671	48%	569	40%

* the first number equals the number of swept-up blocks, the second number equals remainder (un-swept amount)

Table A4a. Distribution of sablefish IFQs based on 1994 using 1996 TACs swept up to 3,000 lb (status quo), 5,000 lb, and 7,000 lb.

Sablefish Area	IFQs	CURRENT STATUS		ALTERNATIVE 1 <3,000lb		ALTERNATIVE 3A <5,000lb		ALTERNATIVE 3B <7,000lb	
		Pounds in Class	Percent	*Pounds in Class	Percent	Pounds in Class	Percent	Pounds in Class	Percent
SE	< 3,000	90,564	6%	86,971+3,593	6%				
	3,000 - 4,999	114,783	8%	114,783	8%	194,961+10,386	14%		
	5,000 - 6,999	136,486	9%	136,486	9%	136,486	9%	314,955+26,878	23%
	7,000 +	1,151,522	77%	1,151,522	77%	1,151,522	77%	1,151,522	77%
	TOTAL	1,493,355	100%	1,493,355	100%	1,493,355	100%	1,494,355	100%
WY	< 3,000	78,987	10%	74,975+4,012	10%				
	3,000 - 4,999	52,363	7%	52,363	7%	114,977+16,373	17%		
	5,000 - 6,999	76,838	10%	76,838	10%	76,838	10%	181,974+26,214	27%
	7,000 +	561,351	73%	561,351	73%	561,351	73%	561,351	73%
	TOTAL	769,539	100%	769,539	100%	769,539	100%	769,539	100%
CG	< 3,000	108,372	11%	104,965+3,407	11%				
	3,000 - 4,999	69,470	7%	69,470	7%	159,968+17,874	18%		
	5,000 - 6,999	88,715	9%	88,715	9%	88,715	9%	230,967+35,590	28%
	7,000 +	701,111	72%	701,111	72%	701,111	72%	701,111	72%
	TOTAL	967,668	100%	967,668	100%	967,668	100%	967,668	100%
WG	< 3,000	51,171	7%	47,984+3,187	7%				
	3,000 - 4,999	57,131	8%	57,131	8%	94,981+13,321	16%		
	5,000 - 6,999	66,405	10%	66,405	10%	66,405	10%	146,979+27,728	25%
	7,000 +	522,978	75%	522,978	75%	522,978	75%	522,978	75%
	TOTAL	697,685	100%	697,685	100%	697,685	100%	697,685	100%
BS	< 3,000	144,217	24%	140,953+3,264	24%				
	3,000 - 4,999	72,919	12%	72,919	12%	194,961+22,175	36%		
	5,000 - 6,999	32,490	5%	32,490	5%	32,490	5%	216,969+32,657	41%
	7,000 +	353,824	59%	353,824	59%	353,824	59%	353,824	59%
	TOTAL	603,450	100%	603,450	100%	603,450	100%	603,450	100%
AI	< 3,000	10,007	7%	5,998+4,009	7%				
	3,000 - 4,999	19,947	14%	19,947	14%	19,996+9,958	22%		
	5,000 - 6,999	14,243	10%	14,243	10%	14,243	10%	20,997+23,200	32%
	7,000 +	94,797	68%	94,797	68%	94,797	68%	94,797	68%
	TOTAL	138,994	100%	138,994	100%	138,994	100%	138,994	100%
TOTAL	< 3,000	483,318	10%	461,846+21,472	10%				
	3,000 - 4,999	386,613	8%	386,613	8%	779,844+90,087	19%		
	5,000 - 6,999	415,177	9%	415,177	9%	415,177	9%	1,112,841+172,267	28%
	7,000 +	3,385,583	72%	3,385,583	72%	3,385,583	72%	3,385,583	72%
	TOTAL	4,670,691	100%	4,670,691	100%	4,670,691	100%	4,670,691	100%

* the first number equals the number of swept-up pounds, the second number equals remainder (un-swept amount)

Table A4b. Distribution of sablefish IFQs based on 1996 TACs swept up to 3,000 lb (status quo), 5,000 lb, and 7,000 lb

Sablefish Area	IFQs	CURRENT STATUS		ALTERNATIVE 1 <3,000lb		ALTERNATIVE 3A <5,000lb		ALTERNATIVE 3B <7,000lb	
		Pounds in Class	Percent	*Pounds in Class	Percent	Pounds in Class	Percent	Pounds in Class	Percent
SE	< 3,000	202,301	10%	197,934+4,367	10%				
	3,000 - 4,999	199,672	10%	199,672	10%	399,920+2,053	20%		
	5,000 - 6,999	317,324	16%	317,324	16%	317,324	16%	713,898+5399	36%
	7,000 +	1,257,480	64%	1,257,480	64%	1,257,480	64%	1,257,480	64%
	TOTAL	1,976,777	100%	1,976,777	100%	1,976,777	100%	1,976,777	100%
WY	< 3,000	148,836	14%	143,952+4,884	14%				
	3,000 - 4,999	169,568	15%	169,568	15%	309,938+8,466	29%		
	5,000 - 6,999	182,210	17%	182,210	17%	182,210	17%	489,930+10,684	46%
	7,000 +	595,157	54%	595,157	54%	595,157	54%	595,157	54%
	TOTAL	1,095,771	100%	1,095,771	100%	1,095,771	100%	1,095,771	100%
CG	< 3,000	192,392	16%	185,938+6,454	16%				
	3,000 - 4,999	146,016	12%	146,016	12%	329,934+8,474	27%		
	5,000 - 6,999	162,162	13%	162,162	13%	162,162	13%	496,929+3,641	41%
	7,000 +	733,658	59%	733,658	59%	733,658	59%	733,658	59%
	TOTAL	1,234,228	100%	1,234,228	100%	1,234,228	100%	1,234,228	100%
WG	< 3,000	59,713	7%	56,981+2,732	7%				
	3,000 - 4,999	75,303	9%	75,303	9%	124,975+10,041	16%		
	5,000 - 6,999	84,816	10%	84,816	10%	84,816	10%	202,971+16,861	25%
	7,000 +	643,449	75%	643,449	75%	643,449	75%	643,449	75%
	TOTAL	863,281	100%	863,281	100%	863,281	100%	863,281	100%
BS	< 3,000	83,513	9%	77,974+5,539	9%				
	3,000 - 4,999	75,541	8%	75,541	8%	144,971+14,083	17%		
	5,000 - 6,999	36,441	4%	36,441	4%	36,441	4%	188,973+6,522	21%
	7,000 +	721,764	79%	721,764	79%	721,764	79%	721,764	79%
	TOTAL	917,259	100%	917,259	100%	917,259	100%	917,259	100%
AI	< 3,000	57,349	24%	53,982+3,367	24%				
	3,000 - 4,999	65,448	28%	65,448	28%	114,977+7,820	52%		
	5,000 - 6,999	16,199	7%	16,199	7%	16,199	7%	125,982+13,014	59%
	7,000 +	96,553	41%	96,553	41%	96,553	41%	96,553	41%
	TOTAL	235,549	100%	235,549	100%	235,549	100%	235,549	100%
TOTAL	< 3,000	744,104	12%	716,761+27,343	12%				
	3,000 - 4,999	731,548	12%	731,548	12%	1,424,715+50,937	23%		
	5,000 - 6,999	799,152	13%	799,152	13%	799,152	13%	2,218,683+56,121	36%
	7,000 +	4,048,061	64%	4,048,061	64%	4,048,061	64%	4,048,061	64%
	TOTAL	6,322,865	100%	6,322,865	100%	6,322,865	100%	6,316,865	100%

* the first number equals the number of swept-up pounds, the second number equals remainder (un-swept amount)

North Pacific Fisheries Management Council

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MEMORANDUM

TO: John Lepore
FROM: Jane DiCosimo
DATE: May 14, 1996
SUBJECT: Plan Amendments 43/43 to increase IFQ sweep-up levels

I am forwarding the final draft EA/RIR for Plan Amendment 43/43 to increase IFQ sweep-up levels for NMFS regional review. Implementation should be effective prior to the start of the 1997 IFQ fishing season. Plan amendment language is included below.

Please forward any agency comments on the draft EA/RIR to me for preparation of the final Secretarial review draft.

GOA Section 4.4.1.1.4 (7) and BSAI 14.4.7.1.4 (7)

QS designated as a "block" may only be traded in its entirety and may not be divided into smaller QS units. Blocks of QS representing IFQs of less than 5,000 pounds in the initial allocation may be combined or "swept-up," to form larger blocks, as long as the consolidated block does not result in IFQs greater than 5,000 pounds.

ENC

cc: Jay Ginter - memo
Ron Berg - memo

DRAFT FOR SECRETARIAL REVIEW

**ENVIRONMENTAL ASSESSMENT/
REGULATORY IMPACT REVIEW
FOR
AMENDMENT 43 to the BSAI FMP
AND
AMENDMENT 43 TO THE GOA FMP
TO INCREASE THE SWEEP-UP LEVELS
UNDER THE HALIBUT AND SABLEFISH IFQ BLOCK PROGRAM**

prepared by

Staff
North Pacific Fishery Management Council

May 14, 1996

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EXECUTIVE SUMMARY

Amendments 43/43 to the Bering Sea/Aleutian Islands and Gulf of Alaska fishery management plans recommends increasing the sweep-up levels for halibut and sablefish IFQs. Currently, sweep-up levels defined under the Block Amendment, and based on 1994 Total Allowable Catch (TAC) levels are less than 1,000 lb for halibut and less than 3,000 lb for sablefish. The IFQ longline industry has reported that current sweep-up levels do not equal the harvest of a viable fishing trip. Industry has requested a moderate increase in the sweep-up levels to allow greater amounts of QS to be swept-up into economically “fishable” amounts, without overly increasing consolidation or allowing the creation of large-sized blocks.

Industry members have reported that the smallest blocks may be purchased at relatively low prices, an economic advantage to crew and new entrants to the fishery. Larger blocks sell at a price similar to unblocked shares. Fishermen are also unable to transfer very small, blocked QS due to a lack of a market for those shares. This is a result of the block cap which allows only two blocks per regulatory area, or one block and some amount of unblocked QS. Additionally, many QS owners have small blocked QS distributed across many regulatory areas. These are unlikely to be fished due to their size.

A moderate increase in the sweep-up levels would likely increase the transfer of very small, blocked QS to crew and small boat fishermen who seek to increase their holdings. While there may be some price increases in small block shares, it is anticipated that a price differential would remain between smaller and larger QS blocks. If the ability to transfer and consolidate small blocks is increased, then the number of unfished blocks should decrease.

At much larger sweep-up levels than currently allowed, the price differential between blocked and unblocked shares may be lost. The effectiveness of the Block Program may be eliminated at large sizes since large blocks and unblocked shares have been reported to sell at roughly the same price and would eliminate entry level QS. Price structure goals of the Block Program would be lost, as well. The differential pricing of larger blocked and unblocked QS is further exacerbated by the paucity of financing for the IFQ industry, particularly for crew and new entrants without capital or assets.

The sweep-up levels included in this analysis are:

Alternative 1: Status quo.

QS blocks less than 1,000 pounds of halibut can be combined as long as the resulting block does not contain QS that would equate to more than 1,000 pounds of IFQ at 1994 TAC levels.

QS blocks less than 3,000 pounds of sablefish can be combined as long as the resulting block does not contain QS that would equate to more than 3,000 pounds of IFQ at 1994 TAC levels.

Alternative 2: Increase the halibut sweep-up levels under the Modified Block Program to:

(Preferred) Option A. 3,000 lb, set in QS units and based on 1996 TAC levels.

Option B. 5,000 lb.

Alternative 3: Increase the sablefish sweep-up levels under the Modified Block Program to:

(Preferred) Option A. 5,000 lb, set in QS units and based on 1996 TAC levels.

Option B. 7,000 lb.

The analysis draws the following conclusions about potential consolidation and availability of QS under the various alternatives and options. Alternative 2 would allow halibut QS blocks to be combined into blocks equivalent to less than 3,000 lb under Option A or less than 5,000 lb under Option B. The 5,991 halibut QS blocks issued by RAM as of December 1995 could be consolidated by 25% to 4,489 blocks under the current sweep-up limit of 1,000 lb and the 1994 base year. Potential consolidation under Option A could be 44% to 3,340 blocks; Option B could consolidate blocks by 55% to 2,678. The Council's preferred option for halibut sweep-up levels is Alternative 2 Option A, less than 3,000 lb. The lower sweep-up level was chosen to maintain swept-up blocks at a size that is economically viable for fishing, as well as economically feasible for purchase by crew members and new entrants to the fishery.

