

Executive Director's Report

Council Coordination Committee

In mid-May the NPFMC hosted the annual Council Coordination Committee (CCC), consisting of the Chairs, Vice-Chairs, and Executive Directors of the eight regional fishery management councils, along with leadership from NOAA Fisheries headquarters, the regions, and the science centers. Among the items discussed were budget matters, coastal and marine spatial planning, ACL implementation, NOAA's catch share policy, and NEPA application to fisheries actions. A meeting summary is still in preparation and will be distributed later this month.

Recreational Fishing Summit

In April NOAA Fisheries hosted the national Recreational Saltwater Fishing Summit in Alexandria, VA with over 170 participants from around the country. Item B-1(a) is an Executive Summary of the meeting – the lengthy full report has just been released and will be provided to you in the next Council mailing after this meeting.

Pollock CIE review

During the week of June 28 to July 2 the Center for Independent Experts (CIE) will be conducting a review of the agency's stock assessment of Eastern Bering Sea walleye pollock at the Alaska Fisheries Science Center in Seattle. The meeting is open to the public. The Federal Register notice for this meeting is included under Item B-1(b).

Salmon bycatch data collection workshop

Also at the Alaska Fisheries Science Center, on June 21 from 9:00 am to 5:00 pm, NMFS will be hosting a workshop to solicit comments from the Bering Sea pollock trawl industry on data forms for evaluating the BSAI Chinook bycatch program (Amendment 91). The workshop is open to the public, but NMFS is particularly seeking input from the affected pollock industry. The meeting is in Building 4, the Traynor Conference Room, at the AFSC, 7600 Sand Point Way in Seattle. For further information contact Ron Felthoven at 206-526-4114.

Plan Team nominations

NMFS has nominated Ms. Peggy Murphy to replace Gretchen Harrington on the Council's Scallop Plan Team (Item B-1(c)), and Mr. Chris Lunsford to replace Jeff Fujioka on the GOA Groundfish Plan Team (Item B-1(d)). Ms. Murphy has extensive experience at both the Federal and State level, and Mr. Lunsford likewise has extensive experience in groundfish stock assessments and surveys. The SSC will review the nominations and provide their recommendation to the Council at this meeting.

SSC vacancy

Following this June meeting, the SSC will have a vacancy for a State of Oregon representative, as Dr. Troy Buell will be taking a new position as the State Fishery Management Program Leader and will no longer be able to serve on the SSC. I would like to take this opportunity, on behalf of the Council, to express our appreciation for Troy's service on our SSC, and to wish him the best in his new position. We will look forward to Oregon's nomination for a replacement for Troy.

Proposed rule for loan program

Item B-1(e) is the proposed rule for individual fishing quota loan program regulations, including descriptions for the current lending policy for halibut and sablefish loans, and proposed inclusion of both the CDQ loan program and the crab IFQ loan program developed by the Council. The comment period for this proposed rule closed on June 4, and Council staff were unable to review and provide comment by that deadline; however, it appears that the proposed rule contains some of the provisions recommended by the Council relative to the crab loan program, but it is still unclear whether some of them will actually be specified in the regulation (as opposed to referencing potential future specification – an example is the ownership limits). At this time I simply wanted to make you aware that a proposed rule had finally been published relative to this program. The Council's recommended provisions are included for reference as Item B-1(f). We intend to have further discussions with appropriate NOAA staff to ascertain whether the specific provisions recommended by the Council will be implemented through this regulation.

NOAA's Arctic Vision and Strategy

NOAA has developed an Arctic Strategy to guide agency actions in the region over the next five years, which we received in mid-May with a comment deadline of June 10 (tomorrow). This document was sent to you recently, and is included under Item B-1(g). I have reviewed the document, which reflects a renewed commitment to address Arctic issues at a number of levels, and I do not have any specific suggestions for Council comment (other than to note a reference to 'king crab' as a 'key Arctic species', which perhaps was meant to be opilio crab). The only other thing I would note is that the strategy document does not make any reference to increased fishery resource assessment initiatives; rather, it notes a commitment to follow through with surveys already planned.

Events this week

Item B-1(h) is an announcement of an invasive species workshop being hosted this weekend by the Sitka Science Center. While this will be occurring during our Council meeting, I wanted to help spread the word for those who might be able to attend. Details are included in the attached flyer.

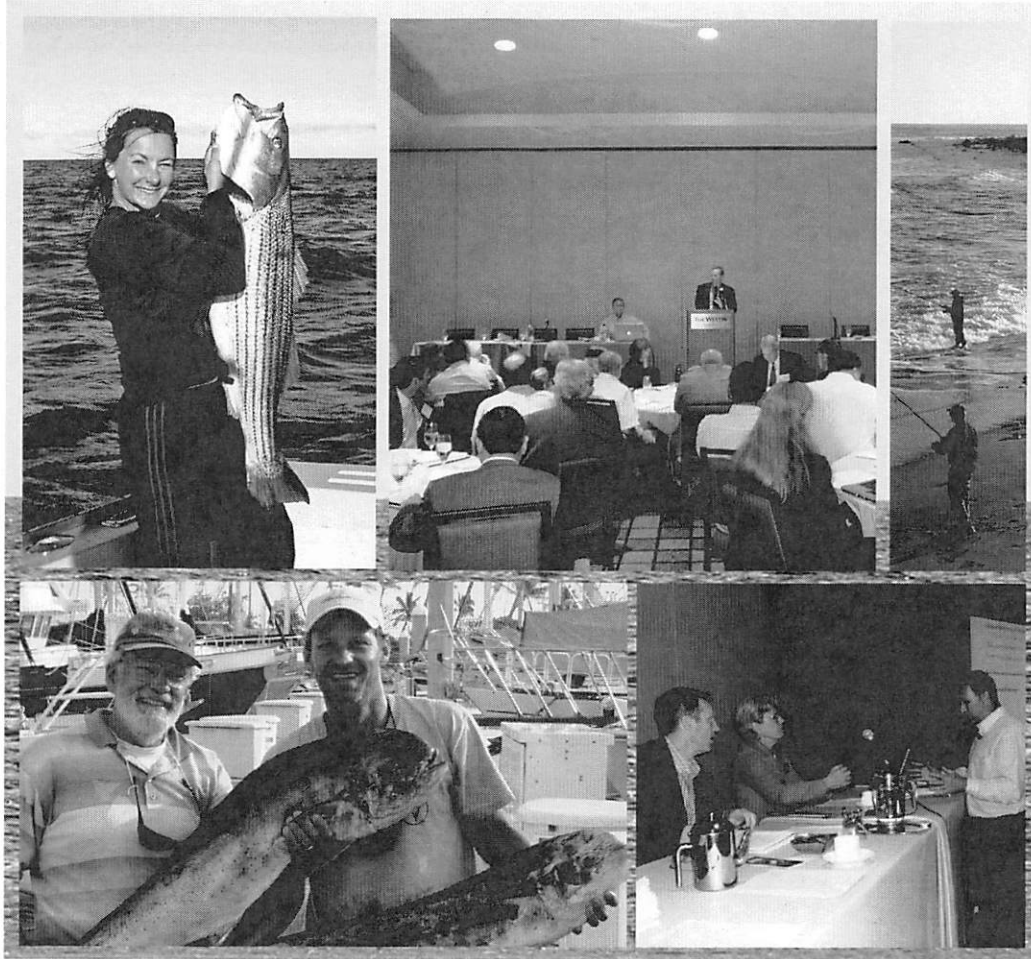
Also this weekend, on Saturday starting around 7:00 pm at the Sitka Sound Science Center, a number of industry groups and fishing representative have set up an open reception for Council family and other meeting attendees. Further details on this reception should be available this week.

And, a bit closer on the horizon, the Greater Sitka Chamber of Commerce, along with Sampson Tug and Barge, Seafood Producer's Co-op, Sitka Sounds Seafood, and Silver Bay Seafoods are sponsoring a reception on Thursday, June 10 at the Alaska Raptor Center (transportation will be provided), from 5:30 to 7:00 pm. Apparently there has been a lot of seafood donated for this event, so it sounds like something you don't want to miss! Additional logistical details will be forthcoming.

Disaster relief for Robinson Crusoe Island

While attention is currently focused on the Gulf of Mexico, another disaster befell the small fishing community of Robinson Crusoe Island off the coast of Chile in February of this year, when an 8.8 magnitude earthquake created a tidal wave that largely destroyed the small boat fishing infrastructure of local residents. A number of fishing industry groups in Alaska and the Pacific Northwest have initiated a relief effort to help rebuild that infrastructure (Item B-1(i)), and their representatives are on hand to provide a brief report to the Council.

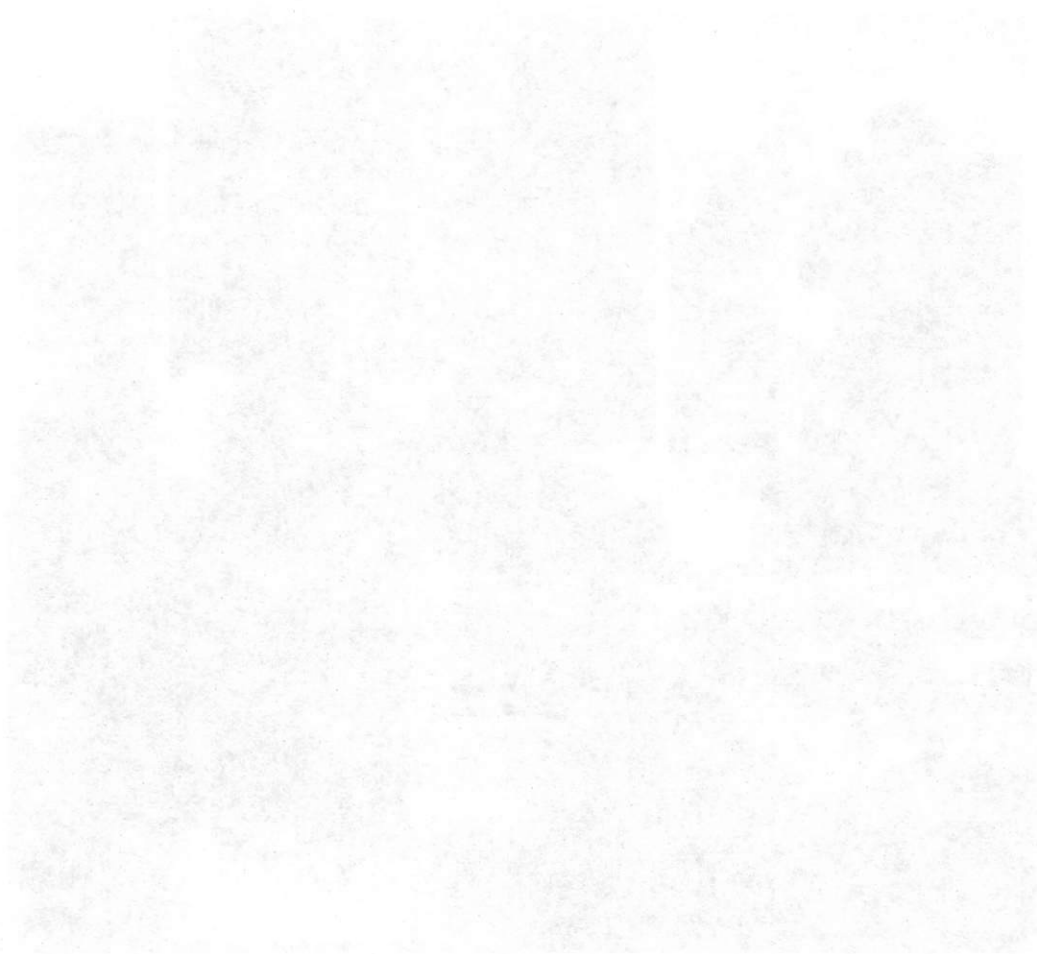
2010 RECREATIONAL SALTWATER FISHING SUMMIT



CONSENSUS CENTER



Prepared for the National Oceanic and Atmospheric Administration by the
FCRC Consensus Center at Florida State University
May 2010



CONSENSUS CENTER

The FCRC Consensus Center serves as an independent public resource facilitating consensus solutions and supporting collaborative action. It assists public and private interests in preventing and resolving disputes and building consensus on public policy issues. The Center was created by the Florida legislature in 1987 and placed in its neutral home, Florida State University.

For more information on the Center, go to <<http://consensus.fsu.edu>>.

EXECUTIVE SUMMARY

Alexandria, Virginia, was the site of the April 16 and 17, 2010, national Recreational Saltwater Fishing Summit hosted by the National Oceanic and Atmospheric Administration (NOAA). As promised in 2009 by Dr. Jane Lubchenco, Under Secretary of Commerce for Oceans and Atmosphere, the Summit was designed as an important step toward an enhanced relationship between the recreational saltwater fishing community and NOAA.

More than 170 participants identified and shared their visions of a successful future in 2020, their perceptions of the most urgent challenges facing the recreational saltwater fishing community and NOAA in achieving that success, and potential actions to meet those challenges. NOAA ended the Summit with the commitment to continue the dialogue and exchange of information.

The Participants

Underscoring the timeliness of the Summit, the participants came from all six NOAA regions and represented a broad range of recreational saltwater fishing perspectives and experiences. They included private anglers, angling and trade associations, charter boat owners and operators, party and headboat owners and operators, tournament organizers, and fishing industry retail and manufacturing businesses. The fishing community participants were joined by representatives of the Regional Fishery Management Councils and Interstate Marine Fisheries Commissions and key regional staff and officials from NOAA.

The Summit Process

Because the Summit was intended to ensure a productive dialogue, NOAA developed the agenda with the recreational saltwater fishing community's input, making sure that there were ample opportunities for careful listening, the exchange of information, and open and honest dialogue. To address the critical question of stakeholder trust, NOAA engaged the FCRC Consensus Center at Florida State University to design the Summit process and facilitate the discussion. As a neutral professional facilitation center with no stake in the outcome, the facilitators worked to ensure that all perspectives were heard and that the discussions were focused and productive.

A pre-Summit survey designed by the facilitation team was used to develop a foundation of shared information and build trust as context for the Summit dialogue. That information highlighted what participants viewed as the desired Summit outcomes, the principles to guide the Summit dialogue, and the four key themes from the participants' vision of success. It also called out the critical challenges facing the recreational saltwater fishing community and a range of proposed actions that could address those challenges.

To achieve the Summit goal of arriving at an improved understanding of the issues and stronger and more open relationships, the agenda was ambitious in scope and designed to ensure that the key challenges, the actions to

"We need to develop a long term vision in order to consider the best near term solutions. The time for talk is over. The time to act is now. We are ready to roll up our sleeves and get to work." Dr. Jane Lubchenco (featured below) in her opening comments at the Summit.



The Recreational Saltwater Fishing Summit provided a constructive forum where participants representing a broad range of perspectives from all six NOAA regions could work side-by-side with NOAA staff to identify concerns and possible solutions.

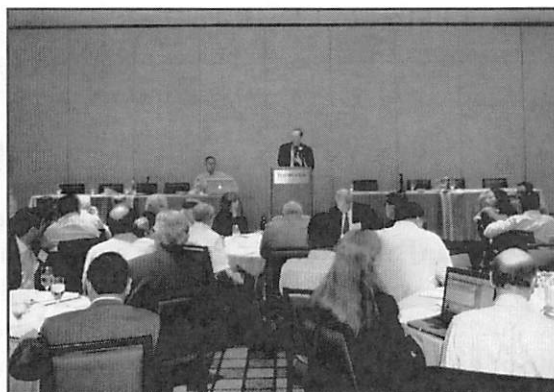
address those challenges, and concrete next steps were thoroughly discussed and clearly defined. At the end of the Summit, Dr. Lubchenco complimented the participants on the level of detail and specificity of the Summit's work products and noted that, as a result, NOAA will be able to respond in a correspondingly concise and detailed manner.

The Collective Accomplishments

At the outset of the Summit, participants from the recreational saltwater fishing community and NOAA staff indicated their support for an overarching 2020 vision of success for saltwater recreational fishing. That vision, which was derived from the results of the pre-Summit survey, was expressed through four themes (highlighted to the right). Participants also identified 34 key challenges to achieving the vision and prioritized the most urgent challenges faced by the recreational saltwater fishing community and NOAA in achieving the four vision themes. The most pressing challenges related to the need for building greater trust, enhancing communication, creating more accurate data and responsive management, and implementing solutions to problems with catch shares, access, allocations, quality, abundance, and sustainability. After identifying the most pressing challenges, participants then identified, evaluated, and prioritized the most acceptable among 212 possible actions put forward at the Summit to meet the challenges and achieve the vision of success themes.

Next Steps

The Summit concluded with both the participants and NOAA recognizing and expressing commitment to the need for an ongoing process for continued dialogue and collaboration beyond the Summit. NOAA pledged to continue working closely with the recreational saltwater fishing community and its advisory bodies and regional offices to build an action agenda that addresses the mutual concerns and areas for improvement discussed at the Summit. Recognizing that the success of the Summit will be determined by the strength of its follow-up actions, NOAA committed to providing regular updates on progress and continuing to build stronger relationships with the recreational saltwater fishing community. "Let us build on the good work begun and work together to hammer out a strong future for fishing in our marine waters. Time's a wastin'. Let's get to work," Dr. Lubchenco concluded.



"The Summit is an important beginning of a renewed dialogue between the recreational saltwater fishing community and NOAA. Re-opening that conversation provides the means to begin the process of developing and implementing an action agenda capable of addressing our joint interests." Eric Schwaab (image above), Assistant Administrator for NOAA Fisheries.

OVERARCHING VISION OF SUCCESS THEMES

1. Improved open communication, cooperation, and trusting interaction.
2. Much improved, robust, timely, and accurate data and science on fisheries, habitat, and water quality.
3. Fishery management decisions based on a more complete understanding of the social and economic contributions of both the recreational and commercial saltwater fishing communities.
4. Ensured broad access to the greatest possible range of recreational fishing opportunities.

consult the Department's regulations at 19 CFR part 351 for definitions of terms and for other general information concerning antidumping and countervailing duty proceedings at the Department.

This notice of initiation is being published in accordance with section 751(c) of the Act and 19 CFR 351.218 (c).

John M. Andersen,
Acting Deputy Assistant Secretary for
Antidumping and Countervailing Duty
Operations.

[FR Doc. 2010-13058 Filed 6-1-10; 8:45 am]
BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

National Institute of Standards and Technology

Notice of Jointly Owned Invention Available for Licensing

AGENCY: National Institute of Standards and Technology, Commerce.

ACTION: Notice of jointly owned invention available for licensing.

SUMMARY: The invention listed below is jointly owned by the U.S. Government, as represented by the Department of Commerce, and by Applied Research Associates, Inc. The Department of Commerce's interest in the invention is available for licensing in accordance with 35 U.S.C. 207 and 37 CFR part 404 to achieve expeditious commercialization of results of federally funded research and development.

FOR FURTHER INFORMATION CONTACT: Technical and licensing information on this invention may be obtained by writing to: National Institute of Standards and Technology, Office of Technology Partnerships, Building 222, Room A242, Gaithersburg, MD 20899. Information is also available via telephone: 301-975-2649, fax 301-975-3482, or e-mail: nathalie.rioux@nist.gov. Any request for information should include the NIST Docket number or Patent number and title for the invention as indicated below.

The invention available for licensing is:

[NIST DOCKET NUMBER: 10-004]

Title: Gradient Elution Moving Boundary Electrophoresis for the Analysis of Complex Samples and Detection of Toxins.

final sunset regulations at 19 CFR 351.218(d)(4). As provided in 19 CFR 351.302(b), however, the Department will consider individual requests to extend that five-day deadline based upon a showing of good cause.

Abstract: Methods of detecting the presence of toxins in a sample using electrophoretic separations and of performing electrophoretic separation of complex samples are provided. The method of detecting the presence of toxins includes reacting a sample and a substrate with a signaling enzyme which converts the substrate to the product in a reaction medium, introducing a run buffer into a separation channel having an inlet end, selectively introducing at least one of the substrate and the product of the reaction medium into the inlet end of the separation channel,

electrophoretically separating the substrate and the product, and determining the rate of conversion of the substrate to the product, wherein a change in the rate of conversion is indicative of the presence of toxins. The method of performing electrophoretic separations of complex samples having charged particulates and oppositely charged analytes comprises introducing a run buffer into a separation channel having an inlet end, selectively introducing the oppositely charged analytes in the complex sample into the separation channel, and electrophoretically separating the charged particulates and the oppositely charged analytes. Additionally, a device for varying with respect to time the bulk flow of a fluid in a separation channel of an electrophoretic device having a buffer reservoir in fluid contact with the separation channel is provided. The device includes a pressure sensor in fluid contact with a buffer reservoir, a high pressure reservoir in selective fluidic communication with the buffer reservoir, a low pressure reservoir in selective fluidic communication with the buffer reservoir and in fluidic communication with the high pressure reservoir, and a pumping device for pumping a gas from the low pressure reservoir to the high pressure reservoir.

Dated: May 25, 2010.
Katharine B. Gebbie,
Director, Physics Laboratory.
[FR Doc. 2010-13200 Filed 6-1-10; 8:45 am]
BILLING CODE 3510-13-P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

RIN 0648-XW62

Fisheries of the Exclusive Economic Zone off Alaska; Stock Assessment of Eastern Bering Sea Pollock; Peer Review Meeting

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Notice of a public meeting.

SUMMARY: NMFS has requested the Center for Independent Experts (CIE) to conduct a peer review of the agency's stock assessment of Eastern Bering Sea walleye pollock (*Theragra chalcogramma*). The CIE, operated by Northern Taiga Ventures, Inc., provides independent peer reviews of NMFS's fisheries stock assessments. The Eastern Bering Sea pollock stock assessment is reviewed annually by the Alaska Fisheries Science Center, the North Pacific Fishery Management Council (NPFMC) Plan Team, and the NPFMC Scientific and Statistical Committee. The CIE review will examine whether the assessment incorporates the best available scientific information and provides a reasonable approach to understanding the population dynamics and stock status of Eastern Bering Sea pollock. The public is invited to attend and observe the presentations and discussions between the CIE panel and the NMFS scientists who collected and processed the data, and designed the underlying model.

DATES: The public meeting will be held from June 28 through July 2, 2010, 9 a.m. to 5 p.m. Pacific Standard Time.

ADDRESSES: The review will be held at the NMFS Alaska Fisheries Science Center, 7600 Sand Point Way N.E., Building 4, Seattle, WA 98115. Photo identification is required to enter this facility.

FOR FURTHER INFORMATION CONTACT: James Ianelli, 206-526-6510.

SUPPLEMENTARY INFORMATION: The CIE panel will consist of three peer reviewers who will assess materials related to the topic, participate in a review workshop with the NMFS scientists who developed the model and the analytical approach, and produce a report. This review will be highly technical in nature and will cover mathematical details of the analytical approach. More information about the CIE is available on its website at www.ciereviews.org.

Members of the public are invited to observe, and will be provided opportunities to contribute on June 28 and July 2, 2010. The final report will be available prior to the September NPFMC Plan Team meetings and will consist of individual reports from each panelist and a summary report. The results of the review will be presented during the September 2010 NPFMC Plan Team meeting, which will be announced at a later time in the **Federal Register**.

Special Accommodations

These workshops will be physically accessible to people with disabilities. Requests for sign language interpretation or other auxiliary aids should be directed to Pat Livingston, 206-526-4172, at least 10 working days prior to the meeting date.

Dated: May 26, 2010.

Carrie Selberg,

Acting Director, Office of Sustainable Fisheries, National Marine Fisheries Service.

[FR Doc. 2010-13222 Filed 6-1-10; 8:45 am]

BILLING CODE 3510-22-S

DEPARTMENT OF COMMERCE

National Institute of Standards and Technology

National Conference on Weights and Measures 95th Annual Meeting

AGENCY: National Institute of Standards and Technology, Commerce.

ACTION: Notice.

SUMMARY: The Annual Meetings of the 95th National Conference on Weights and Measures (NCWM) will be held July 11 to 15, 2010. Publication of this notice on the NCWM's behalf is undertaken as a public service; NIST does not endorse, approve, or recommend any of the proposals contained in this notice or in the publications of the NCWM mentioned below. The meetings of the NCWM are open to the public but registration is required.

DATES: The meeting will be held on July 11-15, 2010.

ADDRESSES: The meeting will be held at the Crowne Plaza St. Paul-Riverfront Hotel, 11 East Kellogg Boulevard, St. Paul, Minnesota 55101.

FOR FURTHER INFORMATION CONTACT: Carol Hockert, Chief, NIST, Weights and Measures Division, 100 Bureau Drive, Stop 2600, Gaithersburg, MD 20899-2600 or by telephone (301) 975-5507 or at Carol.Hockert@nist.gov by e-mail. Registration is required to attend this meeting. Please see NCWM Pub 16 "Committee Reports for the 95th

National Conference on Weights and Measures" at <http://www.ncwm.net> or <http://www.nist.gov/own> to review the full meeting agenda, registrations forms, and hotel reservation information.

SUPPLEMENTARY INFORMATION: The NCWM is a voluntary organization of weights and measures officials of the states, counties, and cities of the United States, Federal agencies, and private sector representatives. These meetings bring together government officials and representatives of business, industry, trade associations, and consumer organizations on subjects related to the field of weights and measures technology, administration, and enforcement. NIST participates in the NCWM to promote uniformity among the states in laws, regulations, methods, and testing equipment that comprise the regulatory control of commercial weighing and measuring devices and other practices used in trade and commerce.

The following are brief descriptions of some of the significant agenda items that will be considered along with other issues at the NCWM Annual Meeting. Comments will be taken on these and other issues during several public comment sessions. At this stage, the items are proposals. This meeting also includes work sessions in which the Committees may also accept oral and written comments where they will finalize recommendations for NCWM consideration and possible adoption at its voting sessions which are tentatively scheduled for July 14 and 15, 2010. The Committees may withdraw or carry over items that need additional development.

The Specifications and Tolerances Committee (S&T Committee) will consider proposed amendments to NIST Handbook 44, "Specifications, Tolerances, and other Technical Requirements for Weighing and Measuring Devices (NIST Handbook 44)." Those items address weighing and measuring devices used in commercial applications, that is, devices that are normally used to buy from or sell to the public or used for determining the quantity of product sold among businesses.

Issues on the agenda of the NCWM Laws and Regulations Committee (L&R Committee) relate to proposals to amend NIST Handbook 130, "Uniform Laws and Regulations in the area of legal metrology and engine fuel quality" and NIST Handbook 133 "Checking the Net Contents of Packaged Goods." These documents are available on the Internet at <http://www.nist.gov/own>.

This notice contains information about significant items on the NCWM

Committee agendas, but does not include all agenda items. As a result, the following items are not consecutively numbered.

NCWM Specifications and Tolerances Committee

The following items are proposals to amend NIST Handbook 44:

General Code

Item 310-4. G-A.6. Nonretroactive Requirements (Remanufactured Equipment)—The NCWM will consider adoption of a revision to a current requirement to clarify the intent of the 2001 decision regarding the application of a variety of nonretroactive requirements to devices that have been classified to have been "remanufactured" (*i.e.*, a device that is disassembled, checked for wear, parts replaced or fixed, reassembled and made to operate like a new device of the same type) as compared with a "manufactured device" which is a commercial weighing or measuring device shipped as new from the original equipment manufacturer.

Scales Code

Item 320-2. S.1.7. Automatic Zero-Setting Mechanism (AZSM)—The NCWM will consider adoption of a proposal to define the acceptable operating parameters of the zero-setting functions used on some electronic weighing devices. These functions automatically maintain a scale's indications at zero when no load is on the device. Existing NIST Handbook 44 requirements prohibit some of the zero-setting functions found on weighing devices designed and sold for use in other countries when those devices are used in commercial applications in the U.S. marketplace. The intent of the proposal is to retroactively prohibit the use of this feature on scales used in commercial transactions.

Vehicle Tank Meter Code

Item 331-1. T.2.1. Automatic Temperature-Compensating Systems (ATC) on Vehicle Tank Meters (These systems may be used on existing vehicle mounted meters that are typically used to deliver home heating fuel and other products to residential and business consumers.)—The NCWM will consider adoption of the proposal to revise the existing tolerances applicable to comparisons of test results between compensated and non-compensated test runs on vehicle tank meters equipped with ATC systems to better reflect the actual performance capability of these systems.



**UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration**

*National Marine Fisheries Service
P.O. Box 21668
Juneau, Alaska 99802-1668*

**Item B-1(c)
JUNE 2010**

May 10, 2010

RECEIVED
MAY 13 2010

Mr. Eric Olson, Chair
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, AK 99501

Dear Chairman Olson:

Due to increasing workload issues, we regretfully inform the North Pacific Fishery Management Council (Council) that Gretchen Harrington will no longer be able to participate on the Scallop Plan Team; however, she will continue to serve on the Council's Crab Plan Team. Fortunately, we are able to nominate Ms. Peggy Murphy to the Scallop Plan Team to provide ongoing and experienced agency input.

Ms. Murphy currently works in the Sustainable Fisheries Division and will coordinate agency activities necessary to implement Council recommendations for amendments to the Fishery Management Plan for the Scallop Fishery off Alaska to ensure consistency with national standard 1 requirements for annual catch limits and associated management measures. She worked with the Alaska Department of Fish and Game (ADF&G) as a shellfish biometrician for ten years and served as lead analyst and state coordinator for implementation of the Fishery Management Plan for Bering Sea/Aleutian Islands King and Tanner Crabs, including serving as chair of the Crab Plan Team. We believe that Ms. Murphy's work experience with ADF&G's shellfish program and her knowledge of the Council and federal rulemaking process would provide a useful asset to the Scallop Plan Team. Her resume is enclosed for your review.

Sincerely,

James W. Balsiger, Ph.D.
Administrator, Alaska Region

Enclosure



Peggy Murphy

National Marine Fisheries Service, Sustainable Fisheries Division
709 West 9th Street
P.O. Box 21668 (907)586-8743
Juneau, AK 99802 Peggy.murphy@noaa.gov

Education

M.S. Fisheries — University of Alaska, 1984; Oregon State University, 1982
Thesis — Distribution and Trophic Abundance of Nearshore Rockfish in Southeast Alaska

B.S. Biology: major Fisheries, minor Biometrics — University of Washington, 1981; Western Washington University, 1978

Work Experience

Resource Management Specialist 07/2007 – present
NMFS Sustainable Fisheries Division, Juneau, AK

Prepare proposed and final rulemaking to address fishery management issues and decisions of the NPFMC and International Pacific Halibut Commission. Coordinate drafting and review of management actions among NMFS regional offices in Alaska, the Northwest, and Washington, DC.

Research Director 12/2005 – 7/2006

Alaska Marine Conservation Council (AMCC), Anchorage, AK. Position located in Juneau, AK.

In coordination with AMCC staff, board and science advisors, identified cooperative and community-based research opportunities to achieve marine conservation program goals. Developed corresponding project plans detailing quarterly accomplishments for funding proposals through future partnerships. Represented AMCC on the Non-target Species Committee of the NPFMC and on the City and Borough of Juneau Scientific Panel on Climate Change.

Alaska Fisheries Information Network Program Manager 11/1998 – 11/2004

Pacific States Marine Fisheries Commission, Portland, OR. Position located in Juneau, AK.

Established AFKIN as an integral processor of Alaska's commercial fishing data. Initiated AKFIN data access and sharing with NMFS, ADF&G, Alaska Commercial Fisheries Entry Commission, NPFMC, and data report recipients through changes in Alaska statute, effective communication, and maintaining report integrity. Assessed client needs to produce confidential and public reports of fisheries statistics for international, national, Pacific coast, and statewide venues and technical reports for fishery scientists, economists, analysts and managers.

Statewide Shellfish Biometrician/FMP coordinator 8/1997 – 11/1999; **Statewide Shellfish Biometrician** 11/1989 – 7/1997; **Assistant Shellfish Biometrician** 12/1987 – 11/1989

ADF&G, Commercial Fisheries, Chief Fishery Scientist Office, Juneau, AK

Developed and maintained scientifically defensible and fiscally responsible Shellfish Management Program for the Division of Commercial Fisheries. Advanced a high level of biometric integrity through technical review of the program objectives, research plans, operational budgets, fishery management plans, research funding proposals, reports, and manuscripts for professional publications. Designed data collection programs and research studies and coordinated associated activities between regions of the State of Alaska and other state and federal agencies. Developed statistical analyses, population abundance models, and commercial harvest strategies for shellfish fishery management decisions. Wrote, published, and presented technical

reports and papers to disseminate research findings and maintain transparency of the state's shellfish program. Lead analyst and state coordinator for implementation of the NPFMC Crab Fishery Management Plan. Coordinated review and application of the cooperative state-federal management framework of Bering Sea and Aleutian Islands crab stocks and planned state, federal, and industry advisory meetings and workshops. Chaired the NPFMC Crab Plan Team.

Operations Research Analyst 1/1983 – 12/1987

NMFS Auke Bay Laboratory, Juneau, AK

Maintained the high seas salmon database and reported Japanese and United States observer data for management of the mothership and landbased fleet salmon fisheries in the North Pacific Ocean and Bering Sea. Designed computer programs to support the analyses of staff mathematical statisticians and assist in the implementation and evaluation of mathematical fishery models for the distribution and abundance of salmon in the North Pacific Ocean and the magnitude and distribution of foreign catches of salmon of North American origin.

Field Experience

Participated in Bering Sea red king crab fishery; Kodiak Tanner crab survey, Kachemak Bay shrimp survey, Copper River Dungeness survey, SE Alaska king crab survey, Norton Sound winter king crab survey, Fairweather Grounds sablefish survey, Pacific Coast whiting and widow rockfish survey, and two seasons SE Alaska rockfish jig survey.

Publications and Reports

Contributed to 16 refereed publications and 42 agency reports. A list is available upon request.

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Item B-1(d)
JUNE 2010

UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE

Alaska Fisheries Science Center
7600 Sand Point Way N.E.
Bldg. 4, F/AKC
Seattle, Washington 98115-0070

May 24, 2010

RECEIVED
MAY 28 2010

Chris Oliver, Executive Director
North Pacific Fishery Management Council
605 West Fourth Avenue, Suite 306
Anchorage, Alaska 99501-2252

Dear Chris:

The Alaska Fisheries Science Center offers Chris Lunsford for your consideration to serve on the NPFMC GOA groundfish plan team. Dr. Jeff Fujioka has announced his pending retirement, and Chris is being offered as Jeff's replacement. Chris has strong quantitative skills and knowledge of rockfish and sablefish population dynamics. In addition, his authorships of sablefish and rockfish SAFE chapters, management of the Alaska Center's longline survey, and analyses of fishery performance and whale depredation will provide useful expertise and practical experience to the GOA plan team. The breadth of his experience from hands on stock assessment modeling to understanding surveys and their limitations, combined with his strong quantitative skills, should make Chris a valuable asset to the Plan Team. His CV is enclosed for your consideration.

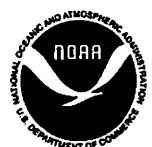
We appreciate the opportunity to provide scientists in support of the NPFMC plan teams.

Sincerely,

Douglas P. DeMaster, Ph.D.
Director

cc: F/AKC2 Pat Livingston
F/AKC4 Phil Mundy

Attachments



Curriculum Vitae

Chris R. Lunsford

NOAA Fisheries
Alaska Fisheries Science Center, Auke Bay Laboratories
17109 Point Lena Loop Road
Juneau, Alaska 99801
(907) 789-6008
chris.lunsford@noaa.gov

Education:

- **Master of Science in Fisheries Science**, University of Alaska Fairbanks, 1999
- **Bachelor of Science in Marine Fisheries Science**, Oregon State University, 1993

Professional Experience:

- **Research Fishery Biologist**, NOAA Fisheries, Auke Bay Laboratories, 1997 – present.
- **Graduate Research Assistant**, University of Alaska Fairbanks, 1994 – 1997.
- **Fisheries Biologist**, Alaska Department Fish and Game, 1994.
- **Research Technician**, Oregon State University, 1992 – 1993.

Present Position:

- Research Fishery Biologist, NOAA Fisheries.
- Project coordinator for Alaska Fisheries Science Center's longline survey.
- Stock assessment author for sablefish and pelagic shelf rockfish.
- NOAA Recreational Fisheries Coordinator for Alaska Fisheries Science Center.
- Fisheries Incidental Take Working Group representative for Auke Bay Laboratories.
- Experience in scientific fieldwork, research surveys, sampling design techniques, Alaska fisheries, scientific writing, and stock assessment.

Awards:

- NOAA Fisheries Service Employee of the Year, 2010.

Publications:

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Relations with Native American Tribal Governments" (59 FR 22951). However, based on the DEA data, we revise our required determination concerning the Regulatory Flexibility Act.

Regulatory Flexibility Act (5 U.S.C. 601 et seq.)

Under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*, as amended by the Small Business Regulatory Enforcement Fairness Act (SBREFA) of 1996), whenever an agency is required to publish a notice of rulemaking for any proposed or final rule, it must prepare and make available for public comment a regulatory flexibility analysis that describes the effect of the rule on small entities (*i.e.*, small businesses, small organizations, and small government jurisdictions), as described below. However, no regulatory flexibility analysis is required if the head of an agency certifies the rule will not have a significant economic impact on a substantial number of small entities. Based on our DEA of the proposed designation, we provide our analysis for determining whether the proposed rule would result in a significant economic impact on a substantial number of small entities. Based on comments we receive, we may revise this determination as part of our final rulemaking.

According to the Small Business Administration, small entities include small organizations, such as independent nonprofit organizations, and small governmental jurisdictions including school boards and city and town governments that serve fewer than 50,000 residents, as well as small businesses (13 CFR 121.201). Small businesses include: Oil and gas extraction and drilling, natural gas distribution, and mining concerns with fewer than 500 employees; oil and gas or mining support activities, water supply and irrigation systems, land subdivision, air traffic control and airport operations, and transportation support activities with annual average revenues of less than \$6.5 million; construction-related businesses with less than \$31 million in average annual revenues; and pipeline transportation of crude oil businesses with less than 1,500 employees. To determine if potential economic impacts to these small entities are significant, we considered the types of activities that might trigger regulatory impacts under this designation, as well as types of project modifications that may result. In general, the term "significant economic impact" is meant to apply to a typical small business firm's operations.

To determine if the proposed designation of critical habitat for the

polar bear would affect a substantial number of small entities, we considered the number of small entities affected within particular types of economic activities, *i.e.*, oil and gas exploration and development, and marine and coastal development activities. Specifically, we identified 131 entities that may be impacted by the designation of critical habitat, and of these, 112 entities meet the small business threshold. These entities include local governments (*e.g.*, the North Slope Borough and the Northwest Arctic Borough), construction companies, specialty trade contractors, airport operations and support contractors, and other support contracting companies. In estimating the numbers of small entities potentially affected, we considered whether the activities of these entities may include any Federal involvement, in particular, activities that may trigger a consultation under section 7 of the Act. Critical habitat designation will not affect activities that do not have any Federal involvement; designation of critical habitat affects activities conducted, funded, or authorized by Federal agencies.

If we finalize the proposed critical habitat designation, Federal agencies must consult with us under section 7 of the Act if their activities may affect designated critical habitat. Consultations to avoid the destruction or adverse modification of critical habitat would be incorporated into the existing consultation process.

As described in Appendix A of the DEA, the potential impacts to small businesses are those associated with administrative costs resulting from the need to conduct consultations under section 7 of the Act. These costs associated with small businesses fall under two primary component activities: (1) Oil and Gas Exploration, Development, and Production, and (2) Construction and Development Activities. As discussed in Appendix A of the DEA, we anticipate both of these primary activities to be minimally impacted by a designation of critical habitat because they are generally covered by existing regional regulations (*e.g.*, the MMPA's incidental take regulations at (73 FR 33212, 71 FR 43925)), or associated with section 7 consultation processes. As a consequence, we anticipate only minimal additional regulatory involvement under the Act resulting from the designation of critical habitat.

In summary, we have considered whether the proposed designation would result in a significant economic impact on a substantial number of small entities. For the above reasons and

based on currently available information, we certify that, if promulgated, the designation of critical habitat for the polar bear would not have a significant economic impact on a substantial number of small business entities. Therefore, an initial regulatory flexibility analysis is not required.

Authors

The primary authors of this notice are the staff members of the Marine Mammals Management Office, Alaska Region, U.S. Fish and Wildlife Service.

Authority

The authority for this action is the Endangered Species Act of 1973, as amended (16 U.S.C. 1531 *et seq.*).

Dated: March 19, 2010.

Thomas L. Strickland,
Assistant Secretary for Fish and Wildlife and Parks.

[FR Doc. 2010-10512 Filed 5-4-10; 8:45 am]

BILLING CODE 4310-55-P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

50 CFR Part 253

[Docket No. 0908061221-91225-01]

RIN 0648-AY16

Merchant Marine Act and Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) Provisions; Fishing Vessel, Fishing Facility and Individual Fishing Quota Lending Program Regulations

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Proposed rule; request for comments.

SUMMARY: The Fisheries Finance Program (FFP or the Program) provides long-term financing to the commercial fishing and aquaculture industries for fishing vessels, fisheries facilities, aquaculture facilities, and individual fishing quotas (IFQs). The Program became a direct loan program, as a result of legislation in 1996, replacing a guaranteed loan program. The FFP collects loan principal and interest from loan recipients and fees from applicants in order to repay monies borrowed from the U.S. Treasury. It maintains fixed interest rates that are comparable to those of private sector lenders, however the FFP allows borrowers to prepay without penalty, and may carry longer

repayment periods that are more advantageous to borrowers. The FFP does not make loans for new vessel construction or for vessel refurbishments that would increase harvesting capacity. Since the publication of its current regulations on May 1, 1996, the Program's authorizing statutes have been amended several times. However, the current regulations implementing the FFP have not been amended since 1996. Prior to the 2006 amendments to the FFP's statutory authorization, the 1996 rules for the Program were sufficient to implement the statute. The 2006 statutory changes have necessitated the current rules. In this action, NMFS amends our regulations to reflect the statutory changes to the Program, and to provide regulations for two additional lending products.

DATES: NMFS invites the public to comment on this proposed rule. Comments must be submitted in writing on or before June 4, 2010. Comments will be accepted only on Subpart B. Subpart C is unchanged except for numbering, therefore, comments will not be accepted.

ADDRESSES: You may submit comments, identified by 0648-AW05, by any one of the following methods:

- *Electronic Submissions:* Submit all electronic public comments via the Federal eRulemaking Portal <http://www.regulations.gov>.

- *Fax:* 301-713-2390 x 187, Attn: Earl Bennett.

- *Mail:* Earl Bennett, Acting Chief, Financial Services Division, NMFS, Attn: F/MB5, 1315 East-West Highway, SSMC3, Silver Spring, MD 20910.

Instructions: All comments received are a part of the public record and will generally be posted to <http://www.regulations.gov> without change. All Personal Identifying Information (for example, name, address, etc.) voluntarily submitted by the commenter may be publicly accessible. Do not submit Confidential Business Information or otherwise sensitive or protected information.

NMFS will accept anonymous comments (enter N/A in the required fields if you wish to remain anonymous). Attachments to electronic comments will be accepted in Microsoft Word, Excel, WordPerfect, or Adobe PDF file formats only.

Written comments regarding the burden-hour estimates or other aspects of the collection-of-information requirements contained in this proposed rule may be submitted to earl.bennett@noaa.gov and by e-mail to

david.rostker@omb.eop.gov or fax to (202) 395-7285.

FOR FURTHER INFORMATION CONTACT: Earl Bennett, at 301-713-2390 or via e-mail at earl.bennett@noaa.gov.

SUPPLEMENTARY INFORMATION: The FFP is the lending unit of NMFS' Financial Services Division. With its main office in Silver Spring, MD, the FFP currently has two distinct lending programs. One extends long-term direct loans to owners of vessels, fishery facilities and aquaculture projects, and the other extends long-term direct loans to fishermen for the acquisition or refinancing of quota shares in the Alaska halibut and sablefish IFQ fishery.

Statutory and Regulatory Background

The FFP's primary statutory authority is found in Title XI of the Merchant Marine Act of 1936, as amended (codified at 46 U.S.C. 53701, *et seq.*). This law authorizes the Secretary of Commerce to guarantee the principal and interest of loans made to citizens of the United States for the construction, reconstruction or reconditioning of fishing vessels. Additional statutory provisions authorize specific loan programs, including the Bering Sea/Aleutian Island Crab (BSAI Crab) IFQ lending program, 16 U.S.C. 1862(j), and the Western Alaska Community Development Quota (CDQ) lending program, 16 U.S.C. 1855(i)(1). The Magnuson-Stevens Fishery Conservation and Management Reauthorization Act, (MSRA), 46 U.S.C. 53706(a)(7), also authorizes the FFP to provide direct loans to entities involved in the commercial fishing and aquaculture industries for activities that assist in the transition to reduced fishing capacity; for technologies or upgrades designed to improve collection and reporting of fishery-dependent data; to reduce bycatch; to improve selectivity or reduce adverse impacts of fishing gear; or to improve safety. The FFP does not lend for projects that increase harvesting capacity.

Initially known as the "Fisheries Obligation Guarantee Program" (FOG), the Program originally provided repayment guarantees for fishery loans made to commercial fishermen. Borrowers executed promissory notes, backed by a U.S. Government guarantee; the Program then sold these guaranteed notes at auction to third party noteholders. Once a note was sold, the borrower was obligated to make payments directly to that third-party noteholder, rather than the government. In the event that a borrower defaulted on a guaranteed note, the noteholder

was required to make a payment demand to the Program, which was required to pay the noteholder the outstanding principal and interest balance. The Program could then proceed to foreclose on the collateral pledged for the loan, or collect the loan directly from the defaulting borrower.

On October 11, 1996, the Congress amended the Merchant Marine Act. In section 303 of the Sustainable Fishing Act (SFA), 46 U.S.C. 53701 *et seq.*, the Congress transformed the Program from a loan guaranty program into a direct lending program. In response, FOG changed its name to FFP. These amendments allowed the re-designated FFP to function much like a private sector lender. Under the changes, the FFP borrows funds from the United States Treasury, and then lends these funds to members of the fishing industry. Although the Program maintained (and still maintains) a legacy portfolio of guaranteed loans, the amendments to the SFA allowed the FFP to make new loans directly to qualified borrowers without using private sector intermediaries. This structure for the Program is still in place today. Indeed, the Program's loan portfolio performs well, with very few delinquent loans, and the FFP has been successful in maintaining a negative subsidy under Federal Credit Reform Act. The FFP is also authorized to refinance guaranteed FOG loans and transition them into direct loans, subject to the availability of lending authority. Refinanced FOG loans are subject to current FFP requirements.

However, the FFP has not promulgated new regulations since May 1, 1996, when the current regulations were published. (61 FR 19171). The regulations were not modified after the October 11, 1996, statutory amendments because the Program's regulations worked with the new legislation. This action would modify the existing Program regulations to reflect these statutory changes, and, more importantly, includes proposed regulations for two new lending products, BSAI Crab IFQ and Western Alaska Community Development Quota (CDQ). Subpart C, relating to Interjurisdictional Fisheries, is unchanged by this proposed rule except for its redesignation.

Description of Current Lending Policy

Under present policy, the FFP accepts applications from a wide range of potential borrowers, including individuals, partnerships, corporations and other business entities. Acceptance of loan applications is dependent on the Program having loan authority. The FFP

makes its lending decisions on a case-by-case basis. Like private sector lenders, the FFP considers typical credit factors such as the borrower's demonstrated business ability and fishing industry experience, credit-worthiness, compliance with specific loan program requirements, and available collateral, among others. The FFP declines to make loans to applicants who fail to prove that they are acceptable credit risks, as well as to any applicants that the Program deems ineligible or unqualified. In addition, the Program does not make loans for new vessel construction, or for vessel refurbishments that would materially increase harvesting capacity.

Although 46 U.S.C. 53701 does not bar the FFP from financing new vessel construction or modifications that increase harvesting capacity, the FFP does not lend for these purposes in order to be consistent with the agency's larger responsibilities to maintain sustainable fisheries. Additionally, in the past, the FFP's annual lending authority has contained restrictions that prevented the FFP from making loans that increase harvesting capacity.

Although some loan terms are set by statute (e.g., 46 U.S.C. 53702(b)(2) sets interest rate; section 53709(a)(4) restricts loan principal amounts to not more than 80 percent of the aggregate project cost; and section 53710(a)(3) caps most loan terms at 25 years), the FFP does not maintain fixed, program-wide minimum collateral standards; instead, the FFP adjusts each loan's collateral requirements as necessary. In addition to financing the purchase and acquisition of property in market transactions, the FFP may also liquidate assets (such as permits, quotas, licenses, transferable harvesting or operating rights, vessels, real estate, facilities, etc.) that the Program acquires through foreclosure, arrest, judicial sale, settlement of debts or obligations, debt acceleration, or other collection activities. Similar to other lending institutions, the FFP can provide financing to purchase assets the program liquidates.

All loan applicants must either own or hold a long-term lease on the property that is the subject of the financing. The FFP requires first lien priority on all primary collateral (or adequate substitute collateral), and requires that borrowers obtain written approval for subordinate liens to third parties. By statute, FFP loans are authorized to carry maturities of up to 25 years. However, generally the FFP restricts loan terms to the useful life of the assets being financed. If the property is leased, the lease term must exceed the

duration of the loan, allow the FFP to place a lien or mortgage upon the leasehold, and authorize the FFP to transfer the lease to another party in the event of foreclosure.

The FFP reserves the right to require additional lending and security terms and conditions to address specific borrowers and circumstances. The FFP will frequently require loan guarantees or security interests in other collateral to bring credit risk to acceptable levels. Such guarantees or collateral may be required from affiliated businesses, the borrower's principals or majority shareholders, or any other persons or entities with a financial interest in the borrower, or any individuals holding community property rights with the borrower. The FFP requires that borrowers maintain insurance appropriate to the collateral, which may include casualty, personal injury, risk, breach of warranty, business interruption, key man life insurance, title policies, maritime coverage or other forms as the FFP determines necessary. Where appropriate, the FFP must be named as an "additional assured," added to such coverage as a "loss payee," or receive assignment of the policy and insurance proceeds.

Applicants for FFP loans must be U.S. citizens or entities eligible to document a vessel for coastwise trade¹ under 46 U.S.C. 50501. Essentially, this requires business entities to be 75 percent owned by U.S. citizens, with key positions and a majority of the board of directors (in the case of a corporation) being U.S. citizens. Individual applicants must be U.S. citizens, from any of the fifty states, the Commonwealth of Puerto Rico, American Samoa, the Territory of the U.S. Virgin Islands, Guam, the Republic of the Marshall Islands, the Federated States of Micronesia, the Commonwealth of the Northern Mariana Islands, or any other possession, commonwealth or territory of the U.S. All loan applicants are subject to background and credit investigations, which may include reviews for unresolved fishing violations, criminal background checks, delinquent debt investigations, and credit reports.

Applicants, who are advised to apply for a loan through regional offices located in Gloucester, MA, St. Petersburg, FL, and Seattle, WA, must pay the appropriate application fee set out in 46 U.S.C. 53713(b). The application fee is one half of one percent of the loan amount requested. Half of this fee, known as the "filing

fee," is nonrefundable when the Program officially accepts the application. The second half of the fee, known as the "commitment fee," is earned and becomes nonrefundable when the Program issues an Approval-in-Principle (AIP) letter. The Program may refund the commitment fee if the FFP declines the application or the applicant withdraws the request prior to the Program issuing an AIP letter.

The AIP letter sets out loan terms and conditions. These terms and conditions are issued at the Program's discretion; an applicant's failure to accept them may result in the termination of the processing of the loan. Moreover, the AIP's terms and conditions are reflected in the Program's closing documents.

Traditional Lending: Vessels, Shoreside Facilities and Aquaculture Projects

Borrowers of FFP loans can use FFP financing to purchase or refurbish an existing fishing vessel, as well as finance the purchase, renovation or construction of a fishing facility (such as a processing plant) or an aquaculture facility. Although the FFP will not finance the construction of new vessels, borrowers may use Program funds to refinance the construction costs of a completed vessel. However, the loan applicants must have already paid or financed such construction costs prior to the submission of their loan application. FFP lending, as required by the MSA, as amended, Public Law 109-470, can also be used "to finance sustainable fisheries efforts, including activities that assist in the transition to reduced fishing capacity, technologies or upgrades to improve collection and reporting of fisheries data, to improve or reduce adverse affects of fishing gear, or to improve safety.

In addition to meeting the FFP's general lending requirements, borrowers must show that their vessels or facilities have all the applicable permits, licenses, quotas, entry rights, or other authorizations necessary to harvest or operate their vessels or facilities in accordance with the appropriate fisheries management plan (FMP), implementing regulations and all other applicable Federal, state and local laws.

Current IFQ Lending: Halibut and Sablefish

The 1996 SFA amendments also authorized the creation of IFQ lending programs, identifying two categories of eligible borrowers. Under the Magnuson-Stevens Fishery Conservation and Management Act (MSA), section 303(d)(4), now codified as 16 U.S.C. 1853a(g), the FFP provided IFQ financing for (1) the acquisition of

¹ Ownership requirements for documenting a vessel for use in the coastwise trade and receiving a fisheries endorsement are identical.

IFQ by fishermen who fish from "small vessels," and (2) the first time purchase of IFQ by "entry level fishermen." IFQ financing is fishery specific, and individual Fishery Management Councils (FMCs) must request such financing, and may specify borrower eligibility criteria (such as definitions for "small vessels" and "entry level fishermen"). Under the legislation, the FFP cannot initiate or implement an IFQ lending program until the appropriate FMC submits a request and provides guidance for the requisite criteria. Although the Program suggests that these criteria be included as a part of a fishery management plan (FMP), the FFP will accept formal FMC action and transmittal of the criteria to develop and create a lending program.