Alternative 3 would allow sablefish QS blocks to be combined into blocks of less than 5,000 lb under Option A or less than 7,000 lb under Option B. The 1,046 sablefish QS blocks could be consolidated by 39% to 853 blocks under the current sweep-up limit of 3,000 lb and the 1994 base year. Potential consolidation under Option A could be 49% to 718 blocks; Option B would consolidate blocks by 57% to 601. The Council's preferred option for sablefish sweep-up levels is Alternative 3 Option A, less than 5,000 lb. The lower sweep-up level was chosen to maintain swept-up blocks at a size that is economically viable for fishing, as well as economically feasible for purchase by crew members and new entrants to the fishery.

The Council also chose to set the sweep-up limits in Quota Share (QS) units based on the 1996 Total Allowable Catches. Updating the base year to 1996 increases halibut QS block consolidation to the actual sweep-up poundage chosen by the Council, as the sweep-up equivalents were adjusted by RAM with the annual quota changes. Adjusting the base year to 1996 increases consolidation by 1 percent for halibut and 3 percent for sablefish. It adds 972,220 lb to the 3,000 lb halibut sweep-up category and increases consolidation of blocked holdings to 1,211 compared with 2,402 under Alternative 1. For sablefish, 605,721 lb are added to the 5,000 lb category and increases consolidation to 285 QS holdings compared with 443 under Alternative 1.

1.0 INTRODUCTION

The proposed action addresses an increase in the sweep-up levels for halibut and sablefish IFQs as approved under Amendment 31 to the Groundfish FMP for the Bering Sea/Aleutian Islands and Amendment 35 for the Groundfish FMP for the Gulf of Alaska (Modified Block Program). The Block Amendment provides that quota share (QS) blocks resulting in less than 1,000 lb of IFQ for halibut and less than 3,000 lb of IFQ for sablefish in the implementation year (1994) can be combined. This “sweeping-up” provision allowed very small QS allocations to be combined into “fishable” amounts. Under the Block Amendment, all initially issued QS that resulted in less than 20,000 lb of IFQ using the 1994 total allowable catch (TAC) were blocked. The Block Amendment created a variety of block sizes and made them available for transfer. Crew and new entrants to the fishery would be able to secure a smaller block, and then subsequently transfer the smaller block to obtain a larger block as the fishing operation grew and experience of the fisherman increased. This “step” approach was thought to assist in the growth of each operation to efficient economies of scale.

The proposed action would increase the sweep-up levels for halibut and sablefish IFQs, while maintaining the goals of the IFQ program to limit excessive consolidation, maintain diversity of the fleet, and allow new entrants into the fishery. Use caps, owner-on-board restrictions, vessel caps, vessel category restrictions, and the Block Amendment were originally incorporated into the IFQ program to maintain, as much as possible, the character of the fleet prior to IFQs, to allow for new entrants and crew members, and to protect Alaskan coastal economies dependent on fishing. The Council was concerned that QS could be consolidated into too few hands. The provisions listed above were designed to slow consolidation and limit the degree to which it could occur. The block provisions would have less impact on larger operations because QS allocations for an IFQ regulatory area that represented 20,000 lb in 1994 will remain unblocked. However, a great majority of initial recipients received blocked QS due to smaller average harvests during the qualifying years.

1.1 Management Background

The groundfish fisheries in the Exclusive Economic Zone (3 to 200 miles offshore) of the Gulf of Alaska, Bering Sea, and Aleutian Islands are managed under the Fishery Management Plan (FMP) for the Groundfish Fisheries of the GOA and the FMP for the Groundfish Fisheries of the BSAI. Both FMPs were developed by the Council under the Magnuson Fishery Conservation and Management Act (Magnuson Act). The GOA FMP was approved by the Secretary of Commerce and became effective in 1978; the BSAI FMP became effective in 1982.

The Northern Pacific Halibut Act of 1982 (NPHA), P.L. 97-176, 16 U.S.C. 773 c (c) authorizes the regional fishery management councils having authority for the geographic area concerned to develop regulations governing the Pacific halibut catch in U.S. waters which are in addition to but not in conflict with regulations of the International Pacific Halibut Commission. The halibut IFQ program is implemented by federal regulations under 50 CFR part 676, Limited Access Management of Fisheries off Alaska under authority of the Magnuson Fishery Conservation and Management Act of 1975, P. L. 94-265, 16 U.S.C. 1801.

The National Environmental Policy Act (NEPA), Executive Order (E.O.) 12866, and the Regulatory Flexibility Act (RFA) require a description of the purpose and need for the proposed action as well as a description of alternative actions which may address the problem. Section 2 contains information on the biological and environmental impacts of the alternatives as required by NEPA. Impacts on endangered species and marine mammals are addressed in this section. Section 3 contains a Regulatory Impact Review (RIR) which addresses the requirements of both E.O. 12866 and the RFA that economic impacts of the alternatives be considered.

This document is the draft Environmental Assessment/Regulatory Impact Review/Initial Regulatory Flexibility Analysis (EA/RIR/IRFA) for Amendment 43 to the Bering Sea/Aleutian Islands (BSAI) Groundfish FMP and Amendment 43 to the Gulf of Alaska (GOA) Groundfish FMP. Changes to the halibut IFQ program would be

implemented through a regulatory amendment to 50 CFR part 676, Limited Access Management of Fisheries off Alaska under authority of the Magnuson Fishery Conservation and Management Act of 1975, P. L. 94-265, 16 U.S.C. 1801.

A history of the Council's actions with respect to Alaska's halibut and sablefish IFQ fisheries is summarized in Amendments 31/35 (Modified Block Amendment). The Block Amendment addressed concerns that a large consolidation of QS could have occurred under the original IFQ plan and that such an extensive consolidation might be harmful to the traditional fishing economies of some Alaska coastal communities. The Block Amendment modified the original IFQ program (NPFMC 1992) to ensure that small, part-time and diversified operations could continue to profitably participate in the IFQ fisheries.

As outlined in Amendments 31/35 (NPFMC, 1994), the implicit assumption under the Block Amendment is that QS under the original IFQ program would tend to be more valuable to full-time operations, and that those operations would be able to bid more for QS. Proponents of the different block proposals predicted that small part-time operations, diversified operations which fish in these fisheries on a part-time basis, and small "entry-level" operations would tend to disappear from these fisheries over time. Proponents felt that it would have deleterious social and economic effects on many of Alaska's coastal communities.

In the end, the Council developed and passed a "Modified Block Amendment." The primary component of this amendment held that initial allocations of QS worth 20,000 pounds or more of IFQ in the first year of the program would be "unblocked" and transferable under the same conditions as QS under the original IFQ program. Initial allocations of QS worth less than 20,000 pounds of IFQ in the first year of the program would be blocked and could only be traded as a block. Additionally, a person holding any unblocked QS in an area could only hold a single block of QS for that area. Persons who hold no unblocked QS in an area could hold up to two blocks in that area.

The sweep-up provisions of the Block Amendment are the subject of the current proposed amendment. The "sweeping up" provision for halibut and sablefish allows very small blocks to be combined into a fishable amount. Blocks of QS less than 1,000 pounds of halibut at 1994 TAC levels can be combined as long as the resulting block does not contain QS that would equate to more than 1,000 pounds of IFQ at 1994 levels. Similarly, QS blocks less than 3,000 pounds of sablefish at 1994 TAC levels can be combined as long as the resulting block does not contain QS of more than 3,000 pounds of IFQ in 1994.

1.2 Purpose and Need for Action

The preferred action would increase the sweep-up levels for halibut to 3,000 lb and sablefish to 5,000 lb. Currently, sweep-up levels defined under the Block Amendment, based on 1994 Total Allowable Catch (TAC) levels, are: (1) less than 1,000 lb for halibut, (2) less than 3,000 lb for sablefish. The IFQ longline industry has reported that current sweep-up levels do not equal the harvest of a worthwhile fishing trip. Industry has requested a moderate increase in the sweep-up levels to allow greater amounts of QS to be swept-up into economically "fishable" amounts, without overly increasing consolidation or allowing the creation of large-sized blocks.

Industry members have reported that the smallest blocks may be purchased at relatively low prices, an economic advantage to crew and new entrants to the fishery. Larger blocks sell at a price similar to unblocked shares. Fishermen are also unable to transfer very small, blocked QS due to a lack of a market for those shares. This is a result of the block cap which allows only two blocks per regulatory area, or one block and some amount of unblocked QS. Additionally, many QS owners have small, blocked QS distributed across many regulatory areas. These are unlikely to be fished due to their small size.

A moderate increase in the sweep-up levels would likely enhance the opportunity to transfer very small, blocked QS to crewmen and small boat fishermen who seek to increase their holdings. While there may be some price increases in small block shares, it is anticipated that a price differential would remain between smaller and larger QS blocks. If the ability to transfer and consolidate smaller blocks is enhanced, then it should decrease the number of unfished blocks.

At much larger sweep-up levels than currently allowed (7,500 - 10,000 lb for halibut and 10,000 - 20,000 lb for sablefish), the price differential between blocked and unblocked shares may be lost. The effectiveness of the Block Program may be eliminated at large sizes since large blocks and unblocked shares have been reported to sell at roughly the same price and would eliminate entry level QS. Price structure goals of the Block Program would be lost, as well. The differential pricing of larger blocked and unblocked QS is further exacerbated by the paucity of financing for the IFQ industry, particularly for crewmen and new entrants without capital or assets.

The sweep-up levels included in this analysis are:

Alternative 1: Status quo.

QS blocks less than 1,000 pounds of halibut can be combined as long as the resulting block does not contain QS that would equate to more than 1,000 pounds of IFQ at 1994 levels.

QS blocks less than 3,000 pounds of sablefish can be combined as long as the resulting block does not contain QS that would equate to more than 3,000 pounds of IFQ at 1994 levels.

The current sweep-up levels of 1,000 lb for halibut and 3,000 lb for sablefish based on 1994 quotas are specified in the IFQ regulations [§676.20(d)(2)]; the IFQ pounds associated with QS are adjusted according to the annual quotas set by the Council for sablefish and the International Pacific Halibut Commission for halibut. Since 1994, the actual sweep-up levels have been adjusted with the annual Total Allowable Catch (TAC) for both species and all areas except Bering Sea sablefish and are now equivalent to less than the original sweep-up level in all but one regulatory area. The effects of TAC changes on sweep-up levels are described in more detail below.

Under the status quo, 33% of all halibut QS issuances were less than the 1,000 lb sweep-up level; 34% of all sablefish QS issuances were less than the 3,000 lb sweep-up level (Table 2). Note that a relatively large number of QS holders hold a relatively small amount (2%) of IFQ pounds at these QS block sizes.

Alternative 2: Increase the halibut sweep-up levels under the Modified Block Program to:

(Preferred) Option A. 3,000 lb, set in QS units and based on 1996 TAC levels.

Option B. 5,000 lb.

Alternative 3: Increase the sablefish sweep-up levels under the Modified Block Program to:

(Preferred) Option A. 5,000 lb, set in QS units and based on 1996 TAC levels.

Option B. 7,000 lb.

All quantitative information in this analysis has been presented by halibut and sablefish regulatory area to allow the Council to consider possible regional differences in the social and economic needs of different communities when selecting sweep-up levels.

Table 1. Quota share pools and TACs for 1995 and 1996.

		1995		1996	
Area	Adjusted Quota Share Pool	Adjusted Total Allowable Catch	Ratio (QS/IFQ)	Adjusted Total Allowable Catch	Ratio* (QS/IFQ)
Halibut					
2C	59,853,126	9,000,000	6.650	9,000,000	6.664
3A	185,818,173	20,000,000	9.291	20,000,000	9.304
3B	54,435,504	3,700,000	14.712	3,700,000	14.731
4A	14,861,967	1,950,000	7.622	1,950,000	7.649
4B	9,236,860	1,848,000	4.998	1,848,000	5.029
4C	3,969,186	385,000	10.310	385,000	10.310
4D	4,685,996	539,000	8.694	539,000	8.694
Sablefish					
SE	68,528,249	12,985,094	5.277	10,346,188	6.654
WY	55,222,648	8,586,917	6.431	6,366,885	8.678
CG	110,855,516	15,167,648	7.309	12,169,392	9.211
WG	37,318,847	4,585,568	8.138	3,880,096	9.682
BS	16,388,151	1,410,944	11.615	1,587,312	18.255
AI	31,126,431	2,910,072	10.696	970,024	19.842

Table 2. Current halibut and sablefish catcher vessel QS holdings(1995) by regulatory area.