The two categories of potential borrowers for the quota share loan program are fishermen who fish from small vessels, and entry level fishermen in the North Pacific Halibut and Sablefish fisheries. Under the MSA, as amended, "Fishermen who fish from small vessels" are defined as those fishermen wishing to purchase IFQ for use on category B, C or D vessels (as defined by 50 CFR 679.40), "whose aggregate ownership of individual fishing quotas will not exceed the equivalent of a total of 50,000 pounds of halibut and sablefish harvested in the fishing year in which a [loan] application is made if the [loan] is approved, who will participate aboard the fishing vessel in the harvest of fish caught under such quotas, who have at least 150 days of experience working as part of the harvest crew in any United States commercial fishery, and who do not own in whole or in part any Category A or Category B vessel." "Entry level fishermen" are similarly defined, but under the statute this group need not have demonstrated fishery experience, and do not need to own halibut and sablefish quota shares before receiving a Program loan. Entry level fishermen may finance an initial quota share purchase that is equivalent to not more than 8,000 pounds of IFQ, as calculated in the year they apply.

Under the present regulations, FFP loans for the HSQS program are awarded on the basis of the FFP's general lending requirements. In addition, the FFP requires that preferred ship mortgages be placed on all Federally documented vessels owned by IFQ borrowers. For borrowers refinancing existing debt, the FFP will not close loans that exceed the outstanding amount of debt being refinanced, in order to prevent Program funds from being used for ineligible purposes. Refinancing is also subject to

a cap of 80 percent of the principal of the loan; however, if the current market value of the quota shares exceeds the loan amount by 20 percent or more, a borrower can refinance without providing additional down payment. If the applicant has insufficient equity in the collateral, the applicant is required to pay the debt down to the acceptable 80 percent level.

The Program requires that each applicant for sablefish or halibut IFQ demonstrate how it meets or will meet the relevant statutory conditions at the time of application. To calculate pound limits, the FFP applies the IFQ limits for the year in which the borrower submits the application. This allows the FFP to use the most recent IFQ pound limit when determining loan eligibility. HSQS loans contain covenants requiring that the Program's borrowers be aboard their vessels as the IFQ from their NMFS financed quota shares are fished. However, the Program does not read the statutory text as creating a permanent onboard participation requirement. Instead, the condition is included among a series of eligibility conditions for originating a loan, and the FFP has interpreted it to require that a borrower (1) express the intent to participate aboard when he or she applies for a HSQS loan and; (2) actually be aboard the vessel while the IFQ from each NMFS financed quota share is harvested over the course of a fishing season.

Accordingly, a borrower under the HSQS could meet the statutory onboard participation requirement during the first season of fishing after purchasing quota share with loan proceeds. However, in keeping with the North Pacific Fishery Management Council's (NP Council) expressed policy to maintain the small boat halibut and sablefish fisheries as "owner operated" fisheries, HSQS loan documents contain additional covenants requiring that the Program's borrowers declare annually, under penalty of perjury, that they were aboard the vessel as fish were harvested under the IFQ derived from their NMFS financed quota shares. The FFP may waive the onboard participation loan covenants at the request of the borrower, (e.g. to accommodate medical IFQ transfers), provided that the borrower can obtain permission from the Restricted Access Management (RAM) Division of NMFS Alaska Regional office or appropriate office. The Program defers to RAM, or to the office that undertakes the duties of this division to issue or manage quota shares and the NMFS Alaska Regional office, in determining who is eligible to fish under the HSQS. The FFP will not make an HSQS loan to anyone who lacks

RAM certification of eligibility for the halibut or sablefish fisheries.

Between FY98 and FY08, the FFP approved 240 applications for halibut and sablefish IFQ loans. The average amount of these loans amounted to \$154,209.

Proposed Provisions: CDQ Lending Program

In 1992, the NP Council established a Community Development Quota (CDQ) Program. The intent of this program is to promote fisheries-related economic development in disadvantaged Western Alaska communities. See Guard and Maritime Transportation Act of 2006, Public Law 109-241, section 416(a). The remote and isolated nature of Western Alaska limits employment opportunities of most residents to jobs within their communities, and these areas suffer from high unemployment and poverty levels. The CDQ Program was created to provide long-term loans to assist these communities in developing the harvesting and processing capability in local Bering Sea and Aleutian Island fisheries. Although statutory authority for the CDQ Program dates back to 1998, funding for the program was not made available until 2006, Public Law 109-241, section 416(a). Through these regulations, the FFP intends to implement this program.

Unlike the FFP's other lending programs, the CDQ Program would allow the FFP to award loans with maturities of up to thirty (30) years, although the Program has the discretion to use shorter periods. Aside from extended maturities, CDQ loans are subject to the Program's general lending standards and practices; collateral, guarantee and other loan requirements may be adjusted to account for individual credit risks. Entities eligible to participate are set forth in 16 U.S.C. 1855(i), and include:

(1) The villages of Akutan, Atka, False Pass, Nelson Lagoon, Nikolski, and Saint George through the Aleutian Pribilof Island Community Development Association.

(2) The villages of Aleknagik, Clark's Point, Dillingham, Egegik, Ekwok, Ekwok, King Salmon/Savonoski, Levelock, Manokotak, Naknek, Pilot Point, Port Heiden, Portage Creek, South Naknek, Togiak, Twin Hills, and Ugashik through the Bristol Bay Economic Development Corporation.

(3) The village of Saint Paul through the Central Bering Sea Fishermen's Association.

(4) The villages of Chefornek, Chevak, Eek, Goodnews Bay, Hooper Bay, Kipnuk, Kongiganak, Kwigillingok, Mekoryuk, Napakiak, Napaskiak,

Newtok, Nightmute, Oscarville, Platinum, Quinhagak, Scammon Bay, Toksook Bay, Tuntutuliak, and Tununak through the Coastal Villages Region Fund.

(5) The villages of Brevig Mission, Diomedea, Elim, Gambell, Golovin, Koyuk, Nome, Saint Michael, Savoonga, Shaktoolik, Stebbins, Teller, Unalakleet, Wales, and White Mountain through the Norton Sound Economic Development Corporation.

(6) The villages of Alakanuk, Emmonak, Grayling, Kotlik, Mountain Village, and Nunam Iqua through the Yukon Delta Fisheries Development Association.

(7) Any new groups established by applicable law.

Proposed Crab IFQ Lending Program

In addition to proposing regulatory language for the CDQ Program, this rule would implement the Bering Sea/Aleutian Island (BSAI) crab IFQ quota lending program. FFP lending for Bering Sea/Aleutian Island (BSAI) crab IFQ quota shares, which is an integral part of the crab rationalization program developed by NP Council, will be limited to specific crab fisheries and those persons identified as "captain" or "crew" on a BSAI crab fishing vessel. Additionally, like other FFP loans, crab quota share loan amounts will be limited to 80 percent of the actual purchase price, and carry a 25-year maturity. Captains and crew must be deemed eligible by a RAM or appropriate authority to own Crab QS, and meet all other applicable provisions of the Bering Sea and Aleutian Islands King and Tanner Crab Fishery Management Plan (Crab FMP) and its implementing regulations in effect at the time of their loan closing. The Program will rely on RAM to determine that the applicant meets the requirements to own crab quota shares.

All requirements and standards for halibut and sablefish IFQ and general FFP lending guidelines will apply to crab IFQ lending, except that the ownership limits after closing an FFP financing are based on a percentage of the total allowable catch not on pounds caught. Like halibut sablefish quota share, borrowers refinancing existing debt cannot borrow more than the outstanding debt and must meet the 80 percent maximum loan amount.

Summary and Explanation of Proposed Regulatory Changes

In addition to redesigning the current regulations, this proposed action makes the following changes, as explained here.

General Definitions (§ 253.10)

This action changes the general definitions section of part 253 to reflect changes in statutory codification and other minor details. Specifically, this action eliminates the word "guarantor" from the definitions of "Guaranteed Note" and "U.S. Note" to clarify that the United States is no longer providing loan guarantees through the FFP. In all other respects the substantive definitions of those two terms remain the same. Similarly, the terms "Applicant," "Application," "Application fee," "Demand," "Fish," "Guarantee," "Security documents," are changed to reflect the Program's current status as a direct lender possessing a legacy portfolio of loan guarantees. The definitions of the terms, "Facility," "Guarantee fee," "Noteholder," "Refinancing," "Refinancing/assumption fee," "U.S.," "Useful life," and "Vessel" remain unchanged from the current regulation.

Additionally, the definitions for the following terms were changed to reflect the recent recodification of the Shipping Statutes. The definition of "Act" was changed from Title XI of the Merchant Marine Act, 1936, as amended to Chapter 537 of title 46 of the U.S. Code, (46 U.S.C. 53701-35), as may be amended from time to time. The definition of "Actual cost" was changed from a calculation to a broader definition that refers to § 253.16 of the rule for specific calculations. The definition of "Aquaculture facility" was changed to delete from its definition the need for its operation to involve commercial purposes. The definition of "CCF" was expanded to include a citation and the purpose of a CCF account. The definition of "Citizen" was changed to update the citation for citizenship qualification. The term "Contributory project" has been deleted, and its provisions are contained in the revised definition of "Project." The terms "Property" and "Project Property" have been deleted as superfluous. The definition of "Program" reflects the change in the name of the Program, from "Fisheries Obligation Guarantee Program" to "Fisheries Finance Program" and provides additional detail on where the Program is located. A definition for the term "RAM" is added to identify the NMFS Alaska Region's Restricted Access Management division or other appropriate authority.

The following terms are new or carry expanded definitions: "Approval in principle letter" is added to describe the document by which the Program advises an applicant that its loan application has been approved. "Captain" is added

to provide clarity to a type of borrower authorized to be a crab IFQ applicant. "Charter fishing" replaces the term "Passenger fishing" for consistency with the MSA. "Crewman" is added to describe an individual qualified to apply for IFQ financing. "Fisheries harvest authorization" is defined to provide clarity for its use with the IFQ loan programs. "Fishery facility" is changed to clarify that facilities servicing water craft used for charter fishing are included within this definition. "Fishing" is expanded to match the MSA, as amended definition, thereby providing additional clarity and specifically excluding scientific research activity. "IFQ" is added to reflect its use in the halibut/sablefish and crab IFQ loan programs. "Obligor," which corresponds to the previous term "Notemaker" used in the existing regulations, is added to match the term used in the Act. "Origination year" is added to define how the term will be applied to qualify applicants for IFQ financing. The definition of "Project" has been expanded to improve readability and interpretation of the proposed regulation. The terms "Underutilized fishery" and "Wise use" are changed to bring them in line with current NMFS standards.

Except for renumbering and reordering, the contents of new §§ 253.11, 253.12 and 253.13 (relating to General FFP Credit Standards and Requirements, Credit Application Requirements, and the Initial Investigation and Approval) remain largely unchanged from § 253.11 and §§ 253.13-16 in the current regulations. The sections track the discussion of the Program's lending policies described above.

Loan Documents (§ 253.14)

This action also adds a new § 253.14, the provisions of which largely reflect those of the current § 253.12. Section 253.14 eliminates the distinction in the rule between a "guaranteed note," which was defined by the 1996 regulations as a note sold to a third party and a "U.S. Note," defined as a document presented to the FFP in order to allow the FFP to properly file various liens and security interests. Since the statute was amended in October 1996 to create the direct loan program, these terms are no longer distinct, and this change is necessary to codify the statutory determination that the FFP is issued only a single note, while the debt is held by the United States.

For Program loans originating before October 11, 1996, the term "U.S. Note" applies to the additional note executed by the borrower. However, for loans

originating after October 11, 1996, "U.S. Note" refers to the promissory note given to the FFP that evidences the borrower's actual indebtedness to the U.S. Keeping with current practice, U.S. Notes are assignable, allowing the FFP to sell notes to a third party. This provides the Program an additional opportunity to liquidate a defaulted debt.

This rule also clarifies that, during the life of a loan, the FFP may advance sums to protect its collateral or security interests. For example, the FFP may elect to pay for insurance premiums on collateral property when the borrower has failed to do so. This section establishes that any sums advanced by the FFP will be added to the outstanding loan principal, and incur interest as described by the terms of such additional lending.

In addition to describing the U.S. Note, § 253.14 sets forth certain requirements for the Program's security documents. While the Program may entertain suggested amendments from borrowers and their legal counsel, the FFP retains final authority over the contents of the security documents. Under its lending policy, the FFP finances specific projects, taking the actual property associated with such projects as collateral for the loan. However, to meet its credit risk standards, the Program frequently seeks security interests in assets beyond the property that is the nominal subject of the financing. The FFP may require security interests in other assets owned by the applicant, affiliated businesses, and the applicant's owners. In unusual circumstances, the Program may consider other substitute collateral of equal or greater value. The Program will make this determination on a case-by-case basis.

Recourse Against Other Parties (§ 253.15)

This proposed action also creates § 253.14, which provides that any personal or business guarantees and additional security required by the Program may be secured or unsecured, and may take the form of a repayment guaranty or an irrevocable letter of credit. As a general policy, the FFP will hold those who stand to receive the primary benefit of the project financially accountable for the project's performance. For instance, the FFP may require recourse against a borrower's major shareholders, parent corporation, affiliated businesses, general partners, limited partners, the spouses of borrowers who reside in community property states, and any other person or entity with a financial interest in the

borrower. In the event that additional security is unavailable, the value of assets pledged to the U.S. must be deemed sufficient to liquidate the loan.

Actual Cost (§ 253.16)

This action adds a new section § 253.16, to provide detail and clarity for the term "Actual cost." Lending for shoreside facilities, aquaculture facilities and IFQ each require different calculations of actual cost of the project to be financed. As it applies to a vessel, this provision would allow actual cost to be calculated on a "cost basis," meaning that the original cost of a vessel and its capital improvements are depreciated over their useful life. This change is necessary to allow the FFP to account for value added of the depreciated actual cost, which is the basis of the maximum loan amount by limited access permits or other harvest privileges that are appurtenant to the vessel such as, for example, those that are assigned to a vessel, tracked by vessel, or accrue because of vessel ownership. Section 253.106 will provide that the actual cost of a vessel can reflect the value of an appurtenant harvest privilege, even though there may be no cost basis for the appurtenant privilege. The provision clarifies that such harvest privileges may only be included if they are used aboard or by the vessel that is the subject of the loan and that the privileges, themselves, also serve as additional primary collateral for the loan. All other aspects of vessel actual cost are unchanged from the existing rule.

This provision clarifies that the FFP will use two different actual cost computations to determine the cost basis for loans under the Program. For real property owned in fee simple by the borrower, the FFP will value the land according to its current market value. Valuing land on a cost basis is difficult because land does not incur ongoing acquisition costs. Moreover, the value of real property can fluctuate over time, and cost basis may not reflect the change in value, if any. For example, a land owner, who purchased land 20 years ago, may be unable to borrow against the land's current market value if actual cost was measured using cost basis. Using current market value allows older facilities to obtain a loan that is reasonably proportionate to the facility's contemporary value.

In contrast, the FFP will calculate the actual cost for improvements to real property on a cost basis. Cost basis takes the original cost of assets, and depreciates them over their estimated useful life, to determine the present value of the assets. The values of

improvements to shoreside and aquaculture facilities are best determined by their cost and their expected lifetime. Equipment and fixtures are often unique to these facilities and are not usable elsewhere, so, alternative methods of evaluation are not readily available.

The FFP will also use cost basis to determine the actual cost of a real property lease. Although a lease is a capital asset, it is of finite duration and requires that the tenant continually pay rent. A lease's actual cost is defined as the net present value of the future stream of rent payments, with the present value calculated at the time the borrower submits its loan application. The FFP will use the United States Department of Treasury Daily Treasury Yield Curve Rate to determine the discount rate. To include a lease among collateral, the project property must be located on the leased land and the duration of the lease must exceed both the nominal term of the financing and any additional period that the FFP deems appropriate.

The FFP will also finance and refinance transferable limited entry privileges. Often these privileges are bought and sold in arm's length transactions, such that an identifiable market already exists for them. The FFP will define the actual cost of transferable limited access privileges in two ways, based on their market value. When first purchased, these rules define actual cost as current market value, as set by purchase price. As with the sale of any good, the value that a buyer and seller agree to is generally the best determination of market value.

In the context of refinancing limited entry privileges, these rules define actual cost as the current market value of similar privileges. Although the value of these privileges may change over time, the existence of an identifiable market allows the FFP to use contemporaneous comparable sales to determine current market value. Additionally, new §§ 253.28(d)(2) and 253.30(c)(2) limit the aggregate value of a borrower's refinancing transactions. The value of a refinancing loan can not exceed the amount required to fully repay the QS debt being refinanced.

Insurance (§ 253.17)

Section 253.17 replaces the old § 253.15(c), and sets out new provisions for the FFP's review and approval of insurance coverage. Currently, the FFP requires each borrower to have and maintain adequate insurance coverage. Typically, the FFP requires borrowers to have general business coverage, including (but not limited to) worker's

compensation, seaman's liability, business interruption, inventory coverage, cargo coverage, breach of warranty, as well as other insurance specific to a loan's collateral package. At a minimum, the current rules provide that the United States must be named as the loss payee, where applicable, and coverage must provide protection from any partial or total loss of collateral.

Additionally, the current rules require that the Program be named an additional assured or co-policyholder, rather than just as a loss payee. The FFP also requires that vessel coverage policies attest to the vessel's seaworthiness. In order to provide coverage in the event a policy term or condition is violated, current FFP rules require that borrowers provide additional coverage to protect against breaches of warranty. Although the Program requires certain provisions and covenants within all policies, the FFP retains broad discretion to tailor its insurance requirements to fit the circumstances of each individual loan.

Under the proposed action, the FFP will be required to find both the insurer and the amount of coverage to be acceptable. The Program will use various insurance rating services to evaluate insurers, and reserves the right to refuse coverage from unapproved insurers. All required insurance coverage must be maintained continuously during the life of the loan. A break in coverage is a security default and grounds for foreclosure. While the FFP recognizes that insurers often maintain the right to cancel insurance coverage for a variety of reasons, the new Program rules require that insurance policies provide for a minimum of 20 days advance written notice to the FFP and the insured of cancellation for vessels, and 30 days of advance written notice for facilities.

Closing (§ 253.18)

The proposed rule redesignates current section § 253.15(g) as § 253.18. As in the existing section, the new section clarifies that the Program approves loans by sending an applicant an AIP, which contains the terms and conditions required to close the loan and disburse the proceeds. The AIP must be signed and returned by the borrower to show acceptance of the terms and conditions; most of these terms and conditions are also incorporated into the actual closing documents. Significant changes to the closing documents, which are standard forms developed by the Program, require the Program's written approval. The FFP may require the borrower's attorney, at the borrower's expense, to

draft closing documents for transactions involving state or local law. Likewise, other closing costs, including title search and insurance, escrow fees and document preparation shall be at the borrower's expense.

Finally, the regulations provide that neither the United States nor the FFP will be liable for any adverse consequences related to the timing of closing. The Program will only close loans when all requirements are satisfactorily completed. This section encourages the parties to a loan transaction to work closely with the Program to assure closing on a timely basis.

Dual-use CCF (§ 253.19)

The Capital Construction Program allows fishermen to deposit profits in a capital construction fund (CCF) earmarked account and defer the taxes associated with such profits. This section provides that CCF accounts can be considered as an asset, and may be pledged as collateral for Program financings. This section is unchanged, except for renumbering, from § 253.12(c) of the current regulations, to § 253.19.

Fees (§ 253.20)

This rule would redesignate § 253.16 of the current rule to § 253.20. Aside from acknowledging the application fees set out in § 253.12(b) of the proposed rule, the new § 253.20 relating to guarantee fees and refinancing or assumption fees of the rule will largely remain unchanged from the existing § 253.16.

Under the guaranteed loan program, the Program will still require that each borrower pay a fee of one percent per year on the average unpaid principal balance. This fee is not applicable to direct loans. Although the Program does not originate any new guaranteed loans, the FFP continues to maintain some legacy of FOG loans. For such guaranteed loans, this section indicates that the first year's guarantee fee was due when the loan closed. However, this new section requires that each subsequent year's fee on current guaranteed loans is due in advance of each year, and is based on the scheduled repayments for the coming year. Subsequent year annual fees will continue to be collected until the guaranteed loan is paid in full. Once paid, guarantee fees are not refundable; accordingly, paying off a guarantee loan during the fee year will not result in a credit or refund.

The refinancing and assumption fees addressed in this section apply only when borrowers refinance or assume loans already in the Program's portfolio.

It does not apply when the FFP refinances loans held by other lenders. Instead, a standard application fee is due upon submission of the application for refinancing such "outside" financing. Internal refinancing or assumption fees are not refundable, though the FFP may choose to waive such fees if the primary purpose of the refinancing is to protect the interest of the United States.

All fees mentioned in this section are sent to the FFP's lock box address. The mailing address for the lock box is currently: U.S. Department of Commerce, NOAA, P.O. Box 979008, St. Louis, MO 63197-9008.

The FFP requires that the borrower include the loan number on such payments.

Demand by Guaranteed Noteholder and Payment (§ 253.21)

As mentioned above, the Program has retained, and will continue to do so, a portfolio of guaranteed loans. The holders of these debts possess a repayment guarantee. In the event of payment default, the holder of the note makes a "demand" for payment to the U.S. This new section, drawn from previous § 253.17 of the regulations, prescribes that such demand must be made in writing and include a complete payment history for the loan on which demand is made.

Program Operating Guidelines (§ 253.22)

This new section will authorize the FFP to issue non-regulatory policy and administrative guidelines, as needed. In the evolving arena of fisheries and fisheries management, the Program may have to adjust its operations to stay current and effectively administer the Program.

Default and Liquidation (§ 253.23)

Under 46 U.S.C. 53722, there are a wide variety of actions available to the Program if a loan defaults. Program officials will work with its attorneys and the U.S. Department of Justice, as appropriate, to determine a course of action. This new section reaffirms the Program's broad authority to use any means available to the Federal Government to recover debt owed to the United States.

Enforcement Violations and Adverse Actions (§ 253.24)

The FFP believes that it is inconsistent with wise and good use of the Program funds, and contrary to the public interest, to provide financing to parties with unresolved fisheries enforcement violations. Thus, under this new provision, Program borrowers

could face a security default and foreclosure if they incur a fisheries violation. This action provides that the Program may delay the approval, closing or disbursement of loans to parties who have an outstanding Notice of Violation and Assessment issued to them by NMFS enforcement or other authorities. The Program will suspend, cancel or rescind the processing of any application or disbursement if it discovers an unresolved final and unappealable sanction.

In addition, this section provides that the FFP will not approve, close or disburse a loan unless such fine or penalty has (1) been fully resolved; or (2) the parties have entered into an agreement to pay the penalty in installments, and all payments due under such installment agreement are current. Any failure to resolve such penalties could result in disqualification. This policy was originally announced in a notice published in the *Federal Register* on January 4, 1984 (49 FR 491).

Other Administrative Requirements (§ 253.25)

This action reaffirms that borrowers must comply with all applicable Federal statutory and administrative requirements. Some of these provisions include compliance with the Debt Collection Act, providing various certifications under 15 CFR part 26 (Nonprocurement Debarment and Suspension, Anti-Lobbying, Drug free work place, etc.), and the Paperwork Reduction Act (PRA). This section also clarifies that all loan applications are subject to investigation by the United States, and may involve the Department of Commerce's Inspector General, the U.S. Department of Justice, and NMFS Enforcement.

Traditional Loans (§ 253.26)

For clarity, the proposed rule compiles existing policies and requirements for vessel and facility lending into this new section. This section establishes an 80 percent actual cost financing limit, and retains the current maximum loan term of 25 years or the useful life of the assets being financed, whichever is shorter. Consistent with the existing § 253.11 provisions, § 253.26 provides that the FFP will not grant financing for new vessel construction or for projects that materially increase harvesting capacity. This action retains existing provisions found at § 253.11, which allow the FFP to finance or refinance eligible projects, including refinancing the Program's legacy Fisheries Obligation Guarantee loans as direct loans. The FFP would be

allowed to reimburse borrowers who have already paid or financed the cost of refurbishing or constructing vessels. In addition to being found credit-worthy, applicants for such reimbursements must have the required fishing permits and authorities. The FFP is required to verify that vessels have the proper permits, licenses, quotas, entry rights, etc. required to legally harvest fish under the appropriate fisheries management plan and all applicable regulations and law.

The proposed rule also adds text, in compliance with 46 U.S.C. 53706(a)(3), that authorizes the FFP to liquidate and finance the purchase of collateral that the Program acquires, including those acquired by accelerating, paying or settling debts or obligations, through foreclosure, or at judicial sale. Financing these assets requires the availability and use of loan authority. This section also includes provisions reflecting changes brought on by the recent changes to the MSA, as amended, including lending for fisheries modernization and to support sustainable fisheries efforts.

IFQ Financing (§ 253.27)

This new section contains the Program's general policy and requirements for establishing IFQ lending programs, as authorized by the MSA, as amended. The FFP must have a request from an FMC to approve and implement an IFQ loan Program. Requests from an FMC should include their suggested definitions of:

Small vessel;
Entry-level fishermen; and
Fishermen who fish from a small vessel.

Council requests under this provision may include any other suggested terms or conditions. However, the FFP can only incorporate those suggestions that the Program determines to be feasible, are not excessively burdensome, and are not otherwise prohibited by applicable law, including FFP rules or operating guidelines.

Although the Program regards the harvest privilege as the primary collateral in an IFQ loan, it will take additional security pledges, as necessary, to maintain the priority of the FFP's interest in the IFQ and to reduce credit risk, in order to protect the interest of the U.S. The FFP prefers quarterly payments of principal and interest to both reduce the number of transactions processed by the agency's accounting office and enhance tracking of loan performance. Pursuant to 46 U.S.C. 53710(a)(3), maximum maturity for an IFQ loan is 25 years.

Halibut Sablefish IFQ Loans (§ 253.28)

This section codifies existing FFP HSQS lending policies and guidance from the Halibut and Sablefish Fisheries Quota-Share Loan Program (63 FR 28986, May 27, 1998).

In addition to the pound limits, onboard requirements, and other eligibility limitations, all HSQS loans would be subject to the Program's general standards and requirements. Collateral, guarantee and other requirements may be adjusted to match each individual credit risk. As with IFQ financing generally, under this new provision the FFP may refinance existing debt associated with HSQS. However, the FFP has determined that providing a HSQS borrower with funds in excess of the borrower's existing and outstanding debt is inconsistent with sound fiscal management. Therefore, HSQS borrowers seeking to refinance debt are subject to the FFP's 20 percent borrower's equity minimum.

Under this rule, the FFP will defer to the RAM division to determine a borrower's eligibility to hold HSQS. To purchase and retain HSQS, the potential owner must apply to RAM, meet the applicable requirements, and receive certification from RAM that they are eligible to hold HSQS. This section requires that an applicant for financing under the HSQS loan program possess or be able to obtain such certificate. Failure to obtain such certification in a timely manner may cause the applicant to lose its application processing priority.

CDQ Loans (§ 253.29)

This proposed rule would add a section establishing the CDQ lending program. Established by statute in 1998, this lending program allows CDQ Groups to finance certain fisheries related projects in Bering Sea and Aleutian Islands. CDQ loans are subject to all general FFP standards and requirements; collateral, guarantee and other requirements may be adjusted in accordance to each project's individual credit risk. However, CDQ loans may carry maturity terms of 30 years, 5 years longer than typical Program lending. This section is necessary because, although the CDQ program was authorized in 1998, there were no appropriations until 2006 to implement the program. The FFP is poised to move forward with the program and needs the implementing regulations to proceed.

Crab IFQ Loans (§ 253.30)

This new section provides regulatory provisions specific to the crab IFQ loan program. Although crab IFQ loans will

be very similar to HSQS loans, the NP Council has limited participant eligibility to crab captains or crewmen on BSAI crab fishing vessels. This section contains additional terms that codify the NP Council's intent. It provides that captains and crew must be certified by RAM as eligible to hold crab quota share, and meet all other applicable provisions of the Crab FMP in effect at the time of their loan closing. Like other FFP loan requirements, the section limits loan amounts to 80 percent of the purchase price, as required by statute.

This section also limits refinancing to persons whose initial purchase of Crab QS would, in accordance with the program's statutory authority, have been eligible for FFP financing. Like HSQS loans, the Program will only finance up to 80 percent of the quota share's current value, and it will limit the amount refinanced to the amount required to fully repay the outstanding debt being refinanced. In addition to requiring that such persons meet all other Program lending and Crab FMP requirements in effect at the time of the refinancing, the applicant must have established equity in the collateral used to support the loan. If they fail to have the requisite equity margin (measured as the difference between the value of the primary collateral and the amount of the loan), applicants seeking refinancing will be required to pay the debt down to the acceptable 80 percent level.

In order to increase the safety and practicality of the lending program, the NP Council recommended that "small vessels" be defined as all vessels in the BSAI crab fisheries. They also expanded the qualifications for RAM determinations of eligibility to include applicants who have made at least one delivery in a fishery subject to the crab rationalization program in two of the three years prior to the application for the crab quota share loan. Unlike with HSQS, for which participation in the loan program is restricted by an IFQ pound limit, the NP Council recommended that ownership limitations in the Crab IFQ lending program be based on a percentage of the initial quota share pool for each crab fishery. This section includes each of these modifications.

Classification

This proposed rule is published under the authority of, and is consistent with, Chapter 537 of the Shipping Act and the MSA, as amended. The NMFS Assistant Administrator has determined that this proposed rule is consistent with the MSA, as amended, and other applicable

law, subject to further consideration after public comment.

Executive Order 12866

This proposed rule has been determined to be not significant for purposes of Executive Order 12866.

This rule does not duplicate, overlap, or conflict with any other relevant Federal rules.

Paperwork Reduction Act

Notwithstanding any other provision of the law, no person is required to respond to, and no person shall be subject to penalty for failure to comply with, a collection of information subject to the requirements of the PRA, unless that collection of information displays a currently valid OMB Control Number.

This proposed rule contains collections-of-information subject to the PRA, which have been approved by OMB under control number. The application requirements contained in these rules have been approved under OMB control number 0648-0012. The applications for the halibut/sablefish quota share crew member eligibility certificate have been approved under OMB control number 0648-0272. Public reporting burden for placing an application for FFP financing is estimated to average eight hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

Send comments regarding this burden estimate, or any other aspect of this data collection, including suggestions for reducing the burden, to NMFS (*see ADDRESSES*) and by e-mail to david.rostker@omb.eop.gov or fax to (202) 395-7285.

Regulatory Flexibility Act

The Chief Counsel for Regulation of the Department of Commerce has certified to the Chief Counsel for Advocacy of the Small Business Administration (SBA) that this proposed rule, if adopted, would not have a significant economic impact on a substantial number of small entities.

The Regulatory Flexibility Act (RFA), 5 U.S.C. 601, *et seq.*, requires that, "[w]henver an agency is required by section 553 of this title [5 USCS § 553], or any other law, to publish general notice of proposed rulemaking for any proposed rule, or publishes a notice of proposed rulemaking for an interpretative rule involving the internal revenue laws of the United States, the agency shall prepare and make available for public comment an initial regulatory

flexibility analysis. Such analysis shall describe the impact of the proposed rule on small entities." 5 U.S.C. 603(a). However, where an agency can certify "that the rule will not, if promulgated, have a significant economic impact on a substantial number of small entities" then an agency need not undertake a full regulatory flexibility analysis. 5 U.S.C. 605(b).

The proposed rule replaces the current FFP rule, subpart B of 50 CFR 253, as published in the *Federal Register* on May 1, 1996 (61 FR 19172). The objective of this rule is to update the FFP rule to reflect statutory changes and codify all the existing FFP authorities into 50 CFR part 253 in the Code of Federal Regulations. As codified in this rule, the FFP will offer small businesses in Alaska and native Alaskan communities a source of long-term capital for various segments of the commercial fishing and aquaculture industries. Participation in the FFP is entirely voluntary. This rule imposes no mandatory requirements on any business. These changes are required by recent amendments to the Program's authorizing statutes. Additionally, promulgation of new regulations is necessary to implement the FFP's new lending programs. To gain key efficiencies, this proposed rule combines these Program operating requirements into a single rulemaking. Having all aspects of the FFP's rules located in one rule will assist the public in reviewing the potential application of the FFP to their need.

Specifically, these rules enact regulatory changes to create new FFP programs authorized in legislation in 2006 will be implemented under 50 CFR part 253, subpart B. Additionally, this rule will create new §§ 253.10 through 253.30.50. Part 253, subpart C (§§ 253.20 through 253.24) will be redesigned as Subpart C, sections 253.40 through 253.44, without change.

The RFA defines a small fishing business as one that has an annual revenue of \$4.0 million or less. Additionally, "small governmental jurisdictions" are defined as governments of cities, counties, towns, townships, villages, school districts, or special districts with populations of fewer than 50,000. As defined in RFA, the small entities that this rule may affect include, but are not limited to, vessel owners, vessel operators, fish dealers, individual fishermen, small corporations, others engaged in commercial and recreational activities regulated by NOAA and native Alaskan governmental jurisdictions. In addition, the rule would affect some larger businesses. Notably, because the FFP is

a voluntary program that provides loans to qualified applicants, no entities—larger or small—would be directly regulated by this rule.

NMFS has examined the business size status of applicants approved by the FFP during the last eleven years during which the FFP has been a direct lender. During this period, the FFP approved 425 applications. Of these applications, 146, or 35 percent of the total number of businesses that could be determined to be small or large entities, were small businesses as defined by the SBA.² In addition, 221 applicants, or 53 percent of all applicants, were individual or sole proprietorships. Thus, most of the loans that have been recently issued by the FFP were to small entities.

The FFP approved loans for:

	Number	Percentage
Individuals/sole proprietorships	221	53
Small Business	146	35
Large Business	49	12

Since it codifies existing FFP statutes and policies, this action will not create new reporting requirements for small entities participating in the FFP. Although the FFP requires certain supporting documentation during the life of a loan, the FFP's requirements do not impose unusual burdens when compared to the burdens imposed by other lenders. Moreover, because the basic need for financing would continue to exist without the FFP, the small entities seeking financing would still need to comply with similar, if not identical, requirements imposed by another lender. Records required to participate in the FFP are usually within the normal business records already maintained by small business entities. The time required for small entities to meet these requirements would be less than five hours per application.

In addition, to ease burdens on loan applicants that are small entities, the proposed rules vary the scope of the requested information in accordance with the size and complexity of the applicant's operation. These rules request information from applicants that is already available to them, such as income tax returns, insurance policies, permits, licenses, etc. Depending on circumstances, the FFP may require other supporting documents, including internal financial statements, audited financial statements, property descriptions, and other documents that can be acquired at reasonable cost if they are not already available.

² There were nine records for which NMFS was unable to determine the size of the applicant.

The FFP has only positive impacts on small entities. It is a source of long-term capital and imposes no regulatory requirements on small business outside of those applying for financing. FFP applicants make a voluntary decision to use the Program. Both small and large entities benefit from the availability of long-term, fixed rate financing. CDQ groups and communities benefit from the positive economic opportunities that FFP lending provides.

Because participation is voluntary and requires considerable effort and the outlay of an application fee, all FFP applicants are assumed to have made a determination that using FFP financing incurs a benefit, such that the FFP's long-term, fixed rate financing provides a positive economic impact. Importantly, the FFP does not regulate or manage the affairs of its borrowers, and the regulations impose no additional compliance, operating or other fees or costs on small entities.

Because this regulation will impose no significant costs on any small entities, but rather will provide small and large entities with benefits, the economic impact on small entities, if any, is expected to be minimal at worst, but likely it will be positive. Accordingly, this rule will not substantially impact a significant number of small businesses.

As a result of this certification, an initial regulatory flexibility analysis is not required and none has been prepared.

List of Subjects in 50 CFR Part 253

Aquaculture, Community development groups, Direct lending, Financial assistance, Fisheries, Fishing, Individual fishing quota.

Dated: April 26, 2010.

Samuel D. Rauch III,
Deputy Assistant Administrator for
Regulatory Services, National Marine
Fisheries Service.

For the reasons set forth in the preamble, 50 CFR part 253 is proposed to be amended by revising part 253 as follows:

PART 253B—FISHERIES ASSISTANCE PROGRAMS

Subpart A—General

Sec.

253.1 Purpose

Subpart B—Fisheries Finance Program

253.10 General definitions.

253.11 General FFP credit standards and requirements.

253.12 Credit application.

253.13 Initial investigation and approval.

253.14 Loan documents.

253.15 Recourse against other parties.

253.16 Actual cost.

253.17 Insurance.

253.18 Closing.

253.19 Dual-use CCF.

253.20 Fees.

253.21 Demand by guaranteed noteholder and payment.

253.22 Program operating guidelines.

253.23 Default and liquidation.

253.24 Enforcement violations and adverse actions.

253.25 Other administrative requirements.

253.26 Traditional loans.

253.27 IFQ financing.

253.28 Halibut sablefish IFQ loans.

253.29 CDQ loans.

253.30 Crab IFQ loans.

253.31–253.49 [Reserved]

Subpart C—Interjurisdictional Fisheries

253.50 Definitions.

253.51 Apportionment.

253.52 State projects.

253.53 Other funds.

253.54 Administrative requirements.

Authority: 46 U.S.C. 53701 and 16 U.S.C. 4101 *et seq.*

Subpart A—General

§ 253.1 Purpose.

(a) The regulations in this part pertain to fisheries assistance programs. Subpart B of these rules governs the Fisheries Finance Program (FFP or the Program), which makes capacity neutral long-term direct fisheries and aquaculture loans. The FFP does all credit investigations, makes all credit determinations and holds and services all credit collateral.

(b) Subpart C implements Title III of Public Law 99–659 (16 U.S.C. 4100 *et seq.*), which has two objectives:

(1) Promote and encourage State activities in support of the management of interjurisdictional fishery resources identified in interstate or Federal fishery management plans; and

(2) Promote and encourage management of interjurisdictional fishery resources throughout their range.

(c) The scope of this part includes guidance on making financial assistance awards to States or Interstate Commissions to undertake projects in support of management of interjurisdictional fishery resources in both the executive economic zone (EEZ) and State waters, and to encourage States to enter into enforcement agreements with either the Department of Commerce or the Department of the Interior.

Subpart B—Fisheries Finance Program

§ 253.10 General definitions.

The terms used in this subpart have the following meanings:

Act means Chapter 537 of Title 46 of the U.S. Code, (46 U.S.C. 53701–35), as may be amended from time to time.

Actual cost means the sum of all amounts for a project paid by an obligor (or related person), as well as all amounts that the Program determines the obligor will become obligated to pay, as such amounts are calculated by § 253.16.

Applicant means the individual or entity applying for a loan (the prospective obligor).

Application means the documents provided to or requested by NMFS from an applicant to apply for a loan.

Application fee means 0.5 percent of the dollar amount of financing requested.

Approval in principle letter (AIP) means a written communication from NMFS to the applicant expressing the agency's commitment to provide financing for a project, subject to all applicable regulatory and Program requirements and in accordance with the terms and conditions contained in the AIP.

Aquaculture facility means land, structures, appurtenances, laboratories, water craft built in the U.S., and any equipment used for the hatching, caring for, or growing fish under controlled circumstances for commercial purposes, as well as the unloading, receiving, holding, processing, or distribution of such fish.

Captain means a vessel operator or a vessel master.

Capital Construction Fund (CCF), as described under 46 U.S.C. 53501-17, allows owners of eligible vessels to reserve capital for replacement vessels, additional vessels, reconstruction of vessels, or reconstructed vessels, built in the United States and documented under the laws of the United States, for operation in the fisheries of the United States.

Charter fishing means fishing from a vessel carrying a "passenger for hire," as defined in 46 U.S.C. 2101(21a), such passenger being engaged in recreational fishing, from whom consideration is contributed as a condition of carriage on the vessel, whether directly or indirectly flowing to the owner, charterer, operator, agent, or any other person having an interest in the vessel.

Citizen means a "citizen of the United States," as described in 46 U.S.C. 104, or an entity who is a citizen for the purpose of documenting a vessel in the coastwise trade under 46 U.S.C. 50501.

Crewman means any individual, other than a captain, a passenger for hire, or a fisheries observer working on a vessel that is engaged in fishing.

Demand means a noteholder's request that a debtor or guarantor pay a note's full principal and interest balance.

Facility means a fishery or an aquaculture facility.

Fish means finfish, mollusks, crustaceans and all other forms of aquatic animal and plant life, other than marine mammals and birds.

Fisheries harvest authorization means any transferable permit, license or other right, approval, or privilege to engage in fishing.

Fishery facility means land, land structures, water craft that do not engage in fishing, and equipment used for transporting, unloading, receiving, holding, processing, preserving, or distributing fish for commercial purposes (including any water craft used for charter fishing).

Fishing means:

(1) The catching, taking, or harvesting of fish;

(2) The attempted catching, taking, or harvesting of fish;

(3) Any other activity which can reasonably be expected to result in the catching, taking, or harvesting of fish;

(4) Any operations at sea in support of, or in preparation for, any activity described in (1) through (3) above.

(5) Fishing does not include any scientific research activity which is conducted by a scientific research vessel.

Fishing industry for the purposes of this part, means the broad sector of the national economy comprised of persons or entities that are engaged in or substantially associated with fishing, including aquaculture, charter operators, guides, harvesters, outfitters, processors, suppliers, among others, without regard to the location of their activity or whether they are engaged in fishing for wild stocks or aquaculture.

Guarantee means a guarantor's contractual promise to repay indebtedness if an obligor fails to repay as agreed.

Guarantee fee means one percent of a guaranteed note's average annual unpaid principal balance.

Guaranteed note means a promissory note from an obligor to a noteholder, the repayment of which the United States guarantees.

IFQ means Individual Fishing Quota, which is a Federal permit under a limited access system to harvest a quantity of fish, expressed by a unit or units representing a percentage of the total allowable catch of a fishery that may be received or held for exclusive use by a person. IFQ does not include community development quotas.

Noteholder means a guaranteed note payee.

Obligor means a party primarily liable for payment of the principal or interest on an obligation, used interchangeably with the terms "note payor" or "notemaker."

Origination year means the year in which an application for a loan is accepted for processing.

Program means the Fisheries Finance Program, Financial Services Division, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, U.S. Department of Commerce.

Project means:

(1) The refinancing of construction of a new fishing vessel or the financing or refinancing of a fishery or aquaculture facility or the refurbishing or purchase of an existing vessel or facility, including, but not limited to, architectural, engineering, inspection, delivery, outfitting, and interest costs, as well as the cost of any consulting contract the Program requires;

(2) The purchase or refinance of any limited access privilege, IFQ, fisheries access right, permit, or other fisheries harvest authorization, for which the actual cost of the purchase of such authorization would be eligible under the Act for direct loans;

(3) Activities (other than fishing capacity reduction, as set forth in part 600.1000 of this title) that assist in the transition to reduced fishing capacity;

(4) Technologies or upgrades designed to improve collection and reporting of fishery-dependent data, to reduce bycatch, to improve selectivity or reduce adverse impacts of fishing gear, or to improve safety; or

(5) Any other activity that helps develop the U.S. fishing industry, including, but not limited to, measures designed or intended to improve a vessel's fuel efficiency, to increase fisheries exports, to develop an underutilized fishery, or to enhance financial stability, financial performance, growth, productivity, or any other business attribute related to fishing or fisheries.

RAM means the Restricted Access Management division in the Alaska Regional Office of the National Marine Fisheries Service or the office that undertakes the duties of this division to issue or manage quota shares.

Refinancing means newer debt that either replaces older debt or reimburses applicants for previous expenditures.

Refinancing/assumption fee means a one time fee assessed on the principal amount of an existing FFP note to be refinanced or assumed.

Refurbishing means any reconstruction, reconditioning, or other improvement of existing vessels or facilities, but does not include routine repairs or activities characterized as maintenance.

Security documents mean all documents related to the collateral

securing the U.S. Note's repayment and all other assurances, undertakings, and contractual arrangements associated with financing or guarantees provided by NMFS.

Underutilized fishery means any stock of fish (a) harvested below its optimum yield or (b) limited to a level of harvest or cultivation below that corresponding to optimum yield by the lack of aggregate facilities.

U.S. means the United States of America and, for citizenship purposes, includes the fifty states, Commonwealth of Puerto Rico, American Samoa, the Territory of the U.S. Virgin Islands, Guam, the Republic of the Marshall Islands, the Federated States of Micronesia, the Commonwealth of the Northern Mariana Islands, and any other commonwealth, territory, or possession of the United States, or any political subdivision of any of them.

U.S. Note means a promissory note payable by the obligor to the United States.

Useful life means the period during which project property will, as determined by the Program, remain economically productive.

Vessel means any vessel documented under U.S. law and used for fishing.

Wise use means the development, advancement, management, conservation, and protection of fishery resources, that is not inconsistent with the National Standards for Fishery Conservation and Management (16 U.S.C. 1851) and any other relevant criteria, as may be specified in applicable statutes, regulations, Fishery Management Plans, or NMFS guidance.

§ 253.11 General FFP credit standards and requirements.

(a) *Principal*. Unless explicitly stated otherwise in these regulations or applicable statutes, the amount of any loan may not exceed 80 percent of actual cost, as such term is described in § 253.16; provided that, the Program may approve an amount that is less, in accordance with its credit determination.

(b) *Interest rate*. Each loan's annual interest rate will be 2 percent greater than the U.S. Department of Treasury's cost of borrowing public funds of an equivalent maturity at the time the loan closes.

(c) *Ability and experience requirements*. An obligor and the majority of its principals must demonstrate the ability, experience, resources, character, reputation, and other qualifications the Program deems necessary for successfully operating the project property and protecting the Program's interest in the project.

(d) *Lending restrictions*. Unless it can document that unique or extraordinary circumstances exist, the Program will not provide financing:

- (1) For venture capital purposes; or,
- (2) To an applicant who cannot document successful fishing industry ability and experience of a duration, degree, and nature that the Program deems necessary to successfully repay the requested loan.

(e) *Income and expense projections*. The Program, using conservative income and expense projections for the project property's operation, must determine that projected net earnings can service all debt, properly maintain the project property, and protect the Program's interest against risks of loss, including the industry's cyclical economics.

(f) *Working capital*. The Program must determine that a project has sufficient initial working capital to achieve net earnings projections, fund all foreseeable contingencies, and protect the Program's interest in the project. In making its determination, the Program will use a conservative assessment of an applicant's financial condition, and at the Program's discretion, some portion of projected working capital needs may be met by something other than current assets minus liabilities (*i.e.*, by a line or letter of credit, non-current assets readily capable of generating working capital, a guarantor with sufficient financial resources, etc.).

(g) *Audited financial statements*. Audited financial statements will ordinarily be required for any obligor with large or financially complex operations whose financial condition the Program believes cannot be otherwise assessed with reasonable certainty.

(h) *Consultant services*. Expert consulting services may be necessary to help the Program assess a project's economic, technical, or financial feasibility. The Program will notify the applicant if an expert is required. The Program will select and employ the necessary consultant, but require the applicant to reimburse the Program for any fees charged by the consultant. In the event that an application requires expert consulting services, the loan will not be closed until the applicant fully reimburses the Program. This cost may, at the Program's discretion, be included in the amount of the note. For a declined application, the Program may reimburse itself from the application fee as described in § 253.12, including any portion known as the commitment fee that could otherwise be refunded to the applicant.

(i) *Property inspections*. The Program may require adequate condition and

valuation inspection of all property as the basis for assessing the property's worth and suitability for lending. The Program may also require these at specified periods during the life of the loan. These must be conducted by competent and impartial inspectors acceptable to the Program. Inspection cost will be at an applicant's expense. Those occurring before application approval may be included in actual cost, as actual cost is described in § 253.16.

(j) *First priority*. The Program shall have first position lien priority on all primary project property pledged as collateral (or adequate substitute collateral), unless the Program, at the request of the applicant, expressly waives this requirement in writing.

(k) *No additional liens*. All primary project property pledged as collateral, including any adequate substitute collateral, shall be free of additional liens, unless the Program, at the request of the applicant, expressly waives this requirement in writing.

(l) *General FFP credit standards apply*. Unless explicitly stated otherwise in these rules, all Fisheries Finance Program direct lending is subject to the above general credit standards and requirements found in §§ 253.12–253.30. The Program may adjust collateral, guarantee and other requirements to reflect individual credit risks.

(m) *Adverse legal proceedings*. The Program, at its own discretion, may decline or hold in abeyance any loan approval or disbursement(s) to any applicant found to have outstanding lawsuits, citations, hearings, liabilities, appeals, sanctions or other pending actions whose negative outcome could significantly impact, in the opinion of the Program, the financial circumstances of the applicant.

§ 253.12 Credit application.

(a) *Applicant*.

(1) An applicant must be a U.S. citizen and be eligible to document a vessel in the coastwise trade; and

(2) Only the legal title holder of project property, or its parent company (or the lessee of an appropriate long-term lease) may apply for a loan; and

(3) An applicant and the majority of its principals must generally have the ability, experience, resources, character, reputation, and other qualifications the Program deems necessary for successfully operating, utilizing, or carrying out the project and protecting the Program's interest; and

(4) Applicants should apply to the appropriate NMFS Regional Financial Services Branch to be considered.

(b) *Application fee.* An application fee of 0.5 percent of the dollar amount of an application is due when the application is formally accepted. Upon submission, 50 percent of the application fee, known as the "filing fee," is non-refundable; the remainder, known as the "commitment fee," may be refunded if the Program declines an application or an applicant withdraws its application before the Program issues an AIP letter, as described in § 253.13(e). The Program will not issue an AIP letter if any of the application fee remains unpaid. No portion of the application fee shall be refunded once the Program issues an AIP letter.

(c) *False statement.* A false statement on an application is grounds for denial or termination of funds, grounds for possible punishment by a fine or imprisonment as provided in 18 U.S.C. 1001 and an event of a security default.

§ 253.13 Initial investigation and approval.

(a) The Program shall undertake a due diligence investigation of every application it receives to determine if, in the Program's sole judgment, the application is both:

- (1) Eligible for a loan because it meets applicable loan requirements; and
- (2) Qualified for a loan because the project is deemed an acceptable credit risk.

(b) The Program will approve eligible and qualified applicants by evaluating the information obtained during the application and investigation process.

(c) Among other investigations, applicants may be subject to a background check, fisheries violations check and credit review. Background checks are intended to reveal if any key individuals associated with the applicant have been convicted of or are presently facing criminal charges such as fraud, theft, perjury, or other matters which significantly reflect on the applicant's honesty or financial integrity.

(d) The Program, at its own discretion, may decline or delay approval of any loans or disbursements to any applicant found to have outstanding citations, notices of violations, or other pending legal actions or unresolved claims.

(e) The Program may place any terms and conditions on such approvals that the Program, in its sole discretion, deems necessary and appropriate.

(f) *Credit decision.*

(1) The Program shall issue an AIP letter to approved applicants, which shall describe the terms and conditions of the loan, including (but not limited to) loan amounts, maturities, additional collateral, repayment sources or guarantees. Such terms and conditions

are at the Program's sole discretion and shall also be incorporated in security documents that the Program prepares. An applicant's non-acceptance of any terms and conditions may result in an applicant's disqualification.

(2) Any application the Program deems ineligible or unqualified will be declined.

§ 253.14 Loan documents.

(a) *U.S. Note.*

(1) The U.S. Note will be in the form the Program prescribes.

(2) The U.S. Note evidences the obligor's indebtedness to the United States.

(i) For financing approved after October 11, 1996, the U.S. Note evidences the obligor's actual indebtedness to the U.S.; and

(ii) For financing originating before October 11, 1996, that continues to be associated with a Guaranteed Note, the U.S. Note shall evidence the obligor's actual indebtedness to the U.S. upon the Program's payment of any or all of the sums due under the Guaranteed Note or otherwise disbursed on the obligor's behalf.

(iii) The U.S. Note will, among other things, contain provisions to add to its principal balance all amounts the Program advances or incurs, including additional interest charges and costs incurred to protect its interest or accommodate the obligor.

(3) The U.S. Note shall be assignable by the Program, at its sole discretion.

(b) *Security documents.*

(1) Each security document will be in the form the Program prescribes.

(2) The Program will, at a minimum, require the pledge of adequate collateral, generally in the form of a security interest or mortgage against all property associated with a project or security as otherwise required by the Program.

(3) The Program will require such other security as it deems necessary and appropriate, given the circumstances of each obligor and the project.

(4) The security documents will, among other things, contain provisions to secure the repayment of all additional amounts the Program advances or incurs to protect its interest or accommodate the obligor, including additional interest charges and fees.

§ 253.15 Recourse against parties.

(a) *Form.* Recourse by borrowers or guarantors may be by a repayment guarantee, irrevocable letter of credit, additional tangible or intangible collateral, or other form acceptable to the Program.

(b) *Principals accountable.* The principal parties in interest, who

ultimately stand most to benefit from the project, will ordinarily be held financially accountable for the project's performance. The Program may require recourse against:

(1) All major shareholders of a closely-held corporate obligor;

(2) The parent corporation of a subsidiary corporate obligor;

(3) The related business entities of the obligor if the Program determines that the obligor lacks substantial pledged assets other than the project property or is otherwise lacking in any credit factor required to approve the application;

(4) Any or all major limited partners;

(5) Non-obligor spouses of applicants or obligors in community property states; and/or

(6) Against any others it deems necessary to protect its interest.

(c) *Recourse against parties.* Should the Program determine that a secondary means of repayment from other sources is necessary (including the net worth of parties other than the obligor), the Program may require secured or unsecured recourse against any such secondary repayment sources.

(d) *Recourse unavailable.* Where appropriate recourse is unavailable, the conservatively projected net liquidating value of the obligor's assets (as such assets are pledged to the Program) must, in the Program's credit judgment, substantially exceed all projected Program exposure or other risks of loss.

§ 253.16 Actual cost.

Actual cost shall be determined as follows:

(a) The actual cost of a vessel shall be the sum of:

(1) The total cost of the project depreciated on a straight-line basis, over the project property's useful life, using a 10-percent salvage value; and

(2) The current market value of appurtenant limited access privileges or transferable limited access privileges vested in the name of the obligor, the subject vessel or their owners provided that such privileges are utilized by or aboard the subject vessel and will be pledged as collateral for the subject FFP financing.