HALIBUT					SABLEFISH				
	<1,000 lb sweep-up		Total			<3,000 lb sweep-up		Total	
Area	Pounds	Num. of holdings	Pounds	Num. of holdings	Area	Pounds	Num. of holdings	Pounds	Num. of holdings
2C	294,626	751	8,832,565	2,371	SE	165,014	177	11,128,151	719
3A	367,403	1,159	19,455,915	3,087	WY	132,387	147	7,395,063	427
3B	144,519	369	3,591,788	1,052	CG	189,649	262	12,584,057	622
4A	41,894	86	1,872,743	523	WG	53,170	49	2,662,135	205
4B	10,091	17	1,783,408	145	BS	47,634	55	942,140	118
4C	10,348	21	383,169	80	AI	55,249	47	1,261,141	104
4D	3,459	9	498,879	63					
Total	872,341	2,412	36,418,467	7,321	Total	643,104	737	35,972,687	2,195
	2%	33%				2%	34%		

A policy decision arises with the proposed sweep-up alternatives on whether to revise the current 1994 base year upon which the sweep-ups are calculated. The sweep-up limits in pounds may change annually for each regulatory area with the TAC and no longer equal the 1,000 lb halibut limit and 3,000 lb sablefish limit set in 1994. For example, 1,000 lb in 1994 in halibut Area 2C is equivalent to 772 lb in 1996 (Table 3). The reductions in "actual" sweep-up pounds between 1994-96 by area range between 2 and 45% for halibut and 68%

to a 50% gain for sablefish. At their April 1996 meeting, the Council's preferred option included adjusting the base year to 1996.

An operational decision then arises on whether to specify the actual sweep-up pounds or the associated QS units by area in the regulations. The QS units and pounds for the 1994 and 1996 base years for the status quo limits are listed in Table 4. The Council may specify the QS units in the regulations and allow the associated pounds to fluctuate with the TAC (as under the status quo). Or the Council may recommend specifying the sweep-up pounds in the regulations to allow the associated QS units to fluctuate annually with the TAC. The NMFS RAM Division has indicated this annual calculation is feasible.

Specifying pounds with fluctuating QS units would not cause an existing swept-up block to be deemed over the limit, but would allow a block under the new QS limit to be augmented up to that higher limit. For example, if in 1997 a halibut block was swept up to the QS specified in the regulations (e.g., < 3,000 lb = 6,664 QS units), that block would not be affected by a change in the TAC that caused that block to exceed what could be swept-up in 1998 (= 6,400 QS units). However, RAM would allow more QS to be swept into the block if in the second year the TAC change would allow it (=6,800 QS units). However, once a QS block is swept-up, it cannot be subdivided.

Annual changes may increase public uncertainty, as the QS units associated with the sweep-up pounds may change annually. Equity issues may also arise, as QS amounts qualifying for a swept-up block will change annually, potentially disadvantaging a QS holder in a given year compared with one who swept a lower amount of QS units in a different year under the same sweep-up pound limit. At their April 1996 meeting, the Council's preferred option included setting the sweep-up levels in QS units by regulatory area.

Proposed changes to allow larger vessel QS to be used on smaller vessels under Amendments 42/42 (Buydown Amendment) (NPFMC 1995) are assumed to not affect the proposed changes under this amendment. Amendment 42/42 does not allow QS to be combined across vessel categories and blocked QS are still limited by the two-block cap.

Table 3. Effect of quota changes on 1994 base year sweep-up limits for halibut and sablefish by regulatory area.

Area	POUNDS				QS UNITS		RAT IO (QSpool/TAC)	
	1994	1995	1996	Change '94 to '96	Base 1994	Year 1996	1995	1996
HALIBUT								
2C	1,000	774	772	-23%	5,146	6,664	6.664	6.664
3A	1,000	730	729	-27%	6,779	9,304	9.291	9.304
3B	1,000	886	885	-11%	13,040	14,731	14.712	14.731
4A	1,000	988	985	-2%	7,532	7,649	7.622	7.649
4B	1,000	869	864	-14%	4,346	5,029	4.998	5.029
4C	1,000	551	551	-45%	5,685	10,310	10.310	10.310
4D	1,000	736	736	-26%	6,397	8,694	8.694	8.694
SABLEFISH								
SE	3,000	2,338	1,854	-38%	12,339	19,962	5.277	6.654
WY	3,000	2,276	1,687	-44%	14,640	26,020	6.431	8.678
CG	3,000	2,130	1,690	-44%	15,564	27,329	7.309	9.211
WG	3,000	3,055	2,568	-14%	24,861	28,853	8.138	9.682
BS	3,000	7,051	4,486	50%	81,900	50,684	10.696	18.255
AI	3,000	1,796	968	-68%	19,209	58,828	11.615	19.842

Table 4. Current QS distribution and resulting sweep-up pound limits based on 1994 TACs by regulatory area.

Halibut Area	1994 base units			1996 sweep-up equivalents		
	Alt. 1	Alt. 2	Alt. 2	Alt. 1	Alt. 2	Alt. 2
	Option A		Option B	Option A		Option B
	1,000 lb	3,000 lb	5,000 lb	1,000 lb	3,000 lb	5,000 lb
2C	5,146	15,438	25,730	772	2,316	3,861
3A	6,779	20,337	33,895	729	2,186	3,643
3B	13,040	39,120	65,200	885	2,656	4,426
4A	7,532	22,596	37,660	985	2,954	4,924
4B	4,346	13,038	21,730	864	2,593	4,321
4C	5,685	17,055	28,425	551	1,654	2,757
4D	6,397	19,191	31,985	736	2,207	3,679
Sablefish Area	Alt. 1	Alt. 3	Alt. 3	Alt. 1	Alt. 3	Alt. 3
	Option A		Option B	Option A		Option B
	3,000 lb	5,000 lb	7,000 lb	3,000 lb	5,000 lb	7,000 lb
SE	12,339	20,565	28,791	1,854	3,090	4,327
WY	14,640	24,400	34,160	1,687	2,812	3,936
CG	15,564	25,940	36,316	1,690	2,816	3,942
WG	24,861	41,435	58,009	2,568	4,280	5,992
BS	81,900	136,500	191,100	4,486	7,477	10,468
AI	19,209	32,015	44,821	968	1,613	2,259

2.0 NEPA REQUIREMENTS/ENVIRONMENTAL IMPACTS OF THE ALTERNATIVES

An environmental assessment (EA) is required by the National Environmental Policy Act of 1969 (NEPA) to determine whether the action considered will result in significant impact on the human environment. If the action is determined not to be significant based on an analysis of relevant considerations, the EA and resulting finding of no significant impact (FONSI) would be the final environmental documents required by NEPA. An environmental impact statement (EIS) must be prepared for major Federal actions significantly affecting the human environment.

An EA must include a brief discussion of the need for the proposal, the alternatives considered, the environmental impacts of the proposed action and the alternatives, and a list of document preparers. The purpose and alternatives were discussed in Sections 1.1 and 1.2, and the list of preparers is in Section 8. This section contains the discussion of the environmental impacts of the alternatives including impacts on threatened and endangered species and marine mammals.

2.1 Environmental Impacts of the Alternatives

The environmental impacts generally associated with fishery management actions are effects resulting from (1) harvest of fish stocks which may result in changes in food availability to predators and scavengers, changes in the population structure of target fish stocks, and changes in the marine ecosystem community structure; (2) changes in the physical and biological structure of the marine environment as a result of fishing practices, e.g.,

effects of gear use and fish processing discards; and (3) entanglement/entrapment of non-target organisms in active or inactive fishing gear.

A summary of the effects of the annual groundfish total allowable catch amounts on the biological environment and associated impacts on marine mammals, seabirds, and other threatened or endangered species are discussed in the final environmental assessment for the annual groundfish total allowable catch specifications.

2.2 Impacts on Endangered, Threatened or Candidate Species

Endangered and threatened species under the ESA that may be present in the Bering Sea include:

Endangered	
Northern right whale	<i>Balaena glacialis</i>
Sei whale	<i>Balaenoptera borealis</i>
Blue whale	<i>Balaenoptera musculus</i>
Fin whale	<i>Balaenoptera physalus</i>
Humpback whale	<i>Megaptera novaeangliae</i>
Sperm whale	<i>Physeter macrocephalus</i>
Snake River sockeye salmon	<i>Oncorhynchus nerka</i>
Short-tailed albatross	<i>Diomedea albatrus</i>
Threatened	
Steller sea lion	<i>Eumetopias jubatus</i>
Snake River spring and summer chinook salmon	<i>Oncorhynchus tshawytscha</i>
Snake River fall chinook salmon	<i>Oncorhynchus tshawytscha</i>
Spectacled eider	<i>Somateria fischeri</i>

The status of the ESA section 7 consultations required to assess the impact of the groundfish fisheries on endangered, threatened, or candidate species is updated annually.

None of the alternatives for either management action is expected to have a significant impact on endangered, threatened, or candidate species.

2.3 Impacts on Marine Mammals

Marine mammals not listed under the Endangered Species Act that may be present in the GOA and BSAI include cetaceans, [minke whale (*Balaenoptera acutorostrata*), killer whale (*Orcinus orca*), Dall's porpoise (*Phocoenoides dalli*), harbor porpoise (*Phocoena phocoena*), Pacific white-sided dolphin (*Lagenorhynchus obliquidens*), and the beaked whales (e.g., *Berardius bairdii* and *Mesoplodon spp.*)] as well as pinnipeds [northern fur seals (*Callorhinus ursinus*), and Pacific harbor seals (*Phoca vitulina*)] and the sea otter (*Enhydra lutris*).

None of the alternatives are expected to have a significant impact on marine mammals.

2.4 Coastal Zone Management Act

Implementation of the preferred alternative would be conducted in a manner consistent, to the maximum extent practicable, with the Alaska Coastal Management Program within the meaning of Section 30(c)(1) of the Coastal Zone Management Act of 1972 and its implementing regulations.

2.5 Conclusions or Finding of No Significant Impact

The preferred alternative is not likely to significantly affect the quality of the human environment, and the preparation of an environmental impact statement for the proposed action is not required by Section 102(2)(C) of the National Environmental Policy Act or its implementing regulations.

3.0 REGULATORY IMPACT REVIEW

The Regulatory Impact Review (RIR) provides information about the economic and sociological impacts of the alternatives including identification of the individuals or groups that may be affected by the action, the nature of these impacts, quantification of the economic impacts if possible, and discussion of the trade-offs between qualitative and quantitative benefits and costs.

An RIR is required by NMFS for all regulatory actions or for significant Department of Commerce or NOAA policy changes that are of significant public interest. The RIR: (1) provides a comprehensive review of the level and incidence of impacts associated with a proposed or final regulatory action; (2) provides a review of the problems and policy objectives prompting the regulatory proposals and an evaluation of the major alternatives that could be used to solve the problems; and (3) ensures that the regulatory agency systematically and comprehensively considers all available alternatives so that the public welfare can be enhanced in the most efficient and cost effective way.

Executive Order 12866, "Regulatory Planning and Review," was signed on September 30, 1993 and established guidelines for promulgating new regulations and reviewing existing regulations. While the order covers a variety of regulatory policy considerations, the benefits and costs of regulatory actions are a prominent concern. Section 1 of the order describes the regulatory philosophy and principles that are to guide agency development of regulations. The regulatory philosophy stresses that, in deciding whether and how to regulate, agencies should assess all costs and benefits of all regulatory alternatives. In choosing among regulatory approaches, the philosophy is to choose those approaches including potential economic, environmental, public health and safety, and other advantages; distributive impacts; and equity) that maximize net benefit to the nation.

The regulatory principles in E.O. 12866 emphasize careful identification of the problem to be addressed. The agency is to identify and assess alternatives to direct regulation, including economic incentives, such as user fees or marketable permits, to encourage the desired behavior. When an agency determines that a regulation is the best available method of achieving the regulatory objective, it shall design its regulations in the most cost-effective manner to achieve the regulatory objective. Each agency shall assess both the costs and benefits of the intended regulation and, recognizing that some costs and benefits are difficult to quantify, propose or adopt a regulation only upon a reasoned determination that the benefits of the intended regulation justify its costs. Each agency shall base its decisions on the best reasonably obtainable scientific, technical, economic, and other information concerning the need for, and the consequences of, the intended regulation.

An RIR is required for all regulatory actions that either implement a new FMP or significantly amend an existing FMP. The RIR is part of the process of preparing and reviewing FMPs and provides a comprehensive review of the changes in net economic benefits to society associated with proposed regulatory actions. The analysis also provides a review of the problems and policy objectives prompting the regulatory proposals and an evaluation of the major alternatives that could be used to solve the problem. The purpose of the analysis is to ensure that the regulatory agency systematically and comprehensively considers all available alternatives so that the public welfare can be enhanced in the most efficient and cost-effective way. The RIR addresses many of the items in the regulatory philosophy and principles of E.O. 12866.

Executive Order 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:

- (1) Have an annual effect on the economy of \$100 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, or tribal governments or communities;
- (2) Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;
- (3) Materially alter the budgetary impacts of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or
- (4) Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in this Executive Order.

A regulatory program is "economically significant" if it is likely to result in the effects described in item (1) above. The RIR is designed to provide information to determine whether the proposed regulation is likely to be "economically significant."

This section provides an RIR for adjusting the sweep-up levels specified under the IFQ Block Amendment. An objective of this amendment is to allow greater amounts of small blocked QS to be consolidated into larger, more fishable amounts. The Block Amendment was designed to guarantee that a large number of small QS blocks would continue to exist to ensure that some QS would continue to be available to support a part-time fleet and an entry level fishery.

Actual consolidation is difficult to address, but is expected to be less than the hypothetical maximum consolidation under all alternatives since not all holders of small, blocked QS will wish to transfer them and not all QS holders will wish to obtain more small, blocked QS in a particular area. This is evident upon examination of the current distribution of small, blocked QS that could be swept up under the current limits. One year after implementation of the IFQ program and the Block Amendment, hypothetical maximum consolidation of blocked QS under the sweep-up levels for both halibut and sablefish have not been met. Hypothetical consolidation under the status quo halibut sweep-up level (<1,000 lb) could be increased by 25%, and for sablefish (<3,000 lb), by 37% (Table 2). Only 31 halibut sweep-up consolidations occurred as of December 20, 1995, representing 67,580 QS units and 8,129 lb (Table 5); 15 sablefish sweep-ups occurred in 1995, representing 81,986 QS units and 4,931 lb. This is less than 1% of the hypothetical sweep-ups under the status quo for each species.

Table 5. Halibut and sablefish QS sweep-ups that occurred in 1995 (Source: RAM).

HALIBUT				SABLEFISH			
Area	Num	QS Units	IFQ lb	Area	Num	QS Units	IFQ lb
2C	11	20,745	3,120	SEO	10	10,288	1,950
3A	15	31,103	3,348	WY	1	678	105
3B	3	6,934	471	CG	4	21,020	2,876
4A	2	9,068	1,190	WG	0	0	0
4B	0	0	0	AI	0	0	0
4C	0	0	0	BS	0	0	0
4D	0	0	0				
TOTAL	31	67,580	8,129	TOTAL	15	31,986	4,931

Increased consolidation is expected even under the status quo, given that fishermen are still learning how to fish under the flexibility of the IFQ program. The marketplace, particularly in the first year of the IFQ program, is still evolving in terms of dockside price of IFQ species and price paid for transferred QS. QS holders' fishing strategies and the marketplace are expected to move toward the most economically efficient use of the resources.

3.1 MANAGEMENT ALTERNATIVES

3.1.1 Alternative 1: Status quo.

Under Alternative 1 (status quo), small QS blocks less than 1,000 pounds of halibut IFQ in the first year of the program (1994) can be combined as long as the resulting block is less than 1,000 pounds. Similarly, small QS blocks less than 3,000 pounds of sablefish IFQ in 1994 can be combined as long as the resulting block is less than 3,000 pounds. This has been termed the "sweeping up" provision and is intended to turn all blocks into "fishable" amounts of QS. Approximately one third of both halibut and sablefish QS holdings, representing 2% of total IFQ pounds were under their respective sweep-up limits (Table 2).

The main focus of the following section is to examine to what extent the proposed amendment alters the potential for maximum consolidation relative to the status quo. The estimates of hypothetical maximum consolidation were made assuming that unblocked halibut QS holders would want to hold the maximum amount allowed for an area. How actual consolidation would be altered by the different alternatives is a difficult question, but it is expected to be less than the hypothetical maximum consolidation under all alternatives, including the status quo.

Halibut: QS blocks less than 1,000 pounds of halibut can be combined as long as the resulting block does not contain QS that would equate to more than 1,000 pounds of IFQ at 1994 levels.

Appendix Tables A1a and b and A2a and b depict the hypothetical maximum consolidation of halibut IFQs by area and sweep-up category for the status quo and Alternative 2 options. Tables A1 a and b contain the number of blocks and Table A2a and b contain the IFQ pounds. The 'a' tables use 1994 as the base year; the 'b' tables update the base year to 1996. The IFQ distributions as they currently exist are shown under the "Current Status" heading. The "Alternative 1" column provides the hypothetical maximum consolidation under the status quo sweep-up limit of less than 1,000 lb.

The "Total" rows provide the "bottom line" effect of the current and proposed sweep-up alternatives. Note that after one year of the IFQ program, the status quo sweep-up limit allows consolidation of total blocked halibut QS in all halibut regulatory areas. While 25% (100%-75%) of all halibut blocks could have been swept-up under the status quo, less than 1% were swept-up in 1995.

The "Alternative 2" column provides the hypothetical maximum consolidation of blocks for Option A (<3,000 lb) and Option B (<5,000 lb). Note that a few blocks less than 1,000 pounds of IFQ remain in each area after the "sweep-up," e.g., the "204+4" in the first row (2C, <1,000) under Alternative 1. This is due to the sweep-up estimation methodology which leaves one person in each "vessel category" in each area with a "remainder" block.

These data are also provided in more detail for each regulatory area in the Appendix. Most consolidation could occur in Areas 2C, 3A, and 3B (to 78, 70, and 74% of current QS blocks). Selecting Area 3A as an example since this area could hypothetically experience the most consolidation through sweeping-up, note that consolidation under the current 1,000 lb sweep-up level could reach a maximum to 70% (another way of expressing this consolidation is that blocks could be reduced by 30% [100-70%]). Compared with the status quo (a total of 2,549 blocks and 6,964,073 lb), consolidation under the current sweep-up limit could reduce the

total number of blocks to 1,785 (the pounds remain the same). Examining this further at the level of IFQ sweep-up category (<1,000 lb), the 1,022 blocks of less than 1,000 lb could be consolidated into 245 blocks of less than 1,000 lb with 4 remaining blocks (one each in vessel categories A, B, C, and D).

When comparing the effects of sweep-up limits on numbers of blocks and IFQ pounds, note that the distribution of the QS/IFQ holders by IFQ category is quite different than the distribution of IFQ pounds by IFQ category. There are a relatively large number of QS holders with relatively small sized holdings. No consolidation actually occurs in the pounds, only the distribution of pounds into different sized blocks.

Table 6 summarizes the effects of block consolidation and IFQ (pounds) distribution of the proposed sweep-up and base year alternatives for halibut. Note that the Council's decision to update the base year to 1996 increases total block consolidation by 1% and adds 972,220 lb to the under the Council's preferred alternative of less than 3,000 lb for the halibut sweep-up level.

Sablefish: QS blocks less than 3,000 pounds of sablefish can be combined as long as the resulting block does not contain QS that would equate to more than 3,000 pounds of IFQ at 1994 levels.

Appendix Tables A3a and b and Tables A4a and b show the hypothetical maximum consolidation of sablefish IFQs by area and sweep-up category for the status quo and Alternative 3 options. Tables A3a and b contain the number of blocks and Tables A4a and b show the pounds of IFQ. The 'a' tables use 1994 as the base year; the 'b' tables update the base year to 1996. The IFQ distributions as they exist currently are shown under the "Current Status" heading. The "Alternative 1" column provides the hypothetical maximum consolidation under the status quo sweep-up limit of less than 3,000 lb.

The "Total" rows provide the "bottom line" effect of the current and proposed sweep-up alternatives. Note that after one year of the IFQ program, the status quo sweep-up limit allows consolidation of total blocked sablefish QS in all regulatory areas. While 39% (100%-61%) of all sablefish blocks could have been swept-up under the status quo, less than 1% were swept-up in 1995.

The "Alternative 3" column provides the hypothetical maximum consolidation of blocks for Option A (<5,000 lb) and Option B (<7,000 lb). Note that a few blocks less than 3,000 pounds of IFQ remain in each area after the "sweep-up", e.g., the "29+3" in the first row (SE, <3,000) under Alternative 1. This is due to the sweep-up estimation methodology which leaves one person in each "vessel category" within an area with a "remainder" block.

These data are also provided in more detail for each regulatory area. Most consolidation could occur in the Central Gulf and West Yakutat (48 and 59% of original QS blocks). Selecting the Central Gulf as an example since this area could hypothetically experience the most consolidation through sweeping-up, note that consolidation under the current 3,000 lb sweep-up level could reach a maximum by 48%. Compared with the status quo (a total of 397 blocks and 967,668 lb), consolidation under the current sweep-up limit could reduce the total number of blocks to 191 (the pounds remain the same). Examining this further at the level of IFQ sweep-up category (<3,000 lb), 244 blocks less than 3,000 lb could be consolidated into 35 blocks less than 3,000 lb with 3 remaining blocks (one each in vessel categories A, B, and C).

When comparing the effects of sweep-up limits on numbers of blocks and IFQ pounds, note that the distribution of the QS/IFQ holders by IFQ category is quite different than the distribution of IFQ pounds by IFQ category. There are a relatively large number of QS holders with relatively small sized holdings. No consolidation actually occurs in the pounds, only the distribution of pounds into different sized blocks.

Table 7 summarizes the effects of block consolidation under the proposed sweep-up and base year alternatives for sablefish. Note that updating the base year to 1996 increases block consolidation by 3% and adds 605,721 lb into swept-up blocks under the Council's preferred alternative of less than 5,000 lb category.

Table 6. Effects of halibut sweep-up alternatives across all regulatory areas and 1994 and 1996 base years.

BLOCKS		CURRENT STATUS		ALTERNATIVE 1 <1,000lb		ALTERNATIVE 2A <3,000lb		ALTERNATIVE 2B <5,000lb	
1994 base year		# Blocks		# Blocks		# Blocks		# Blocks	
IFQs		in Class	Percent	in Class	Percent	in Class	Percent	in Class	Percent
< 1,000		2,136	36%	609+23	14%				
1,000 - 2,999		1,428	24%	1,428	32%	888+25	27%		
3,000 - 4,999		745	12%	745	17%	745	22%	969+27	37%
5,000 +		1,682	28%	1,682	37%	1,682	50%	1,682	63%
TOTAL		5,991	100%	4,489	75%	3,340	56%	2,678	45%

1996 base year

< 1,000	2,425	40%	865+25	20%				
1,000 - 2,999	1,512	25%	1,512	34%	1,211+24	38%		
3,000 - 4,999	738	12%	738	17%	738	22%	1,303+25	50%
5,000 +	1,316	22%	1,316	30%	1,316	40%	1,316	50%
TOTAL	5,991	100%	4,456	74%	3,289	55%	2,644	44%

POUNDS		CURRENT STATUS		ALTERNATIVE 1 <1,000lb		ALTERNATIVE 2A <3,000lb		ALTERNATIVE 2B <5,000lb	
1994 base year		Pounds		*Pounds		Pounds		Pounds	
IFQs		in Class	Percent	in Class	Percent	in Class	Percent	in Class	Percent
< 1,000		623,901	3%	608,391+15,510	3%				
1,000 - 2,999		2,077,220	11%	2,077,220	11%	2,627,124+73,997	15%		
3,000 - 4,999		2,298,794	13%	2,298,794	13%	2,298,794	13%	4,844,031+155,884	27%
5,000 +		13,183,076	73%	13,183,076	73%	13,183,076	73%	13,183,076	73%
TOTAL		18,182,991	100%	18,182,991	100%	18,182,991	100%	18,182,991	100%

1996 base year

< 1,000	879,032	5%	864,135+14,902	5%				
1,000 - 2,999	2,794,289	15%	2,794,289	15%	3,631,789+41,532	20%		
3,000 - 4,999	2,915,739	16%	2,915,739	16%	2,915,739	16%	4,480,107+75,903	36%
5,000 +	11,628,361	64%	11,628,361	64%	11,628,361	64%	11,628,361	64%
TOTAL	18,217,421	100%	18,217,426	100%	18,217,421	100%	18,217,421	100%

Table 7. Effects of sablefish sweep-up alternatives across all regulatory areas and 1994 and 1996 base years.