(b) The actual cost of a facility shall be the sum of:

(1) The total cost of the project, not including land, depreciated on a straightline basis over the Project Property's useful life, using a 10-percent salvage value;

(2) The current market value of the land that will be pledged as collateral for the subject FFP financing, provided that such land is utilized by the facility; and

(3) The net present value of the payments due under a long term lease

of land or marine use rights, provided that they meet the following requirements:

(i) The project property must be located at such leased space or directly use such marine rights;

(ii) Such lease or marine use right must have a duration the Program deems sufficient; and

(iii) The lease or marine use right must be assigned to the Program such that the Program may foreclose and transfer such lease to another party.

(c) The actual cost of a transferable limited access privilege shall be determined as follows:

(1) For financing the purchase of limited access privileges, the actual cost shall be the purchase cost.

(2) For refinancing limited access privileges, the actual cost shall be the current market value.

(d) The actual cost of any Project that includes any combination of items described in subsections (a), (b) or (c) of this section shall be the sum of such calculations.

§ 253.17 Insurance.

(a) All insurable collateral property and other risks shall be continuously insured so long as any balance of principal or interest on a Program loan or guarantee remains outstanding.

(b) Insurers must be acceptable to the Program.

(c) Insurance must be in such forms and amounts and against such risks the Program deems necessary to protect the United States' interest.

(d) Insurance must be endorsed to include the requirements the Program deems necessary and appropriate.

(1) Normally and as appropriate, the Program will be named as an additional insured, mortgagee, or loss payee, for the amount of its interest; any waiver of this requirement must be in writing;

(2) Cancellation will require adequate advance written notice;

(3) The Program will be adequately protected against other insureds' breaches of policy warranties, negligence, omission, etc., in the case of marine insurance, vessel seaworthiness will be required;

(4) The insured must provide coverage for any other risk or casualty the Program may require.

§ 253.18 Closing.

(a) *Approval in principle letters.* Every closing will be in strict accordance with a final approval in principle letter.

(b) *Contracts.* Promissory notes, security documents, and any other documents the Program may require will be on standard Program forms that may not be altered without Program

written approval. The Program will ordinarily prepare all contracts, except certain pledges involving real property or other matters involving local law, which will be prepared by each obligor's attorney at the direction and approval of the Program.

(c) *Additional requirements.* At its discretion the Program may require services from applicant's attorneys, other contractors or agents. Real property services required from an applicant's attorney or agent may include, but are not limited to: Title search, title insurance, mortgage and other document preparation, document execution and recording, escrow and disbursement, and legal opinions and other assurances. The Program will notify the applicant in advance if any such services are required of the applicant's attorneys, contractors or other agents. Applicants are responsible for all attorney's fees, as well as those of any other private contractor. Attorneys and other contractors must be satisfactory to the Program.

(d) *Closing schedules.* The Program will not be liable for adverse interest-rate fluctuations, loss of commitments, or other consequences of an inability by any of the parties to meet the closing schedule.

§ 253.19 Dual-use CCF.

The Program may require the pledge of a CCF account or annual deposits of some portion of the project property's net income into a dual-use CCF. A dual-use CCF provides the normal CCF tax-deferral benefits, but also gives the Program control of CCF withdrawals, recourse against CCF deposits, ensures an emergency refurbishing reserve (tax-deferred) for project property, and provides additional collateral.

§ 253.20 Fees.

(a) *Application fee.* See §§ 253.10 and 253.12(b), above.

(b) *Guarantee fee.* For existing Guaranteed Loans, an annual guarantee fee will be due in advance and will be based on the guaranteed note's repayment provisions for the prospective year. The first annual guarantee fee was due at guarantee closing. Each subsequent guarantee fee is due and payable on the guarantee closing's anniversary date. Each is fully earned when due, and shall not subsequently be refunded for any reason.

(c) *Refinancing or assumption fee.* The Program will assess a fee of one quarter of one (1) percent of the note to be refinanced or assumed. This fee is due upon application for refinancing or assumption of a guaranteed or direct

loan. Upon submission, the fee shall be non-refundable. The Program may waive a refinancing or assumption fee's payment when the refinancing or assumption's primary purpose will benefit the United States.

(d) *Where payable.* Fees are payable by check to "U.S. Department of Commerce/NOAA." Other than those collected at application or closing, fees are payable by mailing checks to the "U.S. Department of Commerce, National Oceanic and Atmospheric Administration, National Marine Fisheries Service," to such address as the Program may designate. To ensure proper crediting, each check should include the official case number the Program assigns.

§ 253.21 Demand by Guaranteed Noteholder and payment.

Every demand by the guaranteed noteholder must be delivered in writing to the Program and must include the noteholder's certified record of the date and amount of each payment made on the guaranteed note and the manner of its application. The only period during which a guaranteed noteholder can make demand for a payment default begins on the thirty-first day of the payment default and continues through the ninetieth day of a payment default. The noteholder must possess evidence of the demand's timely delivery.

§ 253.22 Program operating guidelines.

The Program may issue policy and administrative guidelines, as the need arises.

§ 253.23 Default and liquidation.

Upon default under the terms of any note, guarantee, security agreement, mortgage, or other security document, the Program shall take remedial actions including but not limited to, where appropriate, retaking or arrest of collateral, foreclosure, restructuring, debarment, referral for debt collection, or liquidation as it deems best able to protect the U.S. Government's interest.

§ 253.24 Enforcement violations and adverse actions.

(a) *Compliance with applicable law.* All applicants and Program participants shall comply with applicable law.

(b) *Applicant disqualification.*

(1) Any issuance of any citation or Notice of Violation and Assessment by NMFS enforcement or other enforcement authority may constitute grounds for the Program to:

(1) Delay application or approval processing;

(2) Delay loan closing;

(3) Delay disbursement of loan proceeds;

(4) Disqualify an applicant or obligor; or

(5) Declare default.

(2) The Program will not approve loans or disburse funds to any applicant found to have an outstanding, final and unappealable fisheries fine or other unresolved penalty until either: (i) Such fine is paid or penalty has been resolved; or (ii) the applicant enters into an agreement to pay the penalty and makes all payments or installments as they are due. Failure to pay or resolve any such fine or penalty in a reasonable period of time will result in the applicant's disqualification.

(c) *Foreclosure in addition to other penalties.* In the event that a person with an outstanding balance on a Program loan or guarantee violates any ownership, lease, use, or other provisions of applicable law, such person may be subject to foreclosure of property, in addition to any fines, sanctions, or other penalties.

§ 253.25 Other administrative requirements.

(a) *Debt Collection Act.* In accordance with the provisions of the Debt Collection Improvement Act of 1996, a person may not obtain any Federal financial assistance in the form of a loan (other than a disaster loan) or loan guarantee if the person has an outstanding debt (other than a debt under the Internal Revenue Code of 1986) with any Federal agency which is in a delinquent status, as determined under standards prescribed by the Secretary of the Treasury.

(b) *Certifications.* Applicants must submit a completed Form CD-511, "Certifications Regarding Debarment, Suspension and Other Responsibility Matters; Drug-Free Workplace Requirements and Lobbying," or its equivalent or successor form, if any.

(c) *Taxpayer identification.* An applicant classified for tax purposes as an individual, limited liability company, partnership, proprietorship, corporation, or legal entity is required to submit along with the application a taxpayer identification number (TIN) (social security number, employer identification number as applicable, or registered foreign organization number). Recipients who either fail to provide their TIN or provide an incorrect TIN may have application processing or funding suspended until the requirement is met.

(d) *Inspector General inquiry.* An audit of a Program loan may be conducted at any time. Auditors, selected at the discretion of the Program or other agency of the United States, shall have access to any and all books,

documents, papers and records of the obligor or any other party to a financing that the auditor(s) deem(s) pertinent, whether written, printed, recorded, produced or reproduced by any mechanical, magnetic or other process or medium.

(e) *Paperwork Reduction Act.* The application requirements contained in these rules have been approved under OMB control number 0648-0012. The applications for the halibut/sablefish QS crew member eligibility certificate have been approved under OMB control number 0648-0272. Notwithstanding any other provisions of law, no person is required to respond to, nor shall any person be subject to a penalty for failure to comply with, a collection of information subject to the requirements of the Paperwork Reduction Act unless that collection of information displays a currently valid OMB control number.

§ 253.26 Traditional loans.

(a) *Eligible projects.* Financing or refinancing up to 80 percent of a project's actual cost shall be available to any citizen who is determined to be eligible and qualified under the Act and these rules, except—

(1) The Program will not finance the cost of new vessel construction.

(2) The Program will not finance a vessel refurbishing project that materially increases an existing vessel's harvesting capacity.

(b) *Financing or refinancing.*

(1) Projects, other than those specified in paragraphs (a)(1) and (a)(2) of this section, may be financed, as well as refinanced.

(2) Notwithstanding paragraph (a)(1) of this section, the Program may refinance the construction cost of a vessel whose construction cost has already been financed (or otherwise paid) prior to the submission of a loan application.

(3) Notwithstanding paragraph (a)(2) of this section, the Program may refinance the refurbishing cost of a vessel whose initial refurbishing cost has already been financed (or otherwise paid) prior to the submission of a loan application.

(4) The Program may finance or refinance the purchase or refurbishment of any vessel or facility for which the Secretary has

(i) Accelerated and/or paid outstanding debts or obligations,

(ii) Acquired, or

(iii) Sold at foreclosure.

(c) *Existing vessels and facilities.* The Program may finance the purchase of an existing vessel or existing fishery facility if such vessel or facility will be refurbished in the United States and will be used in the fishing industry.

(d) *Fisheries modernization.*

Notwithstanding any of this part, the Program may finance or refinance any

(1) Activities that assist in the transition to reduced fishing capacity; or
(2) Technologies or upgrades designed to

(i) Improve collection and reporting of fishery-dependent data,

(ii) Reduce bycatch,

(iii) Improve selectivity

(iv) Reduce adverse impacts of fishing gear, or

(v) To improve safety.

(e) *Guaranty transition.* Upon application by the obligor, any guaranteed loans originated prior to October 11, 1996, may be refinanced as direct loans, regardless of the original purpose of the guaranteed loan.

(f) *Maturity.* Maturity may not exceed 25 years, but shall not exceed the project's property useful life. The Program, at its sole discretion, may set a shorter maturity period.

(g) *Credit standards.* Traditional loans are subject to all Fisheries Finance Program general credit standards and requirements. Collateral, guarantee and other requirements may be adjusted in accordance with the Program's assessment of individual credit risks.

§ 253.27 IFQ financing.

The Program may finance or refinance the project cost of purchasing, including the reimbursement of obligors for expenditures previously made for purchasing, individual fishing quotas in accordance with the applicable sections of the Magnuson-Stevens Fishery Conservation and Management Act or any other statute.

§ 253.28 Halibut sablefish IFQ loans.

(a) *Specific definitions.* For the purposes of this section, the following definitions apply:

(1) *Entry-level fishermen* means fishermen who do not own any IFQ in the year they apply for a loan.

(2) *Fishermen who fish from small vessels* means fishermen wishing to purchase IFQ for use on Category B, Category C, or Category D vessels, but do not own, in whole or in part, any Category A or Category B vessels, as such vessels are defined in 50 CFR 679.40(a)(5) of this title.

(3) *Halibut sablefish quota share* means a halibut or sablefish permit, the face amount of which is used as the basis for the annual calculation of a person's halibut or sablefish IFQ, also abbreviated as "HSQS" or "halibut/sablefish QS."

(4) *Halibut/Sablefish IFQ* means the annual catch limit of halibut or sablefish that may be harvested by a person who

is lawfully allocated halibut or sablefish quota share, a harvest privilege for a specific portion of the total allowable catch of halibut or sablefish.

(b) *Entry level fishermen.* The Program may finance up to 80 percent of the cost of purchasing HSQS by an entry level fisherman who:

(1) Does not own any halibut/sablefish QS during the origination year;

(2) Applies for a loan to purchase a quantity of halibut/sablefish QS that is not greater than the equivalent of 8,000 lb. (3,628.7 kg) of IFQ during the origination year;

(3) Possesses the appropriate transfer eligibility documentation duly issued by RAM for HSQS;

(4) Intends to be present aboard the vessel, as may be required by applicable regulations; and

(5) Meets all other Program eligibility, qualification, lending and credit requirements.

(c) *Fishermen fishing from small vessels.* The Program may finance up to 80 percent of the cost of purchasing HSQS by a fisherman who fishes from a small vessel provided that any such fisherman shall:

(1) Apply for a loan to purchase halibut or sablefish QS for use on vessel Categories B, C, or D, as defined under 50 CFR 679.40(a)(5) of this title;

(2) Does not own an aggregate quantity of halibut/sablefish QS (including the loan QS) is not more than the equivalent of 50,000 lb. (22,679.6 kg) of IFQ during the origination year;

(3) Does not own, in whole or in part, directly or indirectly (including through stock or other ownership interest) any vessel of the type that would have been assigned Category A or Category B HSQS under 50 CFR 679.40(a)(5);

(4) Possesses the appropriate transfer eligibility documentation duly issued by the RAM for HSQS;

(5) Intends to be present aboard the vessel, as may be required by applicable regulations, as IFQ associated with halibut/sablefish QS financed by the loan is harvested; and

(6) Shall meet all other Program eligibility, qualification, lending and credit requirements.

(d) *Refinancing.*

(1) The Program may refinance any existing debts associated with HSQS an applicant currently holds, provided that—

(i) The HSQS being refinanced would have been eligible for Program financing at the time the applicant purchased it, and

(ii) The applicant meets the Program's applicable lending requirements.

(2) The refinancing is in an amount up to 80 percent of HSQS' current

market value, and subject to the limitation that the Program will not disburse any amount that exceeds the outstanding principal balance, plus accrued interest (if any), of the existing HSQS debt being refinanced.

(3) In the event that the current market value of HSQS and principal loan balance do not meet the 80 percent requirement in paragraph (d)(2) of this section, applicants seeking refinancing may be required to provide additional down payment.

(e) *Maturity.* Loan maturity may not exceed 25 years, but may be shorter depending on credit and other considerations.

(f) *Repayment.* Repayment will be by equal quarterly installments of principal and interest.

(g) *Security.* Although quota share(s) will be the primary collateral for a HSQS loan, the Program may require additional security pledges to maintain the priority of the Program's security interest. The Program, at its option, may also require all parties with significant ownership interests to personally guarantee loan repayment for any applicant that is a corporation, partnership, or other entity. Subject to the Program's credit risk determination, some projects may require additional security, collateral, or credit enhancement.

(h) *Crew member transfer eligibility certification.* The Program will accept RAM certification as proof that applicants are eligible to hold HSQS. The application of any person determined by RAM to be unable to receive such certification will be declined. Applicants who fail to obtain appropriate transfer eligibility certification within 45 working days of the date of application may lose their processing priority.

(i) *Program credit standards.* HSQS loans, regardless of purpose, are subject to all Program general credit standards and requirements. Collateral, guarantee and other requirements may be adjusted to individual credit risks.

§253.29 CDQ loans.

(a) *FFP actions.* The Program may finance or refinance up to 80 percent of a project's actual cost.

(b) *Eligible projects.* Eligible projects include the purchase of all or part of ownership interests in fishing or processing vessels, shoreside fish processing facilities, permits, quota, and cooperative rights in any of the Bering Sea and Aleutian Islands fisheries.

(c) *Eligible entities.* The following communities, in accordance with applicable law and regulations are

eligible to participate in the loan program.

(1) The villages of Akutan, Atka, False Pass, Nelson Lagoon, Nikolski, and Saint George through the Aleutian Pribilof Island Community Development Association.

(2) The villages of Aleknagik, Clark's Point, Dillingham, Egegik, Ekuk, Ekwok, King Salmon/Savonoski, Levelock, Manokotak, Naknek, Pilot Point, Port Heiden, Portage Creek, South Naknek, Togiak, Twin Hills, and Ugashik through the Bristol Bay Economic Development Corporation.

(3) The village of Saint Paul through the Central Bering Sea Fishermen's Association.

(4) The villages of Cheforak, Chevak, Eek, Goodnews Bay, Hooper Bay, Kipnuk, Kongiganak, Kwigillingok, Mekoryuk, Napakiak, Napaskiak, Newtok, Nightmute, Oscarville, Platinum, Quinhagak, Scammon Bay, Toksook Bay, Tuntutuliak, and Tununak through the Coastal Villages Region Fund.

(5) The villages of Brevig Mission, Diomede, Elim, Gambell, Golovin, Koyuk, Nome, Saint Michael, Savoonga, Shaktoolik, Stebbins, Teller, Unalakleet, Wales, and White Mountain through the Norton Sound Economic Development Corporation.

(6) The villages of Alakanuk, Emmonak, Grayling, Kotlik, Mountain Village, and Nunam Iqua through the Yukon Delta Fisheries Development Association.

(7) Any new groups established by applicable law.

(d) *Loan terms.*

(1) CDQ loans may have terms up to thirty years, but shall not exceed the project's property useful life. The Program, at its sole discretion, may set a shorter maturity period.

(2) CDQ loans are subject to all Fisheries Finance Program general credit standards and requirements. Collateral, guarantee and other requirements may be adjusted to individual credit risks.

§253.30 Crab IFQ loans.

(a) *Specific definitions.* For the purposes of this section, the following definitions apply:

(1) *Crab* means those crab species managed under the Fishery Management Plan for Bering Sea/Aleutian Island (BSAI) King and Tanner Crab.

(2) *Crab FMP* means the Fishery Management Plan for BSAI King and Tanner Crab.

(3) *Crab quota share* means a BSAI King and Tanner Crab permit, the base amount of which is used as a basis for

the annual calculation of a person's Crab IFQ, also abbreviated as "Crab QS."

(b) *Crab captains or crewmen.* The Program may finance up to 80 percent of the cost of purchasing Crab QS by a citizen:

(1) Who is or was:

(i) A captain of a crab fishing vessel, or

(ii) A crew member of a crab fishing vessel;

(2) Who has been issued the appropriate documentation of eligibility by RAM;

(3) Whose aggregate holdings of QS will not exceed the aggregate limit on Crab QS holdings that may be in effect in the Crab FMP implementing regulations or applicable statutes in effect at the time of loan closing; and will not hold either individually or collectively, based on the initial QS pool, as published in 50 CFR part 680, Table 8;

(4) Who, at the time of initial application, meets all other applicable eligibility requirements to fish for crab or hold Crab QS contained in the Crab FMP implementing regulations or applicable statutes in effect at the time of loan closing.

(c) *Refinancing.*

(1) The Program may refinance any existing debts associated with Crab QS that an applicant currently holds, provided that:

(i) The Crab QS being refinanced would have been eligible for Program financing at the time the applicant purchased it;

(ii) The applicant meets the Program's applicable lending requirements; and

(iii) The applicant would meet the requirements found in the Crab FMP implementing regulations at the time any such refinancing loan would close.

(2) The Program may refinance an amount up to 80 percent of Crab QS's current market value, subject to the limitation that the Program will not disburse any amount that exceeds the outstanding principal balance, plus accrued interest (if any), of the existing Crab QS debt being refinanced.

(3) In the event that the current market value of Crab QS and current principal balance do not meet the 80 percent requirement in paragraph (c)(2) of this section, applicants seeking refinancing may be required to provide additional down payment.

(d) *Maturity.* Loan maturity may not exceed 25 years, but may be shorter depending on credit and other considerations.

(e) *Repayment.* Repayment schedules will be set by the loan documents.

(f) *Security.* Although the quota share will be the primary collateral for a Crab

QS loan, the Program may require additional security pledges to maintain the priority of the Program's security interest. The Program, at its option, may also require all parties with significant ownership interests to personally guarantee loan repayment for any applicant that is a corporation, partnership, or other entity. Subject to the Program's credit risk determination, some projects may require additional security, collateral, or credit enhancement.

(g) *Crew member transfer eligibility certification.* The Program will accept RAM transfer eligibility certification as proof that applicants are eligible to hold Crab QS. The application of any person determined by RAM to be unable to receive such certification will be declined. Applicants who fail to obtain appropriate transfer eligibility certification within 45 working days of the date of application may lose their processing priority.

(h) *Crab Quota Share Ownership Limitation.* A program obligor must comply with all applicable maximum amounts, as may be established by NMFS regulations, policy or North Pacific Fishery Management Council action.

(i) *Program credit standards.* Crab QS loans are subject to all Program general credit standards and requirements. Collateral, guarantee and other requirements may be adjusted to individual credit risks.

Subpart C—Interjurisdictional Fisheries

§253.50 Definitions.

The terms used in this subpart have the following meanings:

Act means the Interjurisdictional Fisheries Act of 1986, Public Law 99-659 (Title III).

Adopt means to implement an interstate fishery management plan by State action or regulation.

Commercial fishery failure means a serious disruption of a fishery resource affecting present or future productivity due to natural or undetermined causes. It does not include either:

(1) The inability to harvest or sell raw fish or manufactured and processed fishery merchandise; or

(2) Compensation for economic loss suffered by any segment of the fishing industry as the result of a resource disaster.

Enforcement agreement means a written agreement, signed and dated, between a state agency and either the Secretary of the Interior or Secretary of Commerce, or both, to enforce Federal and state laws pertaining to the

protection of interjurisdictional fishery resources.

Federal fishery management plan means a plan developed and approved under the Magnuson Fishery Conservation and Management Act (16 U.S.C. 1801 *et seq.*).

Fisheries management means all activities concerned with conservation, restoration, enhancement, or utilization of fisheries resources, including research, data collection and analysis, monitoring, assessment, information dissemination, regulation, and enforcement.

Fishery resource means finfish, mollusks, and crustaceans, and any form of marine or Great Lakes animal or plant life, including habitat, other than marine mammals and birds.

Interjurisdictional fishery resource means:

(1) A fishery resource for which a fishery occurs in waters under the jurisdiction of one or more states and the U.S. Exclusive Economic Zone; or

(2) A fishery resource for which an interstate or a Federal fishery management plan exists; or

(3) A fishery resource which migrates between the waters under the jurisdiction of two or more States bordering on the Great Lakes.

Interstate Commission means a commission or other administrative body established by an interstate compact.

Interstate compact means a compact that has been entered into by two or more states, established for purposes of conserving and managing fishery resources throughout their range, and consented to and approved by Congress.

Interstate Fisheries Research Program means research conducted by two or more state agencies under a formal interstate agreement.

Interstate fishery management plan means a plan for managing a fishery resource developed and adopted by the member states of an Interstate Marine Fisheries Commission, and contains information regarding the status of the fishery resource and fisheries, and recommends actions to be taken by the States to conserve and manage the fishery resource.

Landed means the first point of offloading fishery resources.

NMFS Regional Director means the Director of any one of the five National Marine Fisheries Service regions.

Project means an undertaking or a proposal for research in support of management of an interjurisdictional fishery resource or an interstate fishery management plan.

Research means work or investigative study, designed to acquire knowledge of fisheries resources and their habitat.

Secretary means the Secretary of Commerce or his/her designee.

State means each of the several states, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, the Virgin Islands, Guam, or the Commonwealth of the Northern Mariana Islands.

State agency means any department, agency, commission, or official of a state authorized under the laws of the State to regulate commercial fisheries or enforce laws relating to commercial fisheries.

Value means the monetary worth of fishery resources used in developing the

apportionment formula, which is equal to the price paid at the first point of landing.

Volume means the weight of the fishery resource as landed, at the first point of landing.

§ 253.51 Apportionment.

(a) *Apportionment formula.* The amount of funds apportioned to each state is to be determined by the Secretary as the ratio which the equally weighted average of the volume and value of fishery resources harvested by domestic commercial fishermen and landed within such state during the 3 most recent calendar years for which data satisfactory to the Secretary are available bears to the total equally

weighted average of the volume and value of all fishery resources harvested by domestic commercial fishermen and landed within all of the states during those calendar years.

(1) The equally weighted average value is determined by the following formula:

$$\frac{\text{Volume of X State}}{\text{Volume of all States}} = \text{A percent}$$

$$\frac{\text{Value of X State}}{\text{Value of all States}} = \text{B percent}$$

$$\frac{[A\% + B\%]}{2} = \text{State percentage used to determine state's share of the total available funds}$$

(2) Upon appropriation of funds by Congress, the Secretary will take the following actions:

(i) Determine each state's share according to the apportionment formula.

(ii) Certify the funds to the respective NMFS Regional Director.

(iii) Instruct NMFS Regional Directors to promptly notify states of funds' availability.

(b) No state, under the apportionment formula in paragraph (a) of this section, that has a ratio of one-third of 1 percent or higher may receive an apportionment for any fiscal year that is less than 1 percent of the total amount of funds available for that fiscal year.

(c) If a State's ratio under the apportionment formula in paragraph (b) of this section is less than one-third of 1 percent, that state may receive funding if the state:

(1) Is signatory to an interstate fishery compact;

(2) Has entered into an enforcement agreement with the Secretary and/or the Secretary of the Interior for a fishery that is managed under an interstate fishery management plan;

(3) Borders one or more of the Great Lakes;

(4) Has entered into an interstate cooperative fishery management agreement and has in effect an interstate fisheries management plan or an interstate fisheries research Program; or

(5) Has adopted a Federal fishery management plan for an interjurisdictional fishery resource.

(d) Any state that has a ratio of less than one-third of 1 percent and meets any of the requirements set forth in paragraphs (c)(1) through (5) of this section may receive an apportionment

for any fiscal year that is not less than 0.5 percent of the total amount of funds available for apportionment for such fiscal year.

(e) No state may receive an apportionment under this section for any fiscal year that is more than 6 percent of the total amount of funds available for apportionment for such fiscal year.

(f) *Unused apportionments.* Any part of an apportionment for any fiscal year to any state:

(1) That is not obligated during that year;

(2) With respect to which the state notifies the Secretary that it does not wish to receive that part; or

(3) That is returned to the Secretary by the state, may not be considered to be appropriated to that state and must be added to such funds as are appropriated for the next fiscal year. Any notification or return of funds by a state referred to in this section is irrevocable.

§ 253.52 State projects.

(a) *General—*

(1) *Designation of state agency.* The Governor of each state shall notify the Secretary of which agency of the state government is authorized under its laws to regulate commercial fisheries and is, therefore, designated receive financial assistance awards. An official of such agency shall certify which official(s) is authorized in accordance with state law to commit the state to participation under the Act, to sign project documents, and to receive payments.

(2) States that choose to submit proposals in any fiscal year must so notify the NMFS Regional Director

before the end of the third quarter of that fiscal year.

(3) Any state may, through its state agency, submit to the NMFS Regional Director a completed NOAA Grants and Cooperative Agreement Application Package with its proposal for a project, which may be multiyear. Proposals must describe the full scope of work, specifications, and cost estimates for such project.

(4) States may submit a proposal for a project through, and request payment to be made to, an Interstate Fisheries Commission. Any payment so made shall be charged against the apportionment of the appropriate state(s). Submitting a project through one of the Commissions does not remove the matching funds requirement for any state, as provided in paragraph (c) of this section.

(b) *Evaluation of projects.* The Secretary, before approving any proposal for a project, will evaluate the proposal as to its applicability, in accordance with 16 U.S.C. 4104(a)(2).