BLOCKS		CURRENT STATUS		ALTERNATIVE 1 <3,000lb		ALTERNATIVE 3A <5,000lb		ALTERNATIVE 3B <7,000lb	
1994 base year		# Blocks		# Blocks		# Blocks		# Blocks	
	IFQs	in Class	Percent	in Class	Percent	in Class	Percent	in Class	Percent
	< 3,000	725	52%	154+18	20%				
	3,000 - 4,999	147	10%	147	17%	166+18	26%		
	5,000 - 6,999	110	8%	110	13%	110	15%	159+18	29%
	7,000 +	424	30%	424	50%	424	59%	424	71%
	TOTAL	1,406	100%	853	61%	718	51%	601	43%

1996 base year

	< 3,000	852	61%	239+18	32%				
	3,000 - 4,999	186	13%	186	23%	285+18	45%		
	5,000 - 6,999	134	10%	134	17%	134	20%	317+18	59%
	7,000 +	234	17%	234	29%	234	35%	234	41%
	TOTAL	1,406	100%	811	58%	671	48%	569	40%

POUNDS		CURRENT STATUS		ALTERNATIVE 1 <3,000lb		ALTERNATIVE 3A <5,000lb		ALTERNATIVE 3B <7,000lb	
1994 base year		Pounds		*Pounds		Pounds		Pounds	
Sablefish	IFQs	in Class	Percent	in Class	Percent	in Class	Percent	in Class	Percent
	< 3,000	483,318	10%	461,846+21,472	10%				
	3,000 - 4,999	386,613	8%	386,613	8%	779,844+90,087	19%		
	5,000 - 6,999	415,177	9%	415,177	9%	415,177	9%	1,112,841+172,267	28%
	7,000 +	3,385,583	72%	3,385,583	72%	3,385,583	72%	3,385,583	72%
	TOTAL	4,670,691	100%	4,670,691	100%	4,670,691	100%	4,670,691	100%

1996 base year

	< 3,000	744,104	12%	716,761+27,343	12%				
	3,000 - 4,999	731,548	12%	731,548	12%	1,424,715+50,937	23%		
	5,000 - 6,999	799,152	13%	799,152	13%	799,152	13%	2,218,683+56,121	36%
	7,000 +	4,048,061	64%	4,048,061	64%	4,048,061	64%	4,048,061	64%
	TOTAL	6,322,865	100%	6,322,865	100%	6,322,865	100%	6,316,865	100%

3.1.2 Alternative 2: Increase the halibut sweep-up levels under the Modified Block Program to:

(Preferred) Option A. 3,000 lb, set in QS units and based on 1996 TAC levels.

Under Alternative 2, Option A, total blocked QS across all regulatory areas could be hypothetically reduced to 56% of current levels (this can also be described as a reduction of 44%) (Table 6). Most consolidation occurs in Areas 2C, 3A, and 3B (58, 51, and 52% of original QS blocks) (Table A1a). Again using Area 3A as an example, note that consolidation under this option could reach a hypothetical maximum of 51%. Compared with the status quo (a total of 2,549 blocks and 6,964,073 lb), increasing the sweep-up limit to less than 3,000 lb reduces the potential total number of blocks to 1,304 (the pounds remain the same). Examining this further at the level of IFQ sweep-up category (<3,000 lb), 1,022 blocks of less than 1,000 lb + 556 blocks between 1,000 - 2,999 lb (= 1,578 blocks) could be consolidated into 329 blocks of less than 3,000 lb with 4 remaining blocks (one each in vessel categories A, B, C, and D).

Preferred Alternative 2A Option A increases consolidation of blocked holdings to 1,211 compared with 2,402 under the Alternative 1 sweep-up level .

Option B. 5,000 lb.

Under Alternative 2, Option B (<5,000 lb), total blocked QS could be hypothetically reduced to 41% of current levels (or a reduction of 59%) (Table A1a). Most consolidation occurs in the same regulatory areas as under Option A at 47, 41, and 40% of current QS blocks. Again using Area 3A as an example, note that this option could result in consolidation to 41% of the status quo. Compared with the status quo (a total of 2,549 blocks and 6,964,073 lb), increasing the sweep-up limit to less than 5,000 lb reduces the hypothetical number of blocks to 1,047. In more detail, 1,022 blocks of less than 1,000 lb, + 556 blocks between 1,000 - 2,999 lb + 281 blocks between 3,000-4,999 lb (= 1,859 blocks) can be consolidated into 353 blocks of less than 5,000 lb with 4 remaining blocks.

While it appears evident that the hypothetical maximum consolidation will never occur, increasing the sweep-up levels provides additional opportunities for increased consolidation. When compared against Alternative 1, the number of QS blocks could hypothetically decrease by an additional 19% (3,340) under Alternative 2A and 30% (2,678) under Alternative 2B.

In comparing the Alternative 2 options, note that increasing the sweep-up level from Option A (888 + 745+1,682 = 3,340 blocks) to Option B results in a hypothetical consolidation to 2,678 blocks in all halibut areas, affording an additional overall reduction of 11% (56%-45%). Similar reductions occur in each area.

3.1.3 Alternative 3: Increase the sablefish sweep-up levels under the Modified Block Program to:

(Preferred) Option A. 5,000 lb, set in QS units and based on 1996 TAC levels.

Under Alternative 3, Option A (5,000 lb), total blocked QS across all regulatory areas could hypothetically be reduced to 51% of current levels (this can also be described as a reduction of 49%) (Table 7). Again using the Central Gulf area as an example, note that consolidation under this option could reach a maximum to 40% of original QS distribution (Table A3a). Compared with the status quo (a total of 397 blocks and 967,668 lb), increasing the sweep-up limit to less than 5,000 lb hypothetically reduces the total number of blocks to 159 (the pounds remain the same). Examining this further at the level of IFQ sweep-up category (<3,000 lb), the 244 blocks of less than 3,000 lb + 32 blocks between 3,000 - 4,999 lb (= 276 blocks) could be consolidated into 35 blocks of less than 5,000 lb with 3 remaining blocks (one each in vessel categories A, B, and C).

Preferred Alternative 3A Option A increases consolidation of blocked holdings to 285 QS holdings compared with 443 under Alternative 1.

Option B. 7,000 lb.

Under Alternative 3, Option B, total blocked QS could hypothetically be reduced to 43% of current levels (or a reduction of 57%) (Table 7). Again using the Central Gulf, note that consolidation under this option could reach a hypothetical maximum to 33% of original QS distribution (Table A3a). Compared with the status quo (a total of 397 blocks and 967,668 lb), increasing the sweep-up limit to less than 7,000 lb hypothetically reduces the total number of blocks to 131. Examining this further at the level of IFQ sweep-up category (<7,000 lb), 244 blocks of less than 3,000 lb + 32 blocks between 3,000 - 4,999 lb + 26 blocks between 5,000-6,999 lb (= 302 blocks) could be consolidated into 33 blocks of less than 7,000 lb with 3 remaining blocks (one each in vessel categories A, B, and C).

While it appears evident that the hypothetical maximum consolidation will never occur, increasing the sweep-up levels provides additional opportunities for increased consolidation. When compared against Alternative 1, the number of QS blocks could hypothetically decrease by an additional 10% (718) under Alternative 3A and 18% (601) under Alternative 3B.

In comparing the two options, note that increasing the sweep-up level from Option A (166 + 110 + 424 = 718 blocks) to Option B results in a hypothetical consolidation to 601 blocks in all halibut areas, affording an additional overall reduction of 8% (51%-43%). Similar reductions occur in each area.

3.2 Identification of the Individuals or Groups That May Be Affected by the Proposed Action

Quantitative identification of winners and losers under this alternative is not possible because information as to the intentions of specific individuals is not available. Nonetheless, Table 8 lists the numbers of current blocked QS holders in each regulatory area for sablefish and halibut. The 5,412 individuals or corporations who were issued halibut blocked QS and 1,315 individuals or corporations who were issued sablefish blocked QS may potentially be affected by the proposed management action. The numbers of potentially affected individuals are a hypothetical maximum, since not all QS holders are expected to utilize the proposed higher sweep-up levels.

Table 8. 1995 halibut and sablefish blocked QS holders (Source: RAM).

HALIBUT		SABLEFISH	
AREA	TOTAL	AREA	TOTAL
2C	1,796	SE	343
3A	2,290	WY	256
3B	772	CG	371
4A	309	WG	134
4B	118	BS	131
4C	70	AI	80
4D	57	TOTAL	1,315
4E	0		
TOTAL	5,412		

The effect of increasing the maximum size of swept-up blocks under the proposed alternatives for halibut and sablefish is unknown. It is reasonable to assume, however, that for some QS holders the current levels are not sufficient to warrant sweeping-up since less than one percent of possible sweep-up transactions occurred in 1995.

The results from a quota shareholder survey planned for early 1996 by the Alaska Department of Commerce and University of Alaska Anchorage/Institute of Social and Economic Research may address additional reasons for lack of QS consolidation.

3.3 QS Prices

A review of reported QS prices from commercial brokers indicate that prices vary by vessel category, size of halibut QS holdings, and regulatory area (Table 9). Two generalizations can be made: (1) blocked QS sold at lower prices than unblocked QS; and (2) smaller blocks of QS sold at lower prices than larger blocks.

Price data of transferred QS is not currently available from the NMFS Restricted Access Management Division, but is currently being analyzed by the State of Alaska Commercial Fisheries Entry Commission under contract

by NMFS as part of the inter-agency State/Federal review of the first IFQ season. This report is scheduled for presentation to the Council in September 1996.

3.4 Unharvested IFQs

Unharvested QS are the likely source from which to increase sweep-up amounts under the proposed alternatives. As of December 20, 1995, 13% of halibut and 10% of sablefish remained of their respective quotas from the 1995 IFQ season (Table 10). After subtracting QS currently under appeal, remaining halibut and sablefish totaled 11% and 6%, respectively. Unharvested IFQ for halibut ranged between 8% in Area 3A and 29% in Area 4B, and for sablefish, between 1% in Southeast Alaska and 37% in the Aleutian Islands.

Many fishermen indicated they were leaving small QS blocks unfished because they were too small to warrant fishing, in areas that were remote, or where they no longer fished. Some fishermen waited until the end of the season and did not fish due to bad weather. Additionally, the marketplace was weak for transfers of small, blocked quota from fishermen who chose not to fish their QS to those who would have potentially harvested them. For halibut, 33% of all QS issuances were less than the sweep-up level of 1,000 lb; for sablefish, 34% were less than the 3,000 lb sweep-up level (Table 2).

An examination of completely unfished halibut and sablefish IFQ permits by area and size of blocked and unblocked IFQs further illustrates the amount of IFQ left unharvested (Tables 11a and 11b). The majority of unused QS in 1995 resided in small blocks. A discernable pattern occurs for QS permits; the smaller the associated IFQ, the less likely they were to be completely fished.

For halibut, 81% of QS permits for blocked halibut IFQs less than 1,000 lb went completely unfished in 1995 (Table 11a). The percentage of unfished blocked permits decreased as the sweep-up level increased (i.e., 40% of permits between 1,000 and 3,000 lb and 20% of permits between 3,000 to 5,000 lb). Permits issued for holders of both blocked and unblocked ("MLT" in Table 11a and 11b) had much higher use levels. The percentage of unfished, unblocked permits exceeded the percentage of unfished, blocked permits; however, the former permits primarily resulted from very small, unblocked QS pieces issued as compensation for reduced QS in the Bering Sea as a result of the halibut and sablefish Community Development Quota program.

Similar effects are shown in Table 11b for sablefish; whereby 65% of blocked QS permits under 3,000 lb were completely unused. Unfished permits declined to 24% under Alternative 3 Option A and 19% under Option B sweep-up levels. Unblocked permits had even greater percentages of unfished permits under both options. As for halibut, unblocked sablefish QS under 3,000 lb are likely to be CDQ compensation QS.

Amendments 32/36 implemented changes to the IFQ program intended to increase the remunerative value of CDQ compensation QS by relieving the existing transfer restrictions by: (1) exempting some CDQ compensation QS from the block provision, and (2) allowing some CDQ compensation to be transferred across vessel categories. The one-year exemption was approved on December 22, 1995, however, some QS have already

Table 9. Reported prices for halibut and sablefish QS transactions (Source: Access Unlimited, Inc.).

Vessel		B/U	Size	Price/lb
Area	Category			
2C	B	B	1,000	\$7.80
2C	B	U	<1,000	\$6.70-7.00
2C	C	B	<5,000	\$5.50-6.00
2C	C	B	5,000-10,000	\$7.15-8.00
2C	C	U	1,000	\$7.75-7.80
2C	D	B	<5,000	\$4.50-6.50
3A	B	B	7,000-12,000	\$5.00-6.70
3A	B	U	10,000	\$7.25
3A	C	B	500-3,000	\$5.50-6.25
3A	C	B	10,000-15,000	\$6.40-6.50
3A	C	U	12,000	\$6.75
3A	D	B	5,000	\$7.00
3A	D	U	2,000	\$7.53
3B	B	B	2,000-6,000	\$5.00-6.25
3B	C	B	1,000	\$5.00
3B	C	U	20,000	\$8.00
3B	D	B	2,000	\$4.50-5.00
4A	B	B	5,000-10,000	\$5.00-5.50
4A	B	B	10,000-15,000	\$6.25
4A	D	B	5,000	\$5.00
4B	B	B	10,000-15,000	\$5.00
CG	B	U	20,000	\$6.25
CG	C	U	30,000	\$5.50
EY	C	B	<5,000	\$6.00
SE	C	B	1,000	\$7.00
WY	B	U	1,000	\$7.00
WY	B	U	40,000	\$6.00
WY	C	B	1,000	\$5.50
WY	C	B	5,000-10,000	\$5.80

Table 10. 1995 halibut and sablefish IFQ allocations, landings and percent of quota remaining (Source:RAM*).

	TAC			Reserve IFQ	Percent of	Remaining	Percent
	Allocation	Remaining	Percent				
Halibut	Pounds	Pounds	Remaining	Pounds	Allocation	- Reserve	Remaining
2C	9,000,000	1,211,485	13%	10,595	0.1%	1,200,890	13%
3A	20,000,000	2,025,828	10%	322,008	1.6%	1,703,820	9%
3B	3,700,000	528,131	14%	71,285	1.9%	456,846	12%
4A	1,950,000	366,331	19%	81,390	4.2%	284,941	15%
4B	1,848,000	599,667	32%	4,160	0.2%	595,507	32%
4C	385,000	83,779	22%	0	0.0%	83,779	22%
4D	539,000	107,232	20%	0	0.0%	107,232	20%
4E	0	0	0%	0	0.0%	0	0%
Total	37,422,000	4,922,453	13%	489,438	1.3%	4,433,015	12%
Sablefish							
SE	12,996,900	993,716	8%	678,610	5.2%	315,106	2%
WY	8,586,917	593,747	7%	415,299	4.8%	178,448	2%
CG	15,167,648	1,095,058	7%	550,817	3.6%	544,241	4%
WG	4,585,568	634,750	14%	293,888	6.4%	340,862	7%
AI	2,190,072	992,289	45%	138,853	6.3%	853,436	39%
BS	1,410,944	412,625	29%	0	0.0%	412,625	29%
Total	44,938,049	4,722,185	11%	2,077,467	4.6%	2,644,718	6%

*as of March 5, 1996

been transferred since this action was a lessening of government restrictions. More unused, unblocked CDQ compensation QS are expected to be transferred in 1996.

An examination of use rates of State of Alaska Commercial Fishery Entry Commission limited entry permits in selected fisheries for 1993 (most recently available data) indicate that the seemingly high percentage of unused IFQ permits are not uncommon (Table 12). Unused permits ranged between 2 and 52% for 1993 State of Alaska limited entry salmon and herring fisheries.

Table 12. Use rates of limited entry fishery permits in selected Alaska fisheries.

Fishery	Unused permits
Salmon, seine	23%
Salmon, gill net	15%
Salmon, drift gill net	2%
Salmon, set net	9%
Herring, sac roe seine	41%
Herring, sac roe gill net	52%

(Source: 1993 CFEC data for available areas)

3.5 Administrative, Enforcement, and Information Costs

No additional administrative, enforcement, or information costs are expected under any of the alternatives. The actual number of QS holders is expected to decrease under any of the options under Alternatives 2 or 3 as some QS holders of very small blocked QS are likely to transfer their very small blocks for consolidation under a higher sweep-up level.

Table 11b. Number of unfished sablefish permits by area, type* and size of IFQ holding (Source: RAM)

Area	B/U	Under 3,000lb			3,000 to 5,000 lb			5,000 to 7,000 lb		
		total	unfish	%	total	unfish	%	total	unfish	%
SE	BL	141	86	61%	38	5	13%	31	2	6%
SE	MLT	8	2	25%	8	1	13%	3	0	0%
SE	UBL	79	63	80%	5	3	60%	3	0	0%
WY	BL	126	81	64%	21	4	19%	23	2	9%
WY	MLT	6	1	17%	5	1	20%	2	0	0%
WY	UBL	42	34	81%	4	2	50%	2	1	50%
CG	BL	245	142	58%	22	5	23%	20	3	15%
CG	MLT	5	1	20%	2	0	0%	2	0	0%
CG	UBL	23	19	83%	1	0	0%	2	1	50%
WG	BL	47	40	85%	14	4	29%	12	6	50%
WG	MLT	1	0	0%	5	0	0%	0	0	0%
WG	UBL	40	34	85%	1	1	100%	0	0	0%
BS	BL	56	42	75%	23	8	35%	13	6	46%
BS	MLT	0	0	0%	0	0	0%	0	0	0%
BS	UBL	0	0	0%	0	0	0%	0	0	0%
AI	BL	44	37	84%	9	5	56%	9	2	22%
AI	MLT	2	1	50%	0	0	0%	0	0	0%
AI	UBL	3	2	67%	2	1	50%	0	0	0%
Total	BL	659	428	65%	127	31	24%	108	21	19%
Total	MLT	22	7	32%	20	2	10%	7	0	0%
Total	UBL	187	154	82%	13	7	54%	7	2	29%

(* BL = Blocked, MLT = Blocked & Unblocked, or UBL = Unblocked)

Table 11a. Number of unfished halibut permits by area, type* and size of IFQ holding (Source: RAM)

Area	B/U	Under 1,000 lb			1,000 to 3,000lb			3,000 to 5,000 lb		
		total	unfish	%	total	unfish	%	total	unfish	%
2C	BL	680	490	72%	407	117	29%	181	15	8%
2C	MLT	11	5	45%	36	4	11%	22	0	0%
2C	UBL	182	163	90%	42	14	33%	19	5	26%
3A	BL	1,072	902	84%	472	183	39%	193	32	17%
3A	MLT	16	4	25%	39	8	21%	26	3	12%
3A	UBL	93	92	99%	23	15	65%	11	3	27%
3B	BL	346	293	85%	194	79	41%	77	10	13%
3B	MLT	5	2	40%	9	2	22%	9	1	11%
3B	UBL	129	125	97%	7	7	100%	2	1	50%
4A	BL	77	64	83%	85	55	65%	49	20	41%
4A	MLT	2	1	50%	8	2	25%	6	2	33%
4A	UBL	137	131	96%	2	0	0%	3	2	67%
4B	BL	20	19	95%	27	26	96%	19	17	89%
4B	MLT	0	0	0%	0	0	0%	0	0	0%
4B	UBL	0	0	0%	0	0	0%	0	0	0%
4C	BL	21	17	81%	21	15	71%	19	9	47%
4C	MLT	0	0	0%	0	0	0%	0	0	0%
4C	UBL	0	0	0%	0	0	0%	0	0	0%
4D	BL	9	9	100%	18	17	94%	8	5	63%
4D	MLT	0	0	0%	0	0	0%	0	0	0%
4D	UBL	0	0	0%	0	0	0%	0	0	0%
Total	BL	2,225	1,794	81%	1,224	492	40%	546	108	20%
Total	MLT	34	12	35%	92	16	17%	63	6	10%
Total	UBL	541	511	94%	74	36	43%	35	11	48%

(* BL = Blocked, MLT = Blocked & Unblocked, or UBL = Unblocked)

4.0 INITIAL REGULATORY FLEXIBILITY ANALYSIS

The objective of the Regulatory Flexibility Act is to require consideration of the capacity of those affected by regulations to bear the direct and indirect costs of regulation. If an action will have a significant impact on a substantial number of small entities, an Initial Regulatory Flexibility Analysis must be prepared to identify the need for the action, alternatives, potential costs and benefits of the action, the distribution of these impacts, and a determination of net benefits.

NMFS has defined all fish harvesting businesses that are independently owned and operated, not dominant in their field of operation, with annual receipts not in excess of \$2 million as small businesses. In addition, seafood processors with 500 employees or less, wholesale industry members with 100 members or less, not-for-profit enterprises, and government jurisdictions with a population of 50,000 or less are considered small entities. A "substantial number" of small entities would generally be 20% of the total universe of small entities affected by the regulation. A regulation would have a "significant impact" on these small entities if it resulted in a reduction in annual gross revenues by more than 5%, annual compliance costs that increased total costs of production by more than 5%, or compliance costs of small entities that are at least 10% higher than compliance costs as a percent of sales for large entities.

If an action is determined to affect a substantial number of small entities, the analysis must include:

- (1) description and estimate of the number of small entities and total number of entities in a particular affected sector, and total number of small entities affected; and
- (2) analysis of economic impact on small entities, including direct and indirect compliance costs, burden of completing paperwork, or record keeping requirements, effect on the competitive position of small entities, effect on the small entity's cash flow and liquidity, and ability of small entities to remain in the market.

4.1 Economic Impact on Small Entities

These impacts do not appear to be significant within the meaning of the Act. They are not likely to lead to a reduction in the gross revenues received by the small business sector of the fleet.

5.0 LITERATURE CITED

National Marine Fisheries Service. 1994a. Final Environmental Impact Statement for 1995 groundfish total allowable catch specifications. NMFS. Alaska Region, Juneau, Alaska.

———1994b. Section 7 consultation for 1994 total allowable catch specifications for the Bering Sea and Aleutian Islands groundfish fishery. NMFS. Alaska Region, Juneau, Alaska.

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North Pacific Fishery Management Council. 1992. Final Supplemental Environmental Impact Statement and Environmental Impact Statement for Proposed Implementation of an Individual Fishing Quota System for the Halibut and Sablefish Fixed Gear Fisheries off Alaska. North Pacific Fishery Management Council, Anchorage, Alaska.

- 1994. Regulatory Impact Review for Amendments 30/34 to the GOA and BSAI Fishery Management Plans (CDQ Reserve Program for Sablefish). NPFMC, 605 West Fourth Avenue, Suite 306, Anchorage, Alaska. 20 p.
- 1994. Environmental Assessment/Regulatory Impact Review/Initial Regulatory Flexibility Analysis for Amendments 31/35 to the GOA and BSAI Fishery Management Plans (Block Proposal). NPFMC, 605 West Fourth Avenue, Suite 306, Anchorage, Alaska. 283 p.
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- USFWS. 1989. Formal consultation with the U.S. Fish and Wildlife Service pursuant to Section 7 of the Endangered Species Act. Biological Opinion, July 3, 1989. Communication to NMFS. Alaska Region, Juneau, Alaska.
- 1994. Formal consultation with the U.S. Fish and Wildlife Service pursuant to Section 7 of the Endangered Species Act. Biological Opinion, February 14, 1994. Communication to NMFS. Alaska Region, Juneau, Alaska.

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APPENDIX

Table A1a. Distribution of halibut IFQs based on 1994 using 1996 TACs swept up to 1,000 lb (status quo), 3,000 lb, and 5,000 lb.

Halibut Area	IFQs	CURRENT STATUS		ALTERNATIVE 1 <1,000lb		ALTERNATIVE 2A <3,000lb		ALTERNATIVE 2B <5,000lb	
		# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent
2C	< 1,000	652	33%	204+4	13%				
	1,000 - 2,999	475	24%	475	31%	290+4	25%		
	3,000 - 4,999	257	13%	257	17%	257	22%	324+4	35%
	5,000 +	615	31%	615	40%	615	53%	615	65%
	TOTAL	1,999	100%	1,555	78%	1,166	58%	943	47%
3A	< 1,000	1,022	40%	245+4	14%				
	1,000 - 2,999	556	22%	556	31%	329+4	26%		
	3,000 - 4,999	281	11%	281	16%	281	22%	353+4	34%
	5,000 +	690	27%	690	39%	690	53%	690	66%
	TOTAL	2,549	100%	1,785	70%	1,304	51%	1,047	41%
3B	< 1,000	340	40%	114+4	19%				
	1,000 - 2,999	239	28%	239	38%	167+4	38%		
	3,000 - 4,999	108	13%	108	17%	108	24%	172+4	51%
	5,000 +	170	20%	170	27%	170	38%	170	49%
	TOTAL	857	100%	635	74%	449	52%	346	40%
4A	< 1,000	87	26%	38+4	14%				
	1,000 - 2,999	103	31%	103	36%	76+4	36%		
	3,000 - 4,999	59	18%	59	20%	59	26%	88+4	52%
	5,000 +	86	26%	86	30%	86	38%	86	48%
	TOTAL	335	100%	290	87%	225	67%	178	53%
4B	< 1,000	16	13%	6+4	9%				
	1,000 - 2,999	27	22%	27	23%	16+4	20%		
	3,000 - 4,999	19	16%	19	16%	19	19%	20+4	29%
	5,000 +	60	49%	60	52%	60	61%	60	71%
	TOTAL	122	100%	116	95%	99	81%	84	69%
4C	< 1,000	12	17%	1+3	6%				
	1,000 - 2,999	15	21%	15	24%	4+3	14%		
	3,000 - 4,999	11	15%	11	17%	11	22%	4+4	20%
	5,000 +	33	46%	33	52%	33	65%	33	80%
	TOTAL	71	100%	63	89%	51	72%	41	58%
4D	< 1,000	7	12%	1+2	6%				
	1,000 - 2,999	13	22%	13	24%	6+2	17%		
	3,000 - 4,999	10	17%	10	19%	10	22%	8+3	28%
	5,000 +	28	48%	28	52%	28	61%	28	72%
	TOTAL	58	100%	54	93%	46	79%	39	67%
TOTAL	< 1,000	2,136	36%	609+23	14%				
	1,000 - 2,999	1,428	24%	1,428	32%	888+25	27%		
	3,000 - 4,999	745	12%	745	17%	745	22%	969+27	37%
	5,000 +	1,682	28%	1,682	37%	1,682	50%	1,682	63%
	TOTAL	5,991	100%	4,489	75%	3,340	56%	2,678	45%

* the first number equals the number of swept-up blocks, the second number equals remainder (un-swept amount)

Table A1b. Distribution of halibut IFQs based on 1996 TACs swept up to 1,000 lb (status quo), 3,000 lb, and 5,000 lb.