(c) *State matching requirements.* The Federal share of the costs of any project conducted under this subpart, including a project submitted through an Interstate Commission, cannot exceed 75 percent of the total estimated cost of the project, unless:

(1) The state has adopted an interstate fishery management plan for the fishery resource to which the project applies; or

(2) The state has adopted fishery regulations that the Secretary has determined are consistent with any Federal fishery management plan for the species to which the project applies, in which case the Federal share cannot

exceed 90 percent of the total estimated cost of the project.

(d) *Financial assistance award.* If the Secretary approves or disapproves a proposal for a project, he or she will promptly give written notification, including, if disapproved, a detailed explanation of the reason(s) for the disapproval.

(e) *Restrictions.*

(1) The total cost of all items included for engineering, planning, inspection, and unforeseen contingencies in connection with any works to be constructed as part of such a proposed project shall not exceed 10 percent of the total cost of such works, and shall be paid by the state as a part of its contribution to the total cost of the project.

(2) The expenditure of funds under this subpart may be applied only to projects for which a proposal has been evaluated under paragraph (b) of this section and approved by the Secretary, except that up to \$25,000 each fiscal year may be awarded to a state out of the state's regular apportionment to carry out an "enforcement agreement." An enforcement agreement does not require state matching funds.

(f) *Prosecution of work.* All work must be performed in accordance with applicable state laws or regulations,

except when such laws or regulations are in conflict with Federal laws or regulations such that the Federal law or regulation prevails.

§ 263.53 Other funds.

(a) *Funds for disaster assistance.*

(1) The Secretary shall retain sole authority in distributing any disaster assistance funds made available under section 308(b) of the Act. The Secretary may distribute these funds after he or she has made a thorough evaluation of the scientific information submitted, and has determined that a commercial fishery failure of a fishery resource arising from natural or undetermined causes has occurred. Funds may only be used to restore the resource affected by the disaster, and only by existing methods and technology. Any fishery resource used in computing the states' amount under the apportionment formula in § 253.601(a) will qualify for funding under this section. The Federal share of the cost of any activity conducted under the disaster provision of the Act shall be limited to 75 percent of the total cost.

(2) In addition, pursuant to section 308(d) of the Act, the Secretary is authorized to award grants to persons engaged in commercial fisheries, for uninsured losses determined by the

Secretary to have been suffered as a direct result of a fishery resource disaster. Funds may be distributed by the Secretary only after notice and opportunity for public comment of the appropriate limitations, terms, and conditions for awarding assistance under this section. Assistance provided under this section is limited to 75 percent of an uninsured loss to the extent that such losses have not been compensated by other Federal or State Programs.

(b) *Funds for interstate commissions.* Funds authorized to support the efforts of the three chartered Interstate Marine Fisheries Commissions to develop and maintain interstate fishery management plans for interjurisdictional fisheries will be divided equally among the Commissions.

§ 253.54 Administrative requirements.

Federal assistance awards made as a result of this Act are subject to all Federal laws, Executive Orders, Office of Management and Budget Circulars as incorporated by the award; Department of Commerce and NOAA regulations; policies and procedures applicable to Federal financial assistance awards; and terms and conditions of the awards.

[FR Doc. 2010-10270 Filed 5-4-10; 8:45 am]
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immediately preceding implementation of the crab rationalization program.

(e) Loan program terms

The Council recommends the following terms for the loan program:

- 1.) **Crew definition:** (as defined in current program) "Crew" includes any individual, other than fishery observers, working on a vessel that is engaged in fishing. This definition of crew includes skippers. For administration purposes, the Council recommends that at the time of application for a loan, the individual must hold either a valid CFEC permit card or crew license.
- 2.) **Active participation requirement (to be eligible to apply for a loan):** The Council recommends that to be eligible to apply for a loan, a person needs to qualify as crew (as defined above) AND meet the following criteria as an active participant:
 - a. be a U.S. citizen, and
 - b. have at least 150 days sea time as part of a harvesting crew in any U.S. commercial fishery, and
 - c. have made at least one delivery in a fishery subject to the crab rationalization program in two of the three years prior to application for the loan.
- 3.) **Active participation verification:** The Council recommends that the verification of past participation be demonstrated as a permit holder on a fish ticket; or in the absence of a fish ticket, vessel owner or captain verification of participation should be required.
- 4.) **"Small vessels":** In the interest of safety and practicality, the Council recommends that "small vessels" include all vessels in the BSAI crab fisheries.
- 5.) **Individual fishery share thresholds for fishermen who fish on small vessels (i.e., all crab vessels) and/or entry level fishermen:** The Council recommends that a single threshold be established for each crab fishery and the threshold (based on the initial QS pool) will be the maximum amount of QS shares that a person may hold in that fishery upon completing purchases with the loan program (subject to the individual and collective rule).
 - a. **Bristol Bay red king crab: 0.1 percent**
 - b. **Bering Sea *C. opilio*: 0.1 percent**
 - c. **Eastern Bering Sea *C. bairdi*: 0.1 percent**
 - d. **Western Bering Sea *C. bairdi*: 0.1 percent**
 - e. **Pribilof red and blue king crab: 0.2 percent**
 - f. **St. Mathew Island blue king crab: 0.2 percent**
 - g. **Western Aleutian Island red king crab: 1.0 percent**
 - h. **Western Aleutian Island golden king crab: 1.0 percent**
 - i. **Eastern Aleutian Islands golden king crab: 1.0 percent**
- 6.) **First time purchaser by entry level fishermen:** The Council recommends that this rule should be applied independently to each crab fishery (so a person who purchased shares in only one fishery would only be considered a first time purchaser in all other fisheries).
- 7.) **Annual borrowing limit:** The Council recommends that a borrowing limit be established that would limit the total amount of funds a person could borrow in any one year. That limit would be 10 percent of the available funds in that year.
- 8.) **Continued active participation requirements:** The Council does not recommend that proof of continued active participation be required as a loan condition for the duration of the loan. The intertwining of active participation as a loan condition with IFQ allocations appears unworkable and poses loan administration difficulties. However, the Council has a proposed action that will define active participation requirements to be eligible to acquire C shares and to receive C share IFQ. This action may serve to encourage continued participation (without making it a condition of the loan program).
- 9.) **Loan preferences:** First preference shall be given to applicants who are first time purchasers.

Notice of Public Review and Comment Period on NOAA's Arctic Vision and Strategy

Dear Colleague,

Recognizing the significant and ongoing changes in the Arctic, NOAA has developed a draft Arctic Vision and Strategy to guide agency actions in the region over the next five years. In this document, we envision an Arctic where 1) conservation, management, and use are based on sound science, and support healthy, productive, and resilient communities and ecosystems, and 2) the global implications of Arctic change are better understood and predicted. To achieve this vision, we outline six goals to achieve through agency actions and partnerships.

Our intent is to ensure that the agency meets its core mandates in the Arctic and provides the information and support for people to live and work safely, securely, and sustainably in the Arctic. To that end, we invite your comments on the draft NOAA Arctic Vision and Strategy between May 10 and June 10, 2010. Specifically we are interested in your feedback on the vision for the Arctic; the six strategic goals; and the five-year strategies for the Arctic. Your views on how we can best support your organization, the key scientific questions to be answered, and opportunities for collaborating will be valuable in improving the strategy and guiding its implementation.

The full document is posted online at http://www.arctic.noaa.gov/docs/arctic_strat_2010.pdf. Please email your comments to strategic.planning@noaa.gov. After the public comment period closes, NOAA will finalize the document and begin developing a 5-year Arctic Action Plan and formal detailed budget strategy.

Please share with your colleagues as appropriate.

Sincerely,

Doug DeMaster Laura Furgione

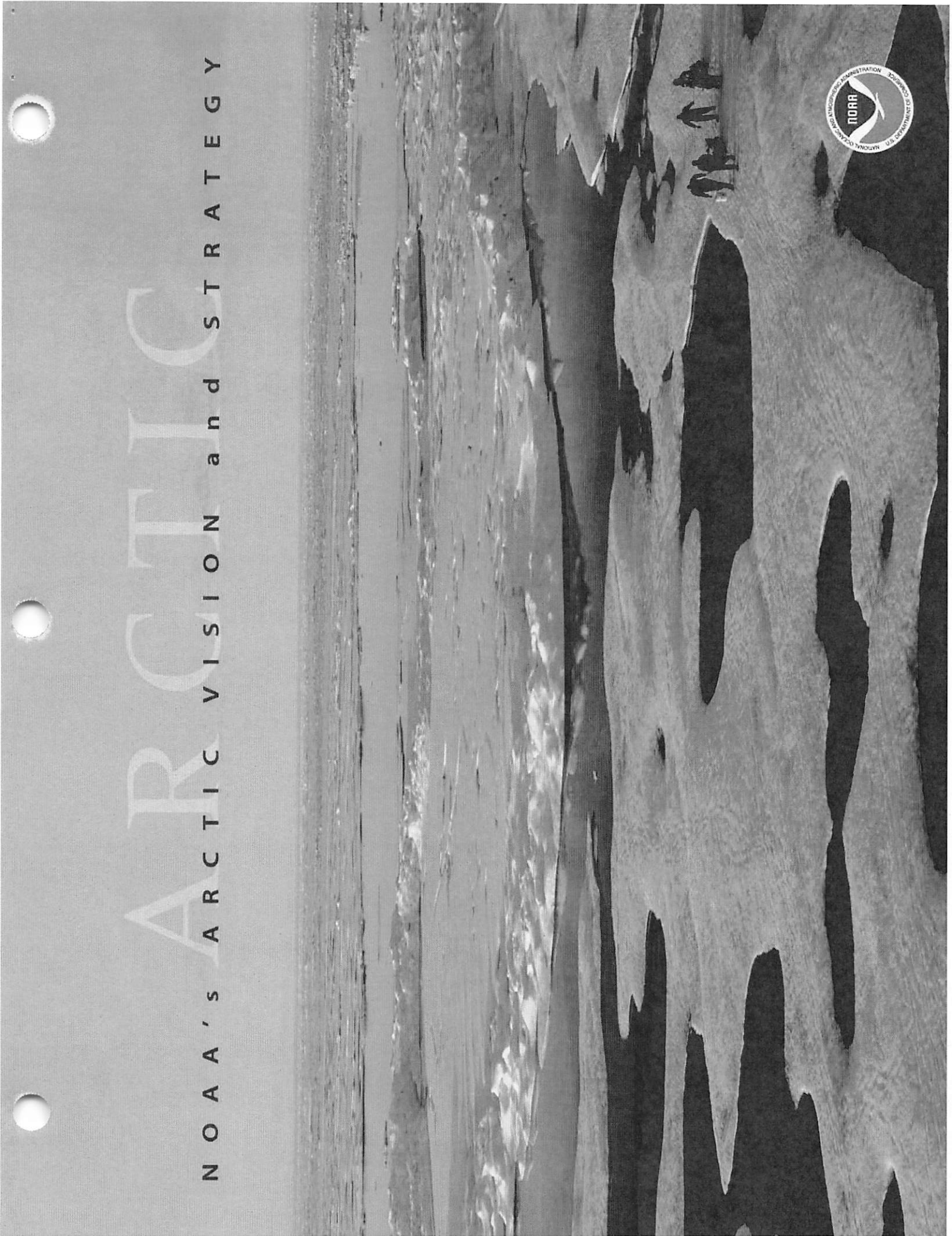
Doug DeMaster and Laura Furgione

Co-Leads, NOAA's Arctic Vision and Strategy

NOAA, Department of Commerce

ARCTIC

NOAA's ARCTIC VISION and STRATEGY



NOAA'S ARCTIC VISION & STRATEGY



National Oceanic & Atmospheric Administration
April 2010

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NOAA's Arctic Vision and Strategy is a draft report that has been prepared for external review. Once feedback is obtained from partners and stakeholders who will benefit from these enhanced and coordinated efforts in the Arctic region, this report will be finalized.

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NOAA's Arctic Vision & Strategy

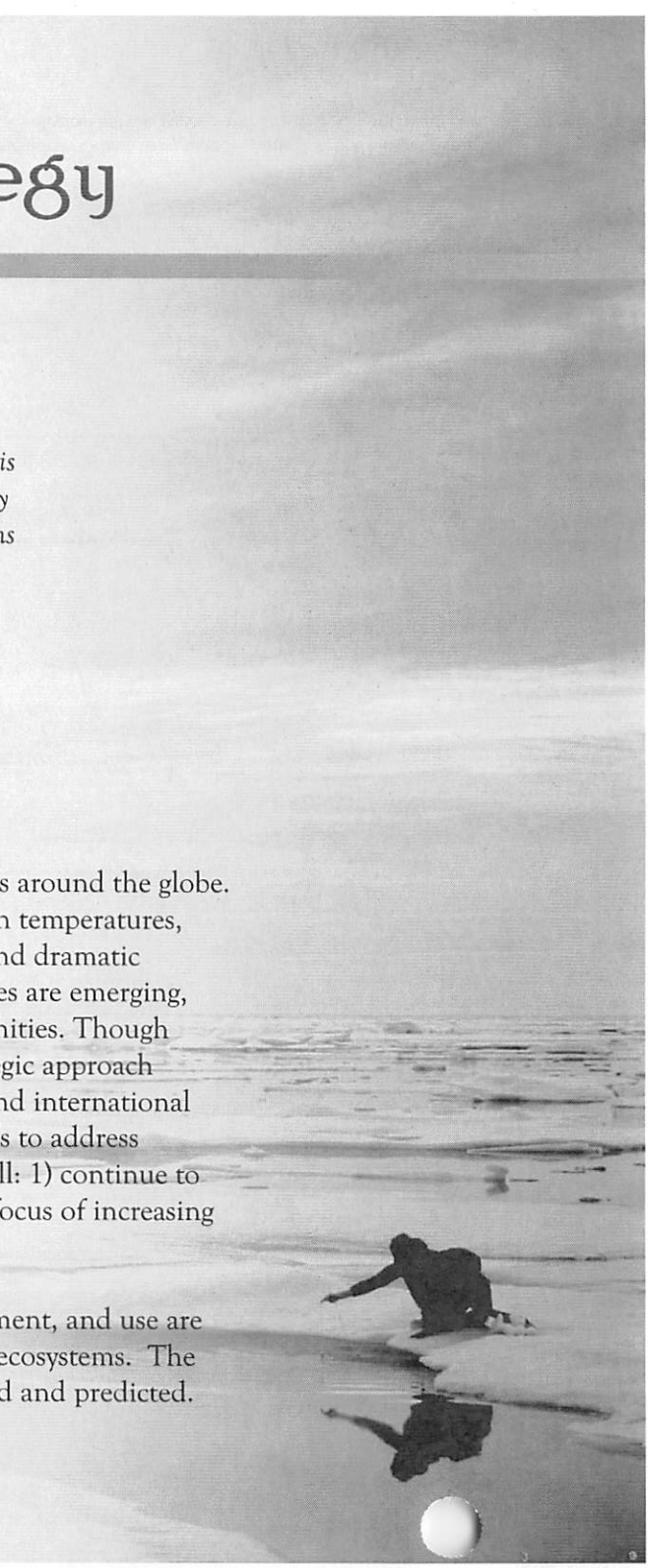
Executive Summary

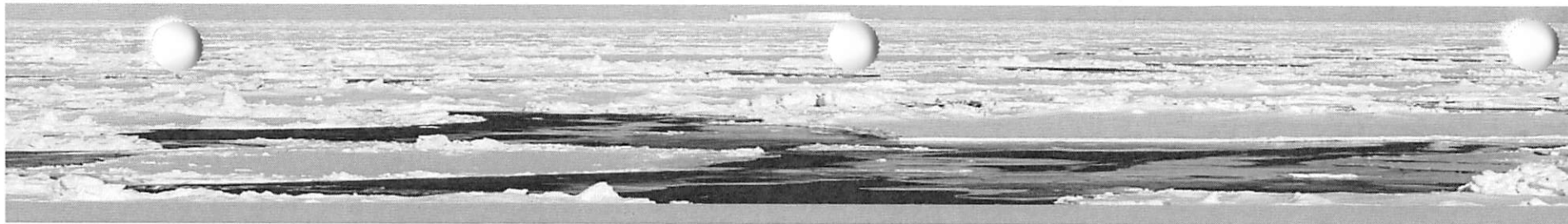
"For centuries annual sea ice has protected the Arctic and its inhabitants. Now the Arctic, both on land and sea, is being transformed by significant warming. The melting of sea ice in the Arctic Ocean is happening at a faster pace than we had predicted, and an ice-diminished Arctic Ocean is creating many new opportunities. These opportunities must be pursued in ways that will ensure our precious ecosystems and Arctic communities remain healthy and resilient, now and for future generations."

The Honorable Dr. Jane Lubchenco,
NOAA Administrator and Under Secretary of
Commerce for Oceans and Atmosphere

The Arctic (Figure 1) has profound significance for climate and functioning of ecosystems around the globe. The region is particularly vulnerable and prone to rapid change. Increasing air and ocean temperatures, thawing permafrost, loss of sea ice, and shifts in ecosystems are evidence of widespread and dramatic ongoing change. As a result, critical environmental, economic, and national security issues are emerging, many of which have significant impacts for human lives, livelihoods, and coastal communities. Though NOAA has numerous and diverse capabilities that support these emerging issues, a strategic approach that leverages NOAA's existing priorities and strengths, as well as those of our national and international partners, is needed. This document provides a high-level framework and six strategic goals to address NOAA's highest priorities in the region. It is based upon assumptions that the region will: 1) continue to experience dramatic change, 2) become more accessible to human activities, and 3) be a focus of increasing global strategic interest.

NOAA envisions an Arctic where decisions and actions related to conservation, management, and use are based on sound science and support healthy, productive, and resilient communities and ecosystems. The agency seeks a future where the global implications of Arctic change are better understood and predicted.





NOAA will focus its efforts on the following six priority goals needed to realize this vision:

- 1) Forecast Sea Ice
- 2) Strengthen Foundational Science to Understand and Detect Arctic Climate and Ecosystem Changes
- 3) Improve Weather and Water Forecasts and Warnings
- 4) Enhance International and National Partnerships
- 5) Improve Stewardship and Management of Ocean and Coastal Resources in the Arctic
- 6) Advance Resilient and Healthy Arctic Communities and Economies

These goals were selected because they represent areas where NOAA can address urgent and timely issues that meet two key criteria: providing the information, knowledge, and policies to meet NOAA mandates and stewardship responsibilities, and providing the information, knowledge, and services to enable others to live and operate safely in the Arctic. Each goal also fulfills international goals and establishes, enhances, or leverages partnerships with other Arctic nations, international organizations, government agencies, and non-governmental organizations, academia, and local communities. The goals are also geared towards generating large societal benefits relative to the resources required and strengthening NOAA's engagement, politically, scientifically, internationally, and publicly.

NOAA will next develop and execute a five-year Arctic Action Plan to achieve these goals. Development and execution of the plan will require coordination across all NOAA Line and Staff Offices and collaboration with local, regional, federal, non-governmental, and academic partners. As a starting point, NOAA will establish a single point of contact within NOAA Senior Executive Leadership who will be accountable for achieving the Arctic goals. The Arctic Action Plan will also include an engagement strategy for reaching internal and external employees, partners, and stakeholders, as well as a detailed budget strategy. NOAA is committed to enhancing its current involvement in research and management programs in the Arctic, and anticipates an initial investment of \$10 million towards the implementation of this strategy, recognizing that additional funds will be needed to achieve the goals.



Figure 1. The Arctic: As used in this document, the term "Arctic" means all United States and foreign territory north of the Arctic Circle and all United States territory north and west of the boundary formed by the Porcupine, Yukon, and Kuskokwim Rivers; all contiguous seas, including the Arctic Ocean and the Beaufort, Bering and Chukchi Seas; and the Aleutian chain. For purposes of this document only, this map illustrates the Arctic as defined under the Arctic Research and Policy Act and does not represent or reflect the position of NOAA with respect to the international boundaries and limits depicted therein. Map courtesy of the Interagency Arctic Research Policy Committee.

Introduction

Evidence of a Changing Arctic

There is now widespread and dramatic evidence of overall change in the Arctic region. Many of these observations are highlighted in the annual NOAA Arctic Report Card (www.arctic.noaa.gov):

- **Atmosphere** – Recent Arctic temperature increases are more than double those found at more southerly latitudes. The Arctic’s 2008 annual mean air temperature over land was the fourth warmest on record, which continues a long-term upward trend.
- **Sea Ice** – Four of the last five years represent the lowest sea ice extents on record, with open water extending later into the fall prior to freeze-up. Thick multi-year sea ice has decreased 35 percent in the last five years.
- **Ocean** – From the Aleutian Islands to Barrow, Alaska, ocean ecosystems are shifting due to a combination of Arctic warming, large natural variability, and sensitivity to changing sea ice conditions.

These changes in Arctic climate have local to global implications. The Polar Regions, though physically remote from the population centers of the globe, have profound significance for the planet as a thermostat to stabilize the Earth’s climate. They act not only as regulators of global temperature, but also as barometers of change. National security concerns are increasing as reductions in sea ice and other climate-induced changes bring increased opportunities for economic development and increased access to Arctic resources. These economic drivers, in turn, can further threaten ecosystems and Arctic inhabitants already impacted by the rapidly changing climate. The risks to national security and sound Arctic stewardship are further intensified because the science that underpins many of the decision-making processes and support services is largely inadequate.

International and domestic interest in the Arctic is increasing in concert with broader discussions regarding climate change, national security, and stewardship. Some examples include:

- The U.S. Government's issuance in January 2009 of a National Arctic Policy (National Security Presidential Directive (NSPD 66)/ Homeland Security Presidential Directive (HSPD 25),
- The November 2009 issuance of the Navy Arctic Road Map, developed by the Navy Task Force Climate Change,
- The Secretary of Commerce's February 2009 approval of the North Pacific Fishery Management Council's Arctic Fishery Management Plan, which prohibits expansion of commercial fishing in U.S. federal waters in the Beaufort and Chukchi Seas,
- Recent decisions on listings of Arctic marine mammals under the Endangered Species Act and Marine Mammal Protection Act,
- Establishment of the Extended Continental Shelf Interagency Task Force to support a potential claim as allowed under United Nations Convention on the Law of the Sea (2007),
- The State of Alaska's move to take immediate actions and plan longer-term research and operations addressing a broad range of impacts (Governor's Climate Change Sub-Cabinet 2007, Joint Alaska Climate Impact Assessment Commission 2007), and
- The Interagency Ocean Policy Task Force's recognition of the Arctic as an area of special emphasis in its interim report (see sidebar).

The *Interim Report of the Interagency Ocean Policy Task Force* (September 2009) identified "Changing Conditions in the Arctic" as an area of special emphasis, calling for the National Ocean Policy to "address environmental stewardship needs in the Arctic Ocean and adjacent coastal areas in the face of climate-induced and other environmental changes." The interim report calls for "better ways to conserve, protect, and sustainably manage Arctic coastal and ocean resources... new collaborations and partnerships to better monitor and assess environmental conditions... improvement of the scientific understanding of the Arctic system and how it is changing in response to climate-induced and other changes." NOAA's strategic Arctic goals were developed to directly support the recommendations identified by the Task Force.





NOAA's Evolving Role in the Arctic: Providing Critical Science, Services, & Stewardship to the Arctic & Partners

No single region better demonstrates the complex interdependence of communities and changing ecosystem conditions than the Arctic. The breadth and complexity of the cultural, societal, economic, and environmental impacts requires a concerted, systematic, and rapid effort with partners from local to international levels. NOAA provides vital Arctic science, services, and stewardship, including information and products that form a critical foundation for science and management of our trust resources in Arctic oceans and on the coasts—products that are essential for other agencies to succeed in their Arctic missions. However, achieving the Nation's Arctic goals requires strong integrated partnerships at all levels of governance. NOAA is building and continues to advance partnerships with several international, federal, state, and local partners and stakeholders focused on Arctic issues. Interagency and international cooperation should be an element of most of NOAA's Arctic activities and should be included in relevant project plans. Some elements of collaboration have general applications and need to be organized and conducted for the benefit of NOAA as a whole. In this category are participation in interagency working groups such as the Interagency Arctic Research Policy Committee, implementation and development of international agreements, and participation in policy-relevant activities focused on the Arctic.

Given our science, service, and stewardship responsibilities to Arctic residents and to the Nation, NOAA must engage its diverse and unique capabilities to rapidly address the emerging environmental, social, economic, and national security issues in the Arctic. NOAA's scientific capabilities can be deployed to increase our understanding of climate and assess key environmental trends; to predict the ecosystem response to those trends; and to offer the technical expertise needed to develop policy options and planning and management strategies for mitigation and adaptation to the environmental challenges in the Arctic region. NOAA's service capabilities are needed to support safety and security needs for fishing, marine mammal protection, transportation, energy, infrastructure, and mineral exploration in the unique Arctic environment. NOAA's legal and regulatory authorities and operational and international cooperation requirements will set the framework for delivery of our science, services, and stewardship.

Strategic Alignment of NOAA's Priorities

NOAA's Annual Guidance Memorandum, signed August 5, 2009, identified the need to "strengthen Arctic science and service" as one of the agency's five strategic priorities. The other four priorities include: 1) enhance NOAA's climate services and support the establishment of a National Climate Service, 2) support Coastal and Marine Spatial Planning, 3) ensure sustainability of marine fisheries, and 4) sustain satellite-based Earth observations. This Arctic strategy integrates the enhanced capacity provided by implementing NOAA's strategic priorities and positions NOAA to move forward in these areas. Concurrently, it aligns NOAA's Arctic goals to directly support priorities of our federal partners.



NOAA's Arctic Vision

NOAA envisions an Arctic where:

- Conservation, management, and use are based on sound science and support healthy, productive, and resilient communities and ecosystems; and
- The global implications of Arctic change are better understood and predicted.

Guiding Principles

The U.S. and its partners will greatly benefit from enhanced and better coordinated NOAA efforts in the Arctic region. Though NOAA's scientific interests in the Arctic are broad, this strategic framework establishes a limited set of guiding principles that emerged from the strategic planning process. NOAA Arctic activities in the next one to five years will:

- 1) Provide outcomes critical for other agencies to succeed in fulfilling their responsibilities and support the implementation of the National Ocean Policy,
- 2) Strive to better understand the linkages between oceans and climate,
- 3) Advance the implementation of ecosystem-based management and Coastal and Marine Spatial Planning,
- 4) Concentrate action in the Bering, Chukchi, and Beaufort areas, but be global in scope,
- 5) Enable, inspire, and engage our partners and stakeholders, both domestic and international,
- 6) Incorporate the value of traditional and local knowledge,
- 7) Integrate a coordinated education and outreach program that encompasses formal and informal education and the general public,
- 8) Incorporate new developments in science and technology, and
- 9) Anticipate, respond, and adapt to new and emerging issues of importance.

Arctic Goals & Strategy

NOAA's six Arctic goals are both integrated and crosscutting, and are designed to achieve NOAA's Arctic vision. The goals, and initial priorities described within them, were developed based on a set of criteria vetted across NOAA's Line Offices, Staff Offices, and Goal Teams; and derived from the Draft NOAA Strategic Plan for the Arctic. They are intended to support the goals and priorities of our federal and intergovernmental partners and stakeholders.

The goals first provide a foundation for improved research and understanding of the scientific underpinnings, climate changes, and dynamic feedback loops that are needed to support effective stewardship and address national security concerns. Increased scientific understanding and improved service delivery of predictions and forecasts, in concert with increased cooperation and collaboration with national and international partners, will result in more effective management of coastal and ocean resources and resilient and vibrant Arctic communities and economies (Figure 2).

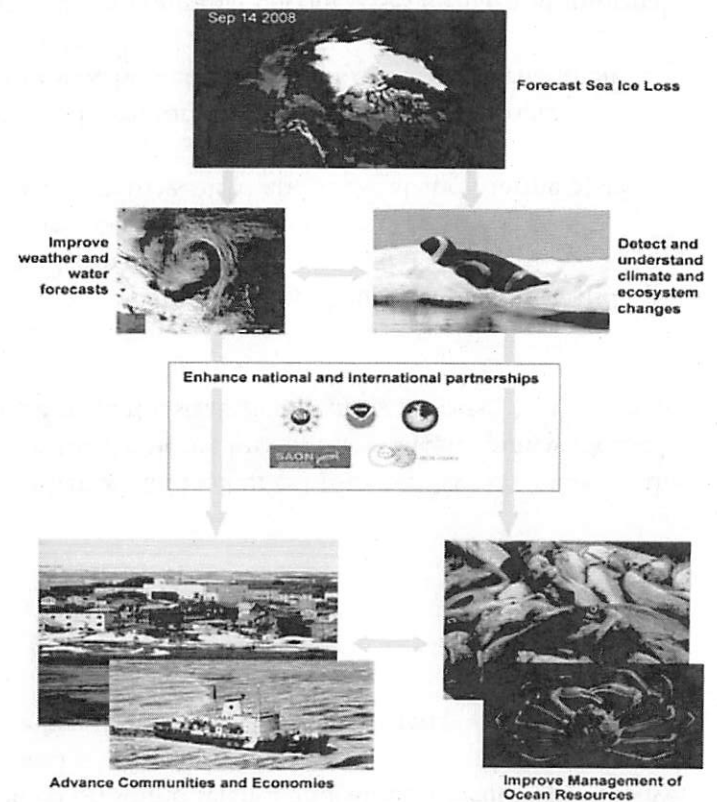


Figure 2. NOAA's Strategic Arctic Goals. This diagram illustrates the alignment and integration of NOAA's Arctic goals.

Goal 1: Forecast Sea Ice

Goal Statement – Accurate, quantitative, daily forecasts to decadal predictions of sea ice are provided to support safe operations and ecosystem stewardship.

Importance: Continued rapid loss of sea ice will be a major driver of large changes across the Arctic (Figure 3). The loss of sea ice affects marine access, regional weather, ecosystem changes, and coastal communities. Food webs are expected to dramatically shift between benthic-focused food webs and pelagic webs as ice cover diminishes. The understanding of ice as a habitat also has implications for oil spill response and damage assessment. As the Arctic Ocean becomes seasonally passable and tourism, oil and gas exploration, and shipping increase, floating sea ice will present a major threat to maritime safety and increase the potential for oil spills in the region.

Projections of a nearly sea ice-free summer by the end of the century, made just three years ago, have been revised recently and now indicate that ice-free summers may occur before mid-century (Figure 4). Arctic change is accelerated by the unique physical properties associated with sea ice loss, which acts to accelerate warming of the Arctic, driven by increasing greenhouse gases in the global atmosphere. Reduction in summer sea ice diminishes reflection

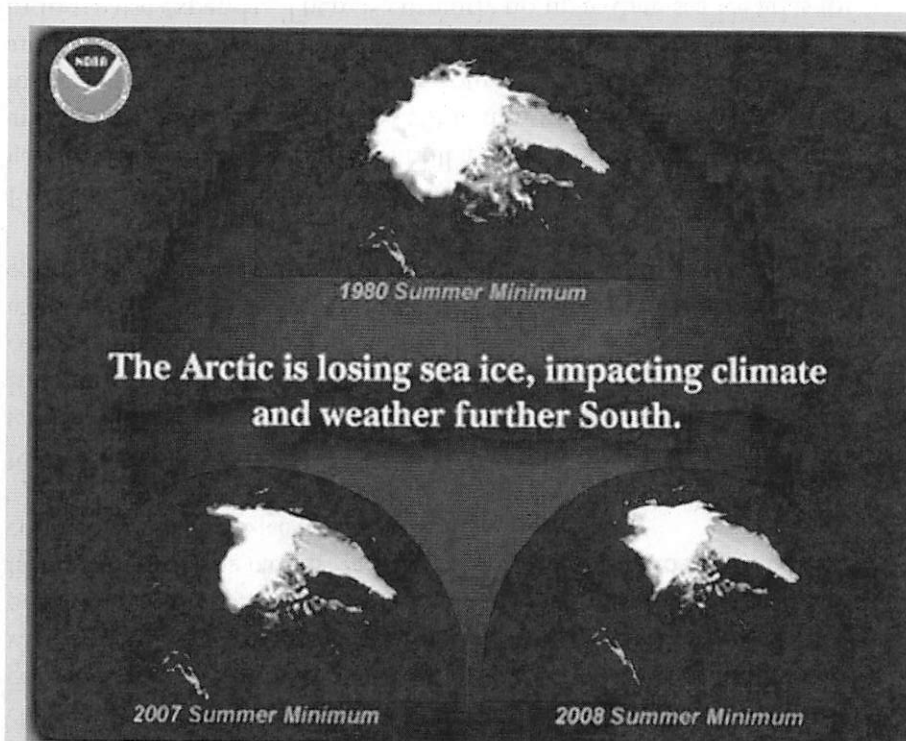


Figure 3. Arctic summer sea-ice cover has decreased over 35 percent over the last 30 years, and the amount of stable long-term multi-year sea ice has decreased by the same amount.

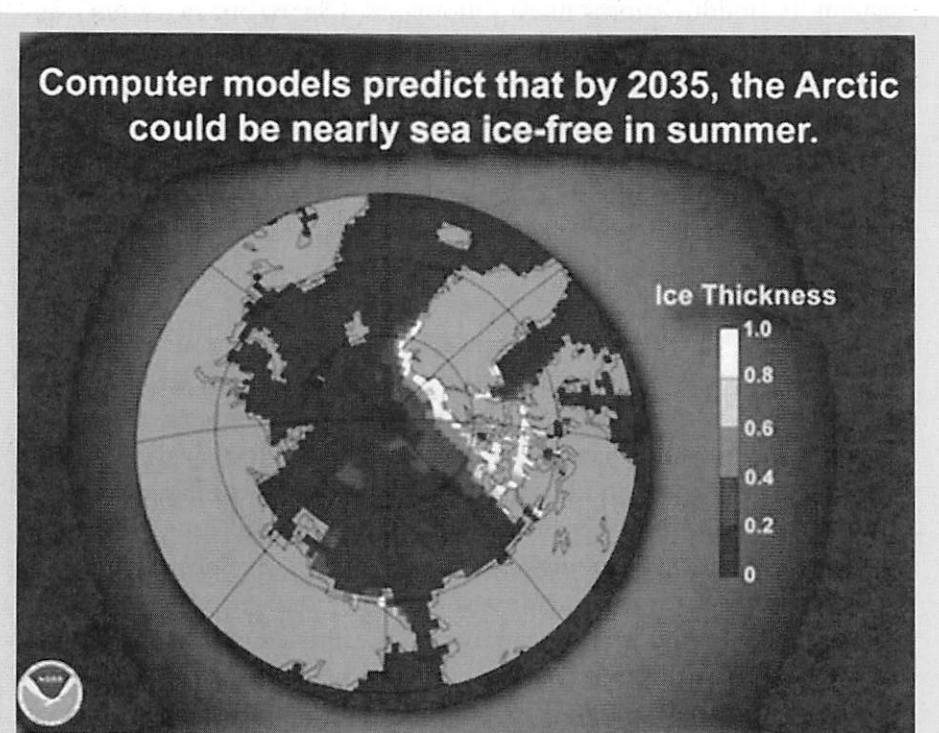


Figure 4. Model projections of sea ice thickness when the Arctic is nearly ice free, in September, within 30 years. Units for sea ice thickness are meters. Figure from Wang and Overland (2009).

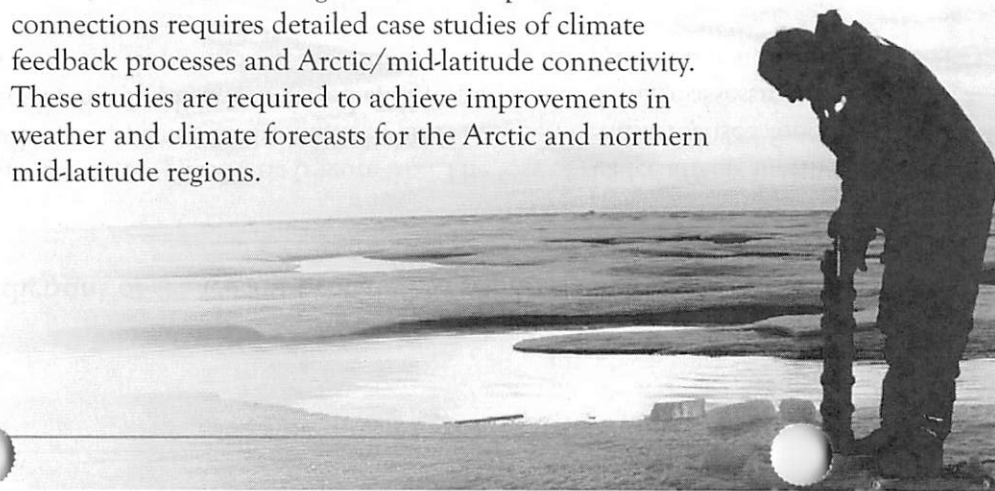
of solar energy and creates additional ocean heat storage in newly formed sea ice-free areas. Further, the additional heat stored in the ocean during summer is given back to the atmosphere the following autumn, causing changes in normal patterns of weather and climate variability with global consequences. The ability to quantitatively forecast Arctic sea ice over varied time scales requires regular observation of Arctic atmospheric and ocean states, circulation, and sea ice characteristics; understanding of the interactions among clouds, radiation, and aerosols; and development of coupled atmosphere-ice-ocean models.

NOAA's current activities: NOAA is currently conducting sea ice analysis and forecasts, evaluation of sea ice projections in Intergovernmental Panel on Climate Change (IPCC) climate models, conducting and analyzing satellite and airborne observations of sea ice freeboard or thickness, improving satellite image analyses, and contributions toward the Arctic buoy program.

Five-year strategy: *Improving daily to weekly sea ice models and forecasts and new seasonal prediction services* will fill a critical gap in marine weather and climate services that will benefit community activities, support the management of protected marine resources, and improve safe operation and navigation through these waters as marine transportation and industry use expands. There is currently no up-to-date sea ice atlas for Alaskan waters, necessary for operational planning. Native communities have noted that not only is the extent and timing of sea ice changing, but its character (floe size, thickness, ridging) is also changing. *Forecast improvements* can be made by enhancing and integrating different types of observations of the atmosphere, sea ice, and ocean, including use of local knowledge, classifying sea ice characteristics, and directly combining data-assimilating sea ice models and climatological information with forecast models. *Seasonal predictions*, particularly the period of open water that defines an extended operations and shipping season, are increasingly in demand. An exploratory Sea Ice Outlook, led by NOAA and the National Science Foundation, in coordination with 20 international contributors, suggests that it is possible to develop seasonal predictions constrained by late spring sea ice conditions and driven by projected weather conditions.

Multi-decadal sea ice projections are required for infrastructure planning, ecosystem stewardship under rapidly changing conditions, and projection of global climate impacts forced by changes first occurring in the Arctic. The most important requirement is to reduce the uncertainty in climate projections forced by anthropogenic gas increases relative to the large natural variability in the Arctic. Current multi-decadal sea ice projections are based on a judicious evaluation of the 24 climate models provided through the IPCC Fourth Assessment Report. NOAA must anticipate a major evaluation of the new model results for application in the Arctic using information that will soon be made available by the IPCC Fifth Assessment Report. Further, special studies using climate and Earth system models need to target Arctic processes. Global models are necessary but not sufficient for regional applications, meaning that development of regional models is also needed.

Retrospective and prospective studies of the linkages between changes in Arctic sea ice and hemispheric weather and climate will lead to new understanding of how these changes affect larger areas. The cold conditions in eastern Asia and the eastern U.S. during winter 2009-2010 highlight the importance of shifts in hemispheric climate patterns to regional weather events, specifically the combination of the two major northern hemisphere patterns of variability—El Niño and the Arctic wind vortex, also known as the Arctic Oscillation. Recent studies support an increased connection between shifts in Arctic climate and increased climate variability in mid-latitudes. Such Arctic/mid-latitude connections can be expected to strengthen over the next decades as the planet experiences further sea ice loss. Being able to better predict these connections requires detailed case studies of climate feedback processes and Arctic/mid-latitude connectivity. These studies are required to achieve improvements in weather and climate forecasts for the Arctic and northern mid-latitude regions.



Goal 2: Strengthen Foundational Science to Understand & Detect Arctic Climate & Ecosystem Changes

Goal Statement – Improved baseline observations and understanding of Arctic climate and ecosystems reduces the uncertainty in assessing and predicting impacts caused by a changing Arctic.

Importance: While sea ice extent can be tracked by satellite sensors from year to year, there is much greater uncertainty in tracking the types and magnitudes of social and ecological impacts caused by Arctic climate changes and economic development. The Arctic will continue to provide short-term surprises as ecosystems move toward new and generally unknown states. Previous data and understanding can provide only minor guidance. For example, the response of marine primary production and the impacts on higher levels of the food chain from additional loss of sea ice are basically unknown. Recent data show that a simple conceptual model of a uniform northward shift of ecosystems as the Arctic warms is too simplistic. Other examples of changes in the Arctic are the warming of permafrost, increased coastal erosion, sea level changes, shifts in land and marine transportation patterns, the recent decrease in the pollock stock of the Bering Sea, and changes in land-based human subsistence resources. Monitoring and understanding climate change in the Arctic is important for other socioeconomic applications as well, including sea level and infrastructure protection, transportation, and community resilience. While the International Polar Year initiated a single intensive observational period in the Arctic, most NOAA missions require an enhanced effort to achieve sustained observations.

NOAA's current activities: NOAA has a variety of ongoing and/or recent Arctic-focused climate and ecosystem projects, but these projects are inadequate to address existing needs. This goal provides necessary baseline ecosystem-level information and identifies four priorities to reduce uncertainties in NOAA provided information: ecosystem responses to sea ice loss, necessary additional climate observations over the Arctic, basic water-level information, and accelerated methane release.



High Arctic Biodiversity

In June/July 2005, NOAA organized an international team of 45 scientists from the United States, Canada, Japan, China, and Russia in a collaborative effort to explore the frigid depths of the Canada Basin, one of the deepest parts of the Arctic Ocean. The expedition focused on assessing the diversity of life and the environment in all three major realms of the Arctic—the sea ice, the water column, and the sea floor. For one month, 35 members of the science party and 75 U.S. Coast Guard crewmembers worked together on board the U.S. Coast Guard Cutter Healy to conduct round-the-clock science operations. Scientists examined the hidden world of life in these extreme conditions with the aid of divers, photographic platforms, and a remotely operated vehicle specially designed to operate under ice and at great depth. More traditional techniques like ice coring, plankton nets, and bottom trawls supported these efforts. Expedition results form much of the basis of the January 2010 special issue of the journal *Deep Sea Research*.

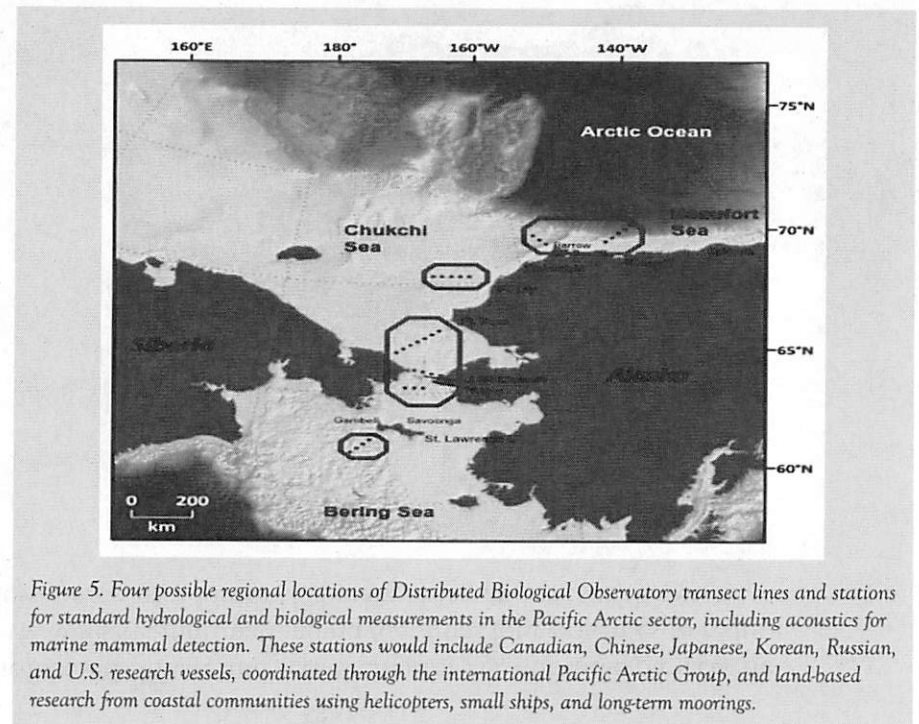


Figure 5. Four possible regional locations of Distributed Biological Observatory transect lines and stations for standard hydrological and biological measurements in the Pacific Arctic sector, including acoustics for marine mammal detection. These stations would include Canadian, Chinese, Japanese, Korean, Russian, and U.S. research vessels, coordinated through the international Pacific Arctic Group, and land-based research from coastal communities using helicopters, small ships, and long-term moorings.

Five-year strategy: An enhanced and integrated set of environmental observations is required to track the new trajectory of Arctic change across land, in the atmosphere, and in the ocean, including physical indicators, biological responses, and social and economic impacts. Rapid organization, interpretation, and dissemination of this information in near real-time is also a necessity, placing it in context with past conditions, natural variability, and model studies. Increased knowledge gained through this process, combined with model forecasts, will further enhance NOAA's capability to project and respond to future change. These enhancements would form the basis for a NOAA Arctic Change Detection System.

Such a system also includes a *marine Distributed Biological Observatory* (DBO) in the U.S. Arctic for consistent monitoring of biophysical responses in four pivotal oceanographic areas along a north-south

latitudinal gradient (Figure 5). Each area exhibits high biological productivity, biodiversity, and gradients in ecosystem properties and direct linkages to subsistence-based coastal communities. All areas are projected to experience increased commercial use with the loss of sea ice. The Bering Strait region represents potential conflicts between commercial shipping and resource exploration, subsistence hunting, and management of biological resources. As sea ice retreats, the DBO will track the rate of ecosystem change and sample currently unknown impacts. The DBO was the central recommendation from a NOAA-sponsored workshop in May 2009 on the biological impacts of loss of sea ice. The DBO integrates biological and physical sampling, including both mooring and dedicated repeat ship occupations using a collaborative international network of logistical support. Efforts such as the Russian-American Long-term Census of the Arctic (RUSALCA) should be expanded to improve the exchange of information about near and far-field changes in the Arctic.

The science community was surprised by the rate of loss of summer Arctic sea ice from 2007 through 2009, as well as the magnitude of its impact on the regional and potentially hemispheric ocean and atmosphere. Current observing systems are inadequate to track and understand such changes. New in-situ, airborne, and satellite observing technologies are needed to fill gaps in meteorological and oceanographic fields. While satellites provide vertical profiles of air temperatures, they are less reliable in the lower layers of the Arctic atmosphere. For example, three areas of enhancement can improve analysis products, which in turn are the basis for understanding current Arctic change and improving forecasts. First, *in situ atmospheric profiles* across the Arctic Ocean are needed to stabilize the satellite data in reanalysis products and initial conditions. Second, *increase the number of drifting buoys and long-term moorings*. It is imperative to know upper ocean temperatures at the beginning of the summer melt and fall sea-ice freeze-up seasons to project future sea ice conditions. Long-term biophysical moorings at key locations in the Arctic are essential for tracking influx of heat to the Arctic. Third, NOAA should work to *maintain real-time access to NOAA and other national and international satellites* to fill critical gaps in observations, including the European CryoSat, the Canadian RadarSat, and Indian satellites. In addition, NOAA needs to continue and enhance research on integration of satellite data into regional products and scientific analyses to make the best use of these expensive systems.

Water-level information and forecasts are necessary for coastal community hazard resilience. NOAA is limited in its ability to meet this goal due to insufficient resources and outdated historical data sets. Increased sea-ice-free areas in fall allow a completely new wave and storm surge regime to develop. Deficiencies in information include accurate elevations based on new and updated gravity data and a geodetic framework tied to a new Arctic tide gauge network. Traditional tide gauges have difficulties in freezing and sea ice areas, but these difficulties can be overcome. More effort is needed to conduct circum-Arctic sea level analyses using all in situ and satellite data available from national and international sources.

Recent research has shown that methane is being released from thawing permafrost on land and in shallow coastal seas. The amount of methane potentially available for release is very large, but there are no data sets that allow an estimate of the current rate of methane release throughout the Arctic and how this rate may be changing over time. *New synoptic observations over large regions of the Arctic, coupled with modeling and process research* are needed to determine if methane release from Arctic permafrost will be another positive, and powerful, feedback to the global climate system.

Goal 3: Improve Weather and Water Forecasts and Warnings

Goal Statement – Advanced, accurate forecasts and warnings are provided to ensure society can prepare for and respond appropriately to weather-related routine and extreme events.

Importance: Major stakeholders and partners, including the U.S. Coast Guard and the State of Alaska Division of Homeland Security and Emergency Management, require more useful weather and water information for planning and decision making to protect lives, property, and manage the region's many resources. Arctic weather also plays an important role in global weather; understanding this role is essential to improving global forecasts as well.

Arctic populations rely on aviation and marine systems for transportation and access to goods and services. A 2006 study by the National Institute of Occupational Safety and Health reported that the accident rate for commercial pilots in Alaska was five times higher than the national average. Additionally, Alaska's \$4 billion fishing industry is one of the most dangerous in the Nation. Improvements in weather and water information will lead to increased safety and efficiency in these important sectors. Environmental observations and studies supporting weather and ice forecasts are highly limited in both geographic scope and frequency. For example, there is inadequate real-time meteorological data in U.S. Arctic waters to support accurate forecasting of fall sea storms, which threatens marine transportation, offshore oil and gas operations, and the Arctic coastal communities. In 2008, the U.S. lost access to satellite data that detected sea ice, river ice, and ocean surface winds. This information was critical in forecasting and warning of events such as rapid sea ice formation, river ice jams, and hurricane force winds.

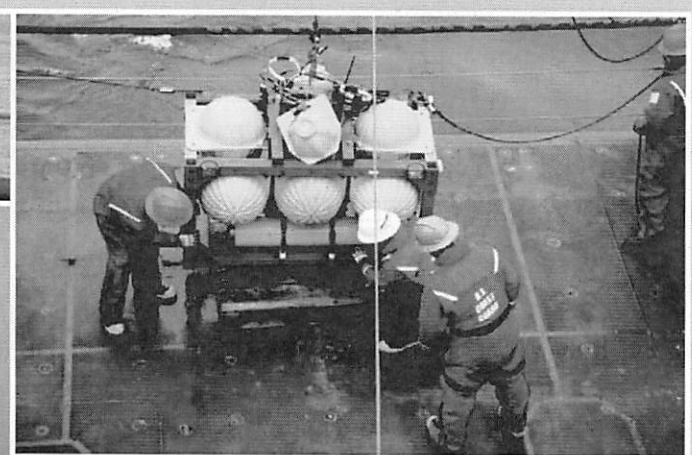
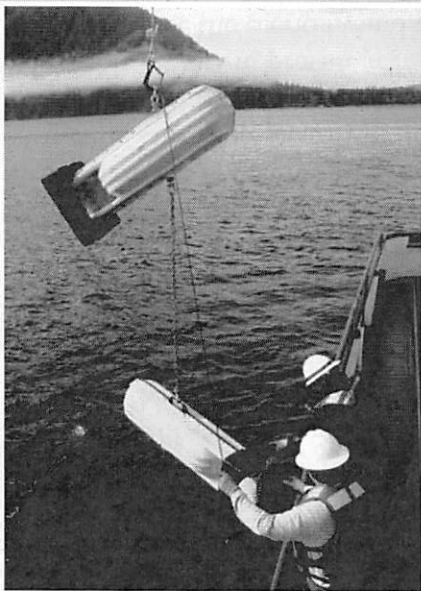


Climate change is also affecting the Arctic environment, as evidenced by changing precipitation patterns, later freezing and earlier thawing of snow and ice, and changing sea level. People living along rivers and inland waterways face increasing disruption due to more frequent and devastating flooding. Still others face drought, straining municipal water supplies and putting the sustainability of entire businesses and communities at risk. Alaska's strategic location and waterways present both challenges and opportunities in terms of marine transportation, homeland security, and economic development.

NOAA's current activities: NOAA provides forecasts, warnings, and information for surface, marine, and aviation weather interests, with emphasis, when possible, on high-impact events such as extra-tropical storms and polar lows, storm surge and other coastal hazards such as tsunamis, heavy precipitation, floods, droughts, volcanic ash, and space weather. Services are delivered through a number of media from Internet to high frequency radio broadcasts.

Updating Alaska's Precipitation Frequency Estimates

NOAA is using a team of experts, and a set of global best practices, to update the 40-year-old Precipitation Frequency Estimates (PFE) for the State of Alaska. The PFE data are commonly used to reduce the risk of runoff-related loss of life and property and to prevent pollution. The data provide rainfall-related criteria used extensively by the engineering and environmental communities for the design of structures such as sewers and drainage systems, for environmental studies and design, and for sediment control. The criteria are used by the Federal Emergency Management Agency to update National Flood Insurance rate maps and by the Environmental Protection Agency's National Pollution Discharge Elimination System Program to regulate pollution control in streams. Results from climate change investigations in Alaska suggest the seasonality, amount, and type of precipitation are changing in many locations. NOAA uses these criteria for comparison during rainstorms that could produce flash flooding. NOAA expects to complete this task in September 2010.



Five-year strategy: Predictive services are generally not of the same accuracy, resolution (temporal and spatial), and reliability as similar products in mid-latitude regions. Forecasts of weather and water conditions lack detail beyond 60-72 hours and lose reliability considerably thereafter. A primary reason for this discrepancy is the relative coarseness of the observational fields to support meteorological and oceanographic modeling. New in-situ, airborne, and satellite observing technologies are needed to fill gaps in meteorological and oceanographic datasets, with then intent of improving both local and global weather forecasts. NOAA must expand services by addressing greater needs for observations, modeling, and forecasts while incorporating new techniques for ensuring this information leads to the best possible decisions and associated response. Science and technology will need to be leveraged based on advanced numerical models, including ranges of uncertainty. Improved Earth system models will include coupling of atmosphere, ocean, land and ice at local, regional, and global scales.