Halibut Area	IFQs	CURRENT STATUS		ALTERNATIVE 1 <1,000lb		ALTERNATIVE 2A <3,000lb		ALTERNATIVE 2B <5,000lb	
		# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent
2C	< 1,000	753	38%	293+4	19%				
	1,000 - 2,999	507	25%	507	33%	407+4	36%		
	3,000 - 4,999	264	13%	264	17%	264	23%	452+4	49%
	5,000 +	475	24%	475	31%	475	41%	475	51%
	TOTAL	1,999	100%	1,543	77%	1,150	58%	931	47%
3A	< 1,000	1,165	46%	369+4	21%				
	1,000 - 2,999	601	24%	601	34%	491+4	39%		
	3,000 - 4,999	265	10%	265	15%	265	21%	503+4	49%
	5,000 +	518	20%	518	29%	518	40%	518	51%
	TOTAL	2,549	100%	1,757	69%	1,280	50%	1,025	40%
3B	< 1,000	371	43%	143+4	23%				
	1,000 - 2,999	235	27%	235	37%	192+4	44%		
	3,000 - 4,999	100	12%	100	16%	100	22%	193+4	57%
	5,000 +	151	18%	151	24%	151	34%	151	43%
	TOTAL	857	100%	633	74%	447	52%	348	41%
4A	< 1,000	87	26%	39+4	15%				
	1,000 - 2,999	103	31%	103	35%	76+3	35%		
	3,000 - 4,999	62	19%	62	21%	62	28%	93+3	54%
	5,000 +	83	25%	83	29%	83	37%	83	46%
	TOTAL	335	100%	291	87%	224	67%	179	53%
4B	< 1,000	19	16%	9+4	11%				
	1,000 - 2,999	28	23%	28	24%	19+3	23%		
	3,000 - 4,999	21	17%	21	18%	21	22%	27+3	36%
	5,000 +	54	44%	54	47%	54	56%	54	64%
	TOTAL	122	100%	116	95%	97	80%	84	69%
4C	< 1,000	21	30%	9+3	19%				
	1,000 - 2,999	21	30%	21	34%	15+3	38%		
	3,000 - 4,999	18	25%	18	29%	18	38%	23+4	71%
	5,000 +	11	15%	11	18%	11	23%	11	29%
	TOTAL	71	100%	62	87%	47	66%	38	54%
4D	< 1,000	9	16%	3+2	9%				
	1,000 - 2,999	17	29%	17	31%	11+3	30%		
	3,000 - 4,999	8	14%	8	15%	8	17%	12+3	38%
	5,000 +	24	41%	24	44%	24	52%	24	62%
	TOTAL	58	100%	54	93%	46	79%	39	67%
TOTAL	< 1,000	2,425	40%	865+25	20%				
	1,000 - 2,999	1,512	25%	1,512	34%	1,211+24	38%		
	3,000 - 4,999	738	12%	738	17%	738	22%	1,303+25	50%
	5,000 +	1,316	22%	1,316	30%	1,316	40%	1,316	50%
	TOTAL	5,991	100%	4,456	74%	3,289	55%	2,644	44%

* the first number equals the number of swept-up blocks, the second number equals remainder (un-swept amount)

Table A2a. Distribution of halibut IFQs based on 1994 using 1996 TACs swept up to 1,000 lb (status quo), 3,000 lb, and 5,000 lb.

Halibut Area	IFQs	CURRENT STATUS		ALTERNATIVE 1 <1,000lb		ALTERNATIVE 2A <3,000lb		ALTERNATIVE 2B <5,000lb	
		Pounds in Class	Percent	*Pounds in Class	Percent	Pounds in Class	Percent	Pounds in Class	Percent
2C	< 1,000	205,451	3%	203,796+1,655	3%				
	1,000 - 2,999	669,867	11%	669,867	11%	860,713+14,605	14%		
	3,000 - 4,999	777,167	12%	777,167	12%	777,167	12%	1,619,676+32,809	26%
	5,000 +	4,697,407	74%	4,697,407	74%	4,697,407	74%	4,697,407	74%
	TOTAL	6,349,892	100%	6,349,892	100%	6,349,892	100%	6,349,892	100%
3A	< 1,000	246,499	4%	244,755+1,744	4%				
	1,000 - 2,999	747,561	11%	747,561	11%	980,673+13,387	14%		
	3,000 - 4,999	793,102	11%	793,102	11%	793,102	11%	1,764,647+22,515	26%
	5,000 +	5,176,911	74%	5,176,911	74%	5,176,911	74%	5,176,911	74%
	TOTAL	6,964,073	100%	6,964,073	100%	6,964,073	100%	6,964,073	100%
3B	< 1,000	116,089	5%	113,886+2,203	5%				
	1,000 - 2,999	391,023	16%	391,023	16%	494,835+12,277	21%		
	3,000 - 4,999	380,445	16%	380,445	16%	380,445	16%	859,828+27,729	37%
	5,000 +	1,525,425	63%	1,525,425	63%	1,525,425	63%	1,525,425	63%
	TOTAL	2,412,982	100%	2,412,982	100%	2,412,982	100%	2,412,982	100%
4A	< 1,000	42,612	3%	37,962+4,650	3%				
	1,000 - 2,999	189,781	14%	189,781	14%	218,927+13,466	17%		
	3,000 - 4,999	231,258	17%	231,258	17%	231,258	17%	439,912+23,739	34%
	5,000 +	881,802	66%	881,802	66%	881,802	66%	881,802	66%
	TOTAL	1,345,453	100%	1,345,453	100%	1,345,453	100%	1,345,453	100%
4B	< 1,000	8,421	1%	5,994+2,427	1%				
	1,000 - 2,999	43,653	7%	43,653	7%	41,986+10,088	8%		
	3,000 - 4,999	63,623	10%	63,623	10%	63,623	10%	99,980+15,717	18%
	5,000 +	536,353	82%	536,353	82%	536,353	82%	536,353	82%
	TOTAL	652,050	100%	652,050	100%	652,050	100%	652,050	100%
4C	< 1,000	3,094	2%	999+2,095	2%				
	1,000 - 2,999	15,218	8%	15,218	8%	11,996+6,316	9%		
	3,000 - 4,999	24,170	12%	24,170	12%	24,170	12%	19,996+22,486	21%
	5,000 +	156,167	79%	156,167	79%	156,167	79%	156,167	79%
	TOTAL	198,649	100%	198,649	100%	198,649	100%	198,649	100%
4D	< 1,000	1,735	1%	999+736	1%				
	1,000 - 2,999	20,117	8%	20,117	8%	17,994+3,858	8%		
	3,000 - 4,999	29,029	11%	29,029	11%	29,029	11%	39,992+10,889	20%
	5,000 +	209,011	80%	209,011	80%	209,011	80%	209,011	80%
	TOTAL	259,892	100%	259,892	100%	259,892	100%	259,892	100%
TOTAL	< 1,000	623,901	3%	608,391+15,510	3%				
	1,000 - 2,999	2,077,220	11%	2,077,220	11%	2,627,124+73,997	15%		
	3,000 - 4,999	2,298,794	13%	2,298,794	13%	2,298,794	13%	4,844,031+155,884	27%
	5,000 +	13,183,076	73%	13,183,076	73%	13,183,076	73%	13,183,076	73%
	TOTAL	18,182,991	100%	18,182,991	100%	18,182,991	100%	18,182,991	100%

* the first number equals the number of swept-up pounds, the second number equals remainder (un-swept amount)

Table A2b. Distribution of halibut IFQs based on 1996 TACs swept up to 1,000 lb (status quo), 3,000 lb, and 5,000 lb

Halibut Area	IFQs	CURRENT STATUS		ALTERNATIVE 1 <1,000lb		ALTERNATIVE 2A <3,000lb		ALTERNATIVE 2B <5,000lb	
		Pounds in Class	Percent	*Pounds in Class	Percent	Pounds in Class	Percent	Pounds in Class	Percent
2C	< 1,000	295,477	5%	292,707+2,770	5%				
	1,000 - 2,999	930,587	15%	930,587	15%	1,220,593+5,471	19%		
	3,000 - 4,999	1,049,525	16%	1,049,525	16%	1,049,525	16%	2,259,548+16,041	36%
	5,000 +	4,091,098	64%	4,091,098	64%	4,091,098	64%	4,091,098	64%
	TOTAL	6,366,687	100%	6,366,687	100%	6,366,687	100%	6,366,687	100%
3A	< 1,000	370,658	5%	368,631+2,027	5%				
	1,000 - 2,999	1,105,852	16%	1,105,852	16%	1,472,509+4,001	21%		
	3,000 - 4,999	1,044,159	15%	1,044,159	15%	1,044,159	15%	2,514,497+6,712	36%
	5,000 +	4,451,082	64%	4,451,082	64%	4,451,082	64%	4,451,082	64%
	TOTAL	6,971,751	100%	6,971,751	100%	6,971,751	100%	6,971,751	100%
3B	< 1,000	145,258	6%	142,857+2,401	6%				
	1,000 - 2,999	438,174	18%	438,174	18%	575,808+7,624	24%		
	3,000 - 4,999	392,677	16%	392,677	16%	392,677	16%	964,807+11,302	40%
	5,000 +	1,439,238	60%	1,439,238	60%	1,439,238	60%	1,439,238	60%
	TOTAL	2,415,347	100%	2,415,347	100%	2,415,347	100%	2,415,347	100%
4A	< 1,000	42,612	3%	38,961+3,651	3%				
	1,000 - 2,999	189,781	14%	189,781	14%	227,924+4,469	17%		
	3,000 - 4,999	247,007	18%	247,007	18%	247,007	18%	464,907+14,493	36%
	5,000 +	869,995	64%	869,995	64%	869,995	64%	869,995	64%
	TOTAL	1,349,395	100%	1,349,395	100%	1,349,395	100%	1,349,395	100%
4B	< 1,000	11,226	2%	8,991+2,235	2%				
	1,000 - 2,999	52,116	8%	52,116	8%	56,981+6,361	10%		
	3,000 - 4,999	80,939	12%	80,939	12%	80,939	12%	134,973+9,308	22%
	5,000 +	511,422	78%	511,422	78%	511,422	78%	511,422	78%
	TOTAL	655,703	100%	655,703	100%	655,703	100%	655,703	100%
4C	< 1,000	10,347	5%	8,991+1,356	5%				
	1,000 - 2,999	43,613	22%	43,613	22%	44,985+8,975	27%		
	3,000 - 4,999	69,435	35%	69,435	35%	69,435	35%	114,977+8,418	62%
	5,000 +	75,253	38%	75,253	38%	75,253	38%	75,253	38%
	TOTAL	198,648	100%	198,648	100%	198,648	100%	198,648	100%
4D	< 1,000	3,454	1%	2,997+457	1%				
	1,000 - 2,999	34,166	13%	34,166	13%	32,989+4,631	14%		
	3,000 - 4,999	31,997	12%	31,997	12%	31,997	12%	59,988+9,629	27%
	5,000 +	190,273	73%	190,273	73%	190,273	73%	190,273	73%
	TOTAL	259,890	100%	259,890	100%	259,890	100%	259,890	100%
TOTAL	< 1,000	879,032	5%	864,135+14,902	5%				
	1,000 - 2,999	2,794,289	15%	2,794,289	15%	3,631,789+41,532	20%		
	3,000 - 4,999	2,915,739	16%	2,915,739	16%	2,915,739	16%	4,480,107+75,903	36%
	5,000 +	11,628,361	64%	11,628,361	64%	11,628,361	64%	11,628,361	64%
	TOTAL	18,217,421	100%	18,217,426	100%	18,217,421	100%	18,217,421	100%

* the first number equals the number of swept-up pounds, the second number equals remainder (un-swept amount)

Table A3a. Distribution of sablefish IFQs based on 1994 using 1996 TACs swept up to 3,000 lb (status quo), 5,000 lb, and 7,000 lb.