NOAA *must improve Arctic marine weather, sea ice, and storm surge forecast services* by addressing greater needs for observations, modeling, and forecasts while incorporating new techniques for ensuring this information leads to the best possible decisions and associated response. Improved forecast services will ensure the safety and security of marine transportation, mineral (oil and gas) exploration, and tourism activities, and *protect northern and western Alaska coastal communities from storm surge, inundation, and erosion hazards*. The operational marine weather service infrastructure in the National Weather Service will enable NOAA to provide regular forecasts and on-demand support for the Arctic Ocean to meet the NOAA mandate to protect life and property as well as enhance the economy and fulfill NOAA's obligations under international treaties.





Goal 4: Enhance International & National Partnerships

Goal Statement – National and international partners are engaged to promote cooperation and sharing of data, observational platforms, and intellectual resources to enable more rapid and comprehensive attainment of NOAA’s Arctic science and ecosystem-based management goals.

Importance: The Arctic is comprised of the northern regions of eight countries and adjacent marine areas. As the Arctic climate continues its warming trend, sea ice in the Arctic continues to recede and freshwater entering the Arctic from rivers is increasing. These changes in the Arctic environment are likely to impact the globe, making it urgent that NOAA builds on its abilities to observe, understand, predict, and respond to these Arctic changes. Both national and international partnerships are needed to help fill data gaps; improve analyses, models, and forecasts; and apply ecosystem-based management.

NOAA’s current activities: NOAA currently cooperates with other governments through broad Science and Technology (S&T) Agreements and NOAA-specific agreements, as well as through international institutions and organizations. S&T Agreements and Memorandums of Understanding with Russia, Norway, Sweden, Finland, Canada, and Denmark support NOAA’s work with these Arctic countries in

Enhance International and National Partnerships: Arctic Council

NOAA has played a key role in major products of the Arctic Council and is now providing leadership on future products. By enhancing and institutionalizing its support for the Council, NOAA can exert stronger leadership on the Council’s science-based activities and offer greater support to U.S. Arctic policy goals. The Arctic Council is the only intergovernmental group that focuses solely on the Arctic. By engaging through the Council with the other seven Arctic countries, permanent participants, and the several observer countries, the goals outlined in this plan can be more readily achieved.

areas such as weather, climate, aviation, and marine observations, forecasts, and services; ecosystem management; fisheries; and ice monitoring. . These agreements allow us to cooperate on sea ice forecasts, as well as better understand and predict changes in the Earth’s environment by observing the Arctic atmosphere and cryosphere from manned observatories in places such as Summit, Greenland and Tiksi, Russia.

NOAA is also an active participant in numerous international organizations such as the World Meteorological Organization, International Maritime Organization, International Hydrographic Organization,

and the Arctic Council. NOAA serves in leadership roles in two Arctic Council working groups (Protection of the Arctic Marine Environment and Arctic Monitoring and Assessment Program), while providing expertise to others. Current Arctic Council work includes assessing the effects of pollutants in the Arctic, reviewing the comprehensiveness of governance mechanisms for the Arctic, and understanding the status of biodiversity in Arctic ecosystems.

Five-year strategy: Modeling climate change at the regional and global levels is an enormous task, best accomplished by *sharing data at multiple levels* - with universities and researchers, with other Arctic countries, and with non-Arctic countries possessing satellite and observation capabilities in the Arctic. NOAA must continue and expand these relationships through partnerships and formal bilateral arrangements. Understanding and predicting how ice cover and consistency will change in the Arctic will necessitate cooperation. NOAA should increase both its interagency and international partnerships to increase the accuracy, timeliness, and coverage of its sea ice forecasts - ensuring seamless transitions across jurisdictional boundaries and enhancing safe navigation.

With reduced sea ice comes opportunities for trans-Arctic shipping, increased oil and gas exploration and extraction, tourism, and other uses that increase regional vessel traffic, as well as associated threats such as oil spills, transport of invasive species, and collisions with species or small craft. NOAA, working through the interagency process, should *expand Arctic protection mechanisms* at the international level (e.g., the International Maritime Organization), including developing a mandatory Polar Code, Particularly Sensitive Sea Areas, vessel routing measures and sea lanes (in particular for choke points such as the Bering Strait). NOAA also should increase hydrographic charting and cooperation in the region (e.g., via the International Hydrographic Organization).

These changes in climate and sea ice are also driving changes in marine ecosystems, species abundance, and composition, in ways not yet fully understood. NOAA should *provide leadership and additional resources to support Arctic governance and science organizations*. Specifically, NOAA should support the Arctic Council and its working groups, which monitor and assess biodiversity, climate, and the health of humans and ecosystems and contribute to international approaches to ecosystem and protected area management, and management of shipping. The International Arctic Science Committee and the Pacific Arctic Group identify science priorities across countries and build trusted and lasting relationships among scientists.

The Sustaining Arctic Observing Networks (SAON) activity co-sponsored by the Arctic Council and the International Arctic Science Committee aims to become an effective mechanism for sharing data among the Arctic countries and for identifying critical observing systems that should be maintained for long periods. The success of SAON will make achievement of NOAA Arctic science goals more likely and NOAA should *support development of an effective international SAON process*.

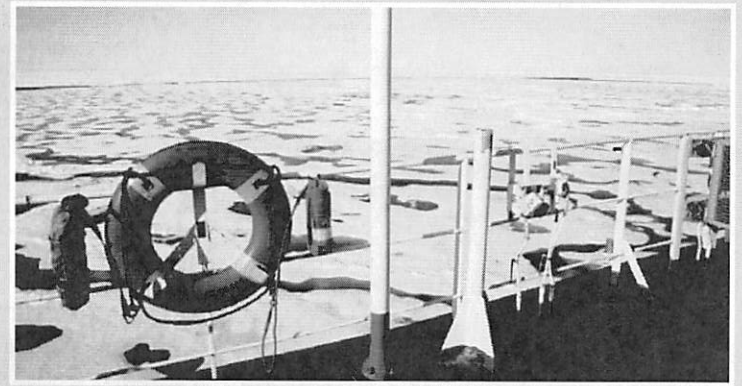
Continued coordination across federal entities, such as that provided by the Interagency Arctic Research Policy Committee, will be needed to implement overarching U.S. Arctic Policy goals, particularly those identified by the U.S. Arctic Policy (NSPD 66/HSPD 25) and the Interagency Ocean Policy Task Force. Scientific research and discovery will proceed in collaboration with the National Science Foundation, and other federal, state and local partners, academia, non-governmental organizations, and private entities. Due to the interconnected nature of Arctic ecosystems, the U.S. will also need to continue to improve collaboration and engagement with other Arctic nations through international mechanisms, such as the Arctic Council and our bilateral relationships, to better understand, observe, research, and manage Arctic resources.

Goal 5: Improve Stewardship & Management of Ocean & Coastal Resources in the Arctic

Goal Statement – Conservation, management, and use of ocean and coastal resources are based on sound science and support healthy, productive, and resilient ecosystems and communities.

Importance: As the Arctic Ocean becomes more accessible with the retreat of sea ice in summer months, cascading consequences must be anticipated. Biophysical and chemical changes in the ocean, combined with increasing human uses will impact the Bering, Chukchi, and Beaufort Seas. Currently commercial harvest of groundfish, shellfish, salmon and other resources, primarily in the Bering Sea, constitute almost 50 percent of marine fish landings in the U.S. Further, these same resources, plus various species of marine mammals, seabirds, and other marine life are critical to the maintenance of the subsistence lifestyle of over 40,000 indigenous people who inhabit small towns and villages on Alaska's Arctic coastline. It is therefore critical to both the U.S. economy and the coastal inhabitants of the U.S. Arctic that NOAA, in cooperation with Federal, state, and local partners and stakeholders, expand its capabilities to understand and predict the full spectrum of changes associated with climate change in the Arctic, with the intended outcome of improving the stewardship of Arctic marine resources.

NOAA's current activities: NOAA currently conducts population assessments and ecological process studies to meet its living marine resource management mandates. However, data in the Arctic are insufficient to make adequate assessments, and it is currently beyond the scope of existing ecosystem models to provide reliable indications of how loss of sea ice, increased ocean acidity, and increasing ocean temperatures will impact key fish and mammal species. NOAA will need to expand aspects of its current Arctic ecosystem research program and the regional Alaska Ocean Observing System, as well as implement better data collection, analyses, and models to provide reliable predictions of the changes coming to marine ecosystems in the U.S. Arctic.



Extended Continental Shelf Mapping

Since 2001, NOAA activities have been critical to U.S. efforts to gather and analyze data to determine the outer limits of its extended continental shelf (ECS) including the Arctic region. The primary goal these efforts is to establish the limits of the areas of seabed beyond 200 miles where the United States can exercise sovereign rights over seabed and sub-seafloor continental shelf natural resources. NOAA is a co-vice chair on the State Department-led interagency task force established in 2007. To date, U.S. data collection efforts have provided a wealth of bathymetric and seismic information. Though beyond the scope of ECS, collecting the baseline ecosystem-level data would enhance the existing information and provide the U.S. with a better understanding of the nature, extent, and economic value of these resources, as well as insights into issues such as climate variability; marine ecosystems; and undiscovered or unconventional energy, biological, and mineral resources.

Five-year strategy: At present, the biggest limiting factor in providing managers with the information they need regarding the impact of climate change on Arctic living marine resources off Alaska is access to survey vessels and aircraft during the ice-free summer months and support for over-wintering sampling tools including autonomous sea gliders, passive acoustic recorders, and satellite-linked tags. Specifically, very few surveys have been conducted to assess the status of living marine resources in the northern Bering, Chukchi, and Beaufort Seas. Additional Arctic surveying capability is proposed in NOAA's Fleet and Aircraft Recapitalization plans, which include state-of-the-art replacements of aging NOAA survey vessels and planes. Additional charters are required to meet capacity shortfalls. Also, resources are needed to conduct ecological process studies on how loss of sea ice, increased acidity, and sea surface temperature warming will change the productivity and composition of Arctic marine resources in waters off Alaska.

Because of fiscal limitations, it is beyond the capability of NOAA to address all of these deficiencies in the next five years. Therefore, in this strategy, NOAA is proposing to expand two existing programs, while *continuing on-going assessment programs on marine mammals, fish, and shellfish*: 1) the Bering-Aleutian Salmon International Survey (BASIS) and the RUSALCA (Figure 6), which are cooperative international research programs in the northern Bering and Chukchi Seas, and 2) NOAA's *ocean acidification* program. The former will provide critical information on the biodiversity of this region and a baseline for assessing how biodiversity will respond to climate change and loss of sea ice. The latter activity will result in greater attention given to the *impact of more corrosive waters on the ecology and life history of key Arctic species* such as king crab. The geographic scope of this proposal is therefore limited to the northern Bering and Chukchi Seas. This is a critical region because of the connectivity of the high Arctic marine ecosystems with the Bering Sea through the Bering Strait. Further, the expansion of existing research programs in this area is a cost-effective way to address critical information needs. Expansion of the existing research program in the Beaufort Sea will be dependent on the availability of funding between 2015 and 2020.

The data produced by the continuation and expansion of these two on-going research programs will provide a subset of the information needed to develop models that will allow resource managers to better assess the risk of action or inaction, as well as the relative benefit of specific actions. Integrated ecosystem assessments and operational ecosystem modeling will ultimately require further investments in human and facility infrastructure in the Arctic (e.g., real-time sea-ice monitoring at the appropriate scale for safe maritime operations). Through conservation, research, and response to environmental threats, NOAA will assist the part of the U.S. that is already impacted by climate change in developing risk-averse strategies to maximize the resilience of marine ecosystems in the Arctic, and develop strategies to mitigate and adapt to adverse impacts.

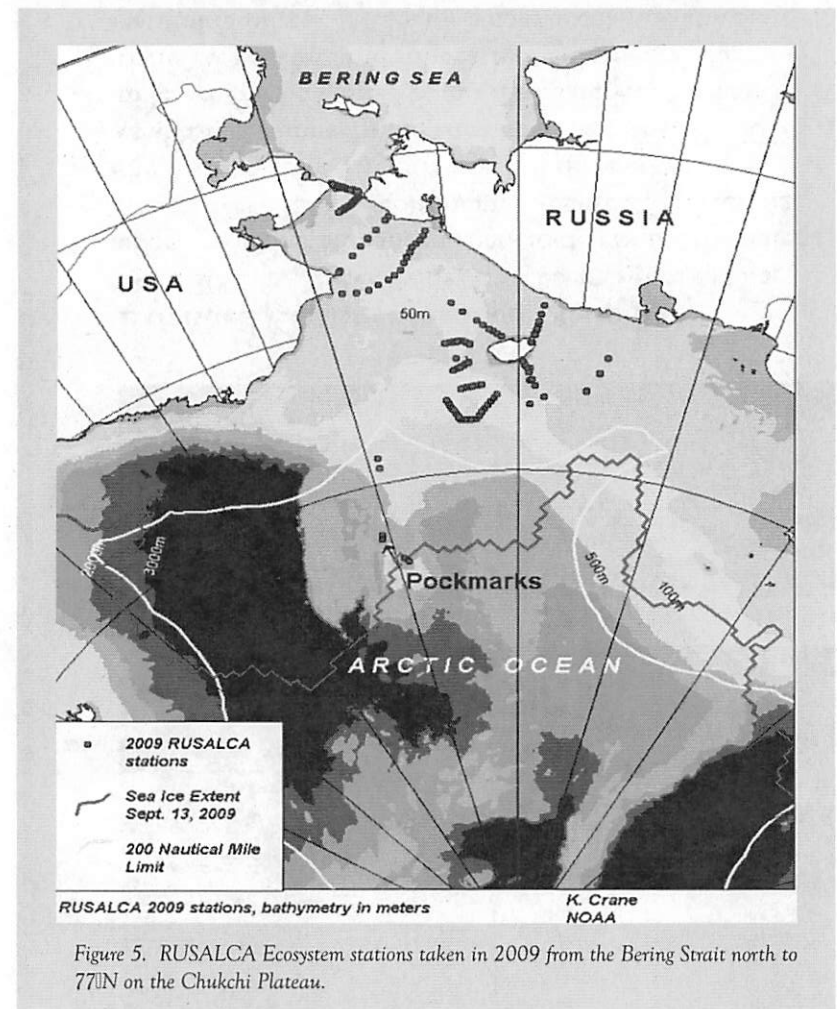


Figure 5. RUSALCA Ecosystem stations taken in 2009 from the Bering Strait north to 77°N on the Chukchi Plateau.

Goal 6: Advance Resilient & Healthy Arctic Communities & Economies

Goal Statement - Resilient and healthy Arctic communities and economies through improved geospatial infrastructure, safe navigation, oil spill response readiness, and climate change adaptation strategies.

Importance: We measure the well-being of our Nation through the health of our communities and economies. The condition of the Arctic can be gauged by the health of the people living and working in this unique environment, and by the impact of increased economic activity on it. Indigenous people have long depended upon the unique characteristics of the Arctic for food, livelihoods, cultural heritage, and protection. However, climate change in the Arctic is altering the foundations of their communities and challenging indigenous ways of life. At the same time, the loss of sea ice creates opportunities for commercial enterprises such as oil and gas development, cruise and cargo shipping, fishing, and other economic sectors. This creates tension between the traditional and the new, and argues for a measured approach to Arctic resource utilization.

As the ice barriers that protect Arctic coastal communities diminish, the State of Alaska and its people must make critical decisions based on threats from stronger storms, increasing erosion, thawing permafrost, changing animal migration patterns, and sea level changes. Shorter freeze periods and weak ice impact transportation and can result in loss of life. The potential economic effects of these changes in the Arctic are also enormous, as retreating sea ice opens access to economic development. Oil companies are investing in exploration, private interests are anticipating an open Arctic trade route, and pressure is increasing on our defense and security assets to maintain a presence in the region in a “response-ready state” because of the increased risks.

NOAA’s current activities: NOAA has a variety of mandates relating to resilient communities and economies. The agency has the U.S. government lead for hydrographic surveys, nautical charts, and the National Spatial Reference System. NOAA is also responsible for administering the Coastal Zone Management Program. During oil spills, NOAA is legally responsible for providing scientific support to the U.S. Coast Guard and conducting natural resource damage assessments following those incidents. In addition, people who live in, work in, and visit the Arctic rely on NOAA and the Search and Rescue Satellite System to rescue them in an emergency.

Environmental preparedness, response, and recovery: NOAA and the University of New Hampshire’s Coastal Response Research Center are partnering to expand Environmental Response Management Application (ERMA) coverage to one or two key areas of concern in the Chukchi and Beaufort Seas. The demonstration will show how the ERMA tool can benefit Arctic stakeholders, including coastal communities, Alaska Native villages, the State of Alaska, NOAA, Federal agencies, and industry. ERMA is a web-based map tool designed to assist both emergency responders and environmental resource managers who deal with incidents that may adversely impact the environment. The data within ERMA also assist in resource management decisions regarding hazardous waste site evaluations and restoration planning. ERMA includes human use and human dimension data components and, for the Arctic, will include sea-ice conditions. Federal, State and Tribal governments would be able to use this information and the ERMA interface to address not only oil spill planning and response, but also to access sea-ice/shoreline erosion information.

The Arctic is severely deficient in many of the capabilities that NOAA extends to the rest of the Nation. The region currently has virtually no geospatial infrastructure for accurate positioning and elevations; sparse tide, current, and water-level prediction coverage; obsolete shoreline and hydrographic data; poor nautical charts; insufficient weather and ice forecast coverage; inadequate oil spill response capacity; and poor understanding of baseline conditions for existing ecosystems. There are large gaps in the information that NOAA does have, illustrated by empty white space on nautical charts of the region and limited capabilities for modeling spills in ice conditions. Most Arctic waters that are charted were surveyed with obsolete technology, some dating back to the 1800s, before the region was part of the United States. Most of the shoreline along Alaska's northern and western coasts has not been mapped since 1960, if ever, and confidence in the nautical charts of the region is extremely low.

Five-year strategy: NOAA can make the highest positive impact to Arctic communities and sustainable economic growth by providing products and services for safe navigation and security, oil spill response readiness, post-incident resource restoration efforts, and climate change adaptation strategies.

The Arctic region needs accurate land and tidal elevations to build flood protections, harden infrastructure, ensure safe and efficient marine transportation, model storm surge, and monitor sea levels. Good weather and navigation tools, building the capacity to respond to spills when they occur, and research to improve Arctic spill response and restoration capabilities are essential. Arctic communities also need a reliable source for information on climate in Alaska to support decisions on moving communities and other adaptive strategies. By building on the capabilities noted in other strategic priorities such as marine weather, sea ice forecasts, and increased observing capacity, NOAA can act to support navigation safety, maritime security, and environmental protection from oil spills and other hazardous events. NOAA's geospatial framework, products, and services will also provide the foundation for all other NOAA activities in the Arctic, including effective climate adaptation, community resilience, coastal resource, and marine spatial planning strategies in the region.

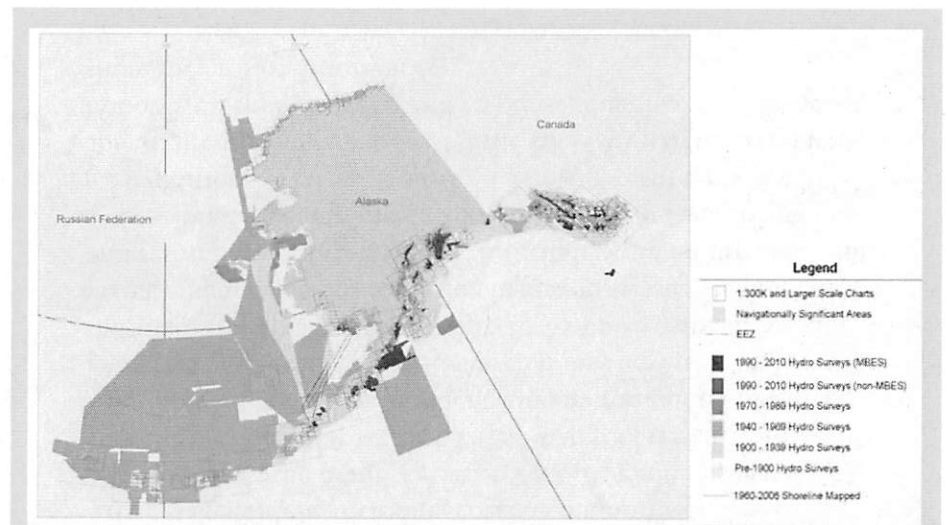


Figure 7. Age and quality of NOAA nautical charts in Alaska.

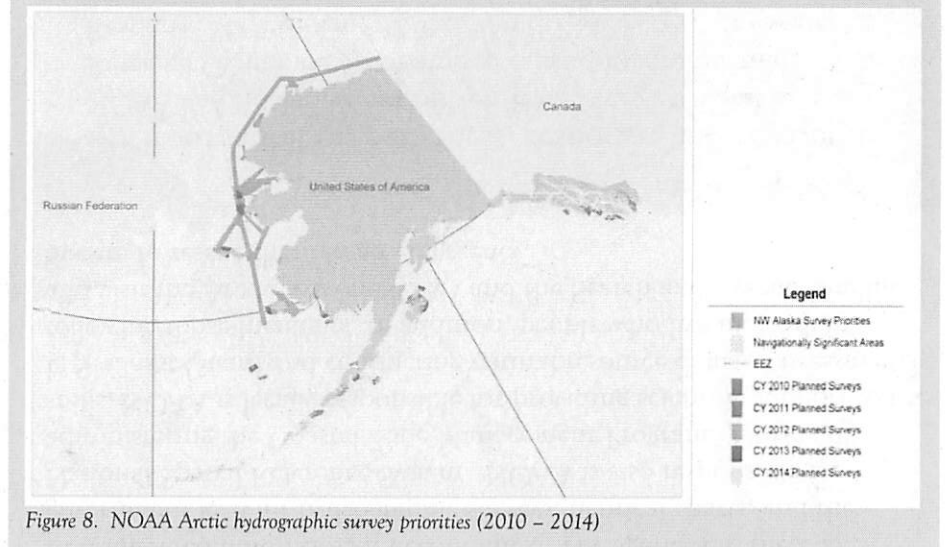


Figure 8. NOAA Arctic hydrographic survey priorities (2010 - 2014)

Overhauling the Arctic Geospatial Framework of geodetic control and water levels will correct meters-level positioning errors and enable centimeter-level measurements to support such critical needs as marine transportation, sea level rise monitoring, understanding of erosion and permafrost thaw impacts to infrastructure, oil/gas resource exploration, and storm surge modeling. *Delivering scientific support for Arctic pollution response* such as contingency plans, place-based drills and community workshops, and spill trajectory modeling to decision makers will help to reduce risk of accident and injury to protected resources and ecosystems as commercial vessel traffic in and through the Arctic increases. *Surveying and mapping Arctic waters and shoreline* for accurate coastal maps and nautical charts will benefit navigation and national security, sea level change impact assessments, and habitat characterizations (Figure 8). NOAA will work with partners to prioritize and survey likely shipping lanes in the North Bering and Chukchi Seas and around coastal communities. This effort will help address the Bering Strait chokepoint in particular, and reduce the risk of accidents and environmental impacts in Arctic waters more broadly.

Finally, by working with local, State and Federal health agencies such as the Alaska Native Tribal Health Consortium and the Centers for Disease Control, NOAA will *support coastal communities with adaptive strategies and planning tools* and contribute to the understanding of how the changing climate is affecting health and welfare. NOAA will assist Arctic communities on this issue by leading the development of a regional climate service partnership. This climate center will serve as a one-stop shop for information on climate in Alaska. NOAA will also work with other agencies, the State, and tribal entities to implement coastal and marine spatial planning to improve the management and coordination of human activities in the coastal zone and U.S. Exclusive Economic Zone.



Conclusion & Next Steps

As the Nation's only Arctic state, Alaska and its communities are the first to be impacted by climate change. Observations have shown that Alaska has warmed at over twice the rate of the rest of the Nation. The average annual temperatures in Alaska have increased by 3.4 degrees Fahrenheit and the winter time average temperatures have increased by 6.3 degrees. This means Alaska is already experiencing early snow melt, changes in sea ice, wide-spread glacial retreat, and permafrost thawing.

The Arctic is a particularly vulnerable system, which is prone to rapid change. It is also a primary driver for global weather patterns. Initial predictions from global climate change models underestimated the rate at which the Arctic would lose sea ice. This has led to an underestimate of global warming. Understanding global climate change and providing reliable predictions regarding changes in worldwide weather patterns will require an improved understanding of the impacts of Arctic climate change.

NOAA has diverse capabilities that can and should be brought to bear on the emerging environmental, economic, and national security issues in the Arctic. NOAA envisions an Arctic where:

- Conservation, management, and use are based on sound science and support healthy, productive, and resilient communities and ecosystems; and
- The global implications of Arctic change are understood and predicted.

In support of this vision and in order to fulfill NOAA's missions and responsibilities that are critical for other agencies to succeed in fulfilling their responsibilities, NOAA intends to undertake the following four steps:

Step 1 - In the next five years, implement, through a NOAA five-year Arctic Action Plan, actions to achieve the six primary goals that are identified and described in this document in support of the Arctic vision.

- 1) Accurate, quantitative, daily forecasts to decadal predictions of sea ice are provided to support safe operations and ecosystem stewardship,
- 2) Improved baseline observations and understanding of Arctic climate and ecosystems reduces the uncertainty in assessing and predicting impacts caused by a changing Arctic,
- 3) Advanced, accurate forecasts and warnings are provided to ensure society can prepare for and respond appropriately to weather-related routine and extreme events,
- 4) National and international partners are engaged to promote cooperation and sharing of data, observational platforms, and intellectual resources to enable more rapid and comprehensive attainment

of NOAA's Arctic science and ecosystem-based management goals,

- 5) Conservation, management, and use of ocean and coastal resources are based on sound science and support healthy, productive, and resilient ecosystems and communities, and
- 6) Resilient and viable Arctic communities and economies through improved geospatial infrastructure, safe navigation, oil spill response readiness, and climate change adaptation strategies.

Step 2 - In order to accomplish these goals, coordination across all NOAA Line and Staff Offices and collaboration with local, regional, federal, academic, and non-governmental organizational partnerships will be required.

Step 3 - Develop an engagement strategy to reach internal and external employees, partners, and stakeholders. As a starting point, establish a single point of contact within NOAA Senior Executive Leadership that is accountable for implementation of this strategy.

Step 4 - Include the formalization of a detailed budget strategy as part of the NOAA Arctic Action Plan. NOAA is committed to enhancing its current involvement in research and management programs in the Arctic, and anticipates initial investment of \$10 million towards the implementation of this strategic plan, recognizing that additional funds will be needed to achieve these goals.

No single region better exemplifies the complex interdependence of communities and changing ecosystem conditions than the Arctic. The breadth and complexity of the cultural, societal, economic, and environmental impacts requires a concerted, systematic and rapid effort with partners from international to local levels. NOAA's scientific capabilities can be deployed to increase understanding of climate and other key environmental trends, to predict the ecosystem