Sablefish Area	IFQs	CURRENT STATUS		ALTERNATIVE 1 <3,000lb		ALTERNATIVE 3A <5,000lb		ALTERNATIVE 3B <7,000lb	
		# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent
SE	< 3,000	159	41%	29+3	12%				
	3,000 - 4,999	47	12%	47	18%	40+3	19%		
	5,000 - 6,999	37	10%	37	14%	37	16%	45+3	25%
	7,000 +	145	37%	145	56%	145	64%	145	75%
	TOTAL	388	100%	261	67%	225	58%	193	50%
WY	< 3,000	139	51%	25+3	18%				
	3,000 - 4,999	24	9%	24	15%	24+3	20%		
	5,000 - 6,999	23	8%	23	14%	23	17%	26+3	25%
	7,000 +	85	31%	85	53%	85	63%	85	75%
	TOTAL	271	100%	160	59%	135	50%	114	42%
CG	< 3,000	244	61%	35+3	20%				
	3,000 - 4,999	32	8%	32	17%	35+3	24%		
	5,000 - 6,999	26	7%	26	14%	26	16%	33+3	27%
	7,000 +	95	24%	95	50%	95	60%	95	73%
	TOTAL	397	100%	191	48%	159	40%	131	33%
WG	< 3,000	53	40%	16+3	19%				
	3,000 - 4,999	16	12%	16	16%	20+3	26%		
	5,000 - 6,999	13	10%	13	13%	13	15%	21+3	32%
	7,000 +	52	39%	52	52%	52	59%	52	68%
	TOTAL	134	100%	100	75%	88	66%	76	57%
BS	< 3,000	96	72%	47+3	57%				
	3,000 - 4,999	12	9%	12	14%	42+3	63%		
	5,000 - 6,999	4	3%	4	5%	4	6%	31+3	61%
	7,000 +	22	16%	22	25%	22	31%	22	39%
	TOTAL	134	100%	88	66%	71	53%	56	42%
AI	< 3,000	34	41%	2+3	9%				
	3,000 - 4,999	16	20%	16	30%	5+3	20%		
	5,000 - 6,999	7	9%	7	13%	7	18%	3+3	19%
	7,000 +	25	30%	25	47%	25	63%	25	81%
	TOTAL	82	100%	53	65%	40	49%	31	38%
TOTAL	< 3,000	725	52%	154+18	20%				
	3,000 - 4,999	147	10%	147	17%	166+18	26%		
	5,000 - 6,999	110	8%	110	13%	110	15%	159+18	29%
	7,000 +	424	30%	424	50%	424	59%	424	71%
	TOTAL	1,406	100%	853	61%	718	51%	601	43%

* the first number equals the number of swept-up blocks, the second number equals remainder (un-swept amount)

Table A3b. Distribution of sablefish IFQs based on 1996 TACs swept up to 3,000 lb (status quo), 5,000 lb, and 7,000 lb.

Sablefish Area	IFQs	CURRENT STATUS		ALTERNATIVE 1 <3,000lb		ALTERNATIVE 3A <5,000lb		ALTERNATIVE 3B <7,000lb	
		# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent	# Blocks in Class	Percent
SE	< 3,000	205	53%	66+3	27%				
	3,000 - 4,999	51	13%	51	20%	80+3	39%		
	5,000 - 6,999	53	14%	53	21%	53	25%	102+3	57%
	7,000 +	79	20%	79	31%	79	37%	79	43%
	TOTAL	388	100%	252	65%	215	55%	184	47%
WY	< 3,000	169	62%	48+3	33%				
	3,000 - 4,999	42	15%	42	27%	62+3	52%		
	5,000 - 6,999	31	11%	31	20%	31	25%	70+3	72%
	7,000 +	29	11%	29	19%	29	23%	29	28%
	TOTAL	271	100%	153	56%	125	46%	102	38%
CG	< 3,000	281	71%	62+3	36%				
	3,000 - 4,999	37	9%	37	20%	66+3	47%		
	5,000 - 6,999	27	7%	27	15%	27	18%	71+3	59%
	7,000 +	52	13%	52	29%	52	35%	52	41%
	TOTAL	397	100%	181	46%	148	37%	126	32%
WG	< 3,000	56	42%	19+3	22%				
	3,000 - 4,999	19	14%	19	19%	25+3	32%		
	5,000 - 6,999	14	10%	14	14%	14	16%	29+3	42%
	7,000 +	45	34%	45	45%	45	52%	45	58%
	TOTAL	134	100%	100	75%	87	65%	77	57%
BS	< 3,000	79	59%	26+3	35%				
	3,000 - 4,999	20	15%	20	24%	29+3	48%		
	5,000 - 6,999	6	4%	6	7%	6	9%	27+3	51%
	7,000 +	29	22%	29	35%	29	43%	29	49%
	TOTAL	134	100%	84	63%	67	50%	59	44%
AI	< 3,000	62	76%	18+3	51%				
	3,000 - 4,999	17	21%	17	41%	23+3	90%		
	5,000 - 6,999	3	4%	3	7%	3	10%	18+3	100%
	7,000 +	-	0%	-	0%	-	0%	-	0%
	TOTAL	82	100%	41	50%	29	35%	21	26%
TOTAL	< 3,000	852	61%	239+18	32%				
	3,000 - 4,999	186	13%	186	23%	285+18	45%		
	5,000 - 6,999	134	10%	134	17%	134	20%	317+18	59%
	7,000 +	234	17%	234	29%	234	35%	234	41%
	TOTAL	1,406	100%	811	58%	671	48%	569	40%

* the first number equals the number of swept-up blocks, the second number equals remainder (un-swept amount)

Table A4a. Distribution of sablefish IFQs based on 1994 using 1996 TACs swept up to 3,000 lb (status quo), 5,000 lb, and 7,000 lb.

Sablefish Area	IFQs	CURRENT STATUS		ALTERNATIVE 1 <3,000lb		ALTERNATIVE 3A <5,000lb		ALTERNATIVE 3B <7,000lb	
		Pounds in Class	Percent	*Pounds in Class	Percent	Pounds in Class	Percent	Pounds in Class	Percent
SE	< 3,000	90,564	6%	86,971+3,593	6%				
	3,000 - 4,999	114,783	8%	114,783	8%	194,961+10,386	14%		
	5,000 - 6,999	136,486	9%	136,486	9%	136,486	9%	314,955+26,878	23%
	7,000 +	1,151,522	77%	1,151,522	77%	1,151,522	77%	1,151,522	77%
	TOTAL	1,493,355	100%	1,493,355	100%	1,493,355	100%	1,494,355	100%
WY	< 3,000	78,987	10%	74,975+4,012	10%				
	3,000 - 4,999	52,363	7%	52,363	7%	114,977+16,373	17%		
	5,000 - 6,999	76,838	10%	76,838	10%	76,838	10%	181,974+26,214	27%
	7,000 +	561,351	73%	561,351	73%	561,351	73%	561,351	73%
	TOTAL	769,539	100%	769,539	100%	769,539	100%	769,539	100%
CG	< 3,000	108,372	11%	104,965+3,407	11%				
	3,000 - 4,999	69,470	7%	69,470	7%	159,968+17,874	18%		
	5,000 - 6,999	88,715	9%	88,715	9%	88,715	9%	230,967+35,590	28%
	7,000 +	701,111	72%	701,111	72%	701,111	72%	701,111	72%
	TOTAL	967,668	100%	967,668	100%	967,668	100%	967,668	100%
WG	< 3,000	51,171	7%	47,984+3,187	7%				
	3,000 - 4,999	57,131	8%	57,131	8%	94,981+13,321	16%		
	5,000 - 6,999	66,405	10%	66,405	10%	66,405	10%	146,979+27,728	25%
	7,000 +	522,978	75%	522,978	75%	522,978	75%	522,978	75%
	TOTAL	697,685	100%	697,685	100%	697,685	100%	697,685	100%
BS	< 3,000	144,217	24%	140,953+3,264	24%				
	3,000 - 4,999	72,919	12%	72,919	12%	194,961+22,175	36%		
	5,000 - 6,999	32,490	5%	32,490	5%	32,490	5%	216,969+32,657	41%
	7,000 +	353,824	59%	353,824	59%	353,824	59%	353,824	59%
	TOTAL	603,450	100%	603,450	100%	603,450	100%	603,450	100%
AI	< 3,000	10,007	7%	5,998+4,009	7%				
	3,000 - 4,999	19,947	14%	19,947	14%	19,996+9,958	22%		
	5,000 - 6,999	14,243	10%	14,243	10%	14,243	10%	20,997+23,200	32%
	7,000 +	94,797	68%	94,797	68%	94,797	68%	94,797	68%
	TOTAL	138,994	100%	138,994	100%	138,994	100%	138,994	100%
TOTAL	< 3,000	483,318	10%	461,846+21,472	10%				
	3,000 - 4,999	386,613	8%	386,613	8%	779,844+90,087	19%		
	5,000 - 6,999	415,177	9%	415,177	9%	415,177	9%	1,112,841+172,267	28%
	7,000 +	3,385,583	72%	3,385,583	72%	3,385,583	72%	3,385,583	72%
	TOTAL	4,670,691	100%	4,670,691	100%	4,670,691	100%	4,670,691	100%

* the first number equals the number of swept-up pounds, the second number equals remainder (un-swept amount)

Table A4b. Distribution of sablefish IFQs based on 1996 TACs swept up to 3,000 lb (status quo), 5,000 lb, and 7,000 lb

Sablefish Area	IFQs	CURRENT STATUS		ALTERNATIVE 1 <3,000lb		ALTERNATIVE 3A <5,000lb		ALTERNATIVE 3B <7,000lb	
		Pounds in Class	Percent	*Pounds in Class	Percent	Pounds in Class	Percent	Pounds in Class	Percent
SE	< 3,000	202,301	10%	197,934+4,367	10%				
	3,000 - 4,999	199,672	10%	199,672	10%	399,920+2,053	20%		
	5,000 - 6,999	317,324	16%	317,324	16%	317,324	16%	713,898+5399	36%
	7,000 +	1,257,480	64%	1,257,480	64%	1,257,480	64%	1,257,480	64%
	TOTAL	1,976,777	100%	1,976,777	100%	1,976,777	100%	1,976,777	100%
WY	< 3,000	148,836	14%	143,952+4,884	14%				
	3,000 - 4,999	169,568	15%	169,568	15%	309,938+8,466	29%		
	5,000 - 6,999	182,210	17%	182,210	17%	182,210	17%	489,930+10,684	46%
	7,000 +	595,157	54%	595,157	54%	595,157	54%	595,157	54%
	TOTAL	1,095,771	100%	1,095,771	100%	1,095,771	100%	1,095,771	100%
CG	< 3,000	192,392	16%	185,938+6,454	16%				
	3,000 - 4,999	146,016	12%	146,016	12%	329,934+8,474	27%		
	5,000 - 6,999	162,162	13%	162,162	13%	162,162	13%	496,929+3,641	41%
	7,000 +	733,658	59%	733,658	59%	733,658	59%	733,658	59%
	TOTAL	1,234,228	100%	1,234,228	100%	1,234,228	100%	1,234,228	100%
WG	< 3,000	59,713	7%	56,981+2,732	7%				
	3,000 - 4,999	75,303	9%	75,303	9%	124,975+10,041	16%		
	5,000 - 6,999	84,816	10%	84,816	10%	84,816	10%	202,971+16,861	25%
	7,000 +	643,449	75%	643,449	75%	643,449	75%	643,449	75%
	TOTAL	863,281	100%	863,281	100%	863,281	100%	863,281	100%
BS	< 3,000	83,513	9%	77,974+5,539	9%				
	3,000 - 4,999	75,541	8%	75,541	8%	144,971+14,083	17%		
	5,000 - 6,999	36,441	4%	36,441	4%	36,441	4%	188,973+6,522	21%
	7,000 +	721,764	79%	721,764	79%	721,764	79%	721,764	79%
	TOTAL	917,259	100%	917,259	100%	917,259	100%	917,259	100%
AI	< 3,000	57,349	24%	53,982+3,367	24%				
	3,000 - 4,999	65,448	28%	65,448	28%	114,977+7,820	52%		
	5,000 - 6,999	16,199	7%	16,199	7%	16,199	7%	125,982+13,014	59%
	7,000 +	96,553	41%	96,553	41%	96,553	41%	96,553	41%
	TOTAL	235,549	100%	235,549	100%	235,549	100%	235,549	100%
TOTAL	< 3,000	744,104	12%	716,761+27,343	12%				
	3,000 - 4,999	731,548	12%	731,548	12%	1,424,715+50,937	23%		
	5,000 - 6,999	799,152	13%	799,152	13%	799,152	13%	2,218,683+56,121	36%
	7,000 +	4,048,061	64%	4,048,061	64%	4,048,061	64%	4,048,061	64%
	TOTAL	6,322,865	100%	6,322,865	100%	6,322,865	100%	6,316,865	100%

* the first number equals the number of swept-up pounds, the second number equals remainder (un-swept amount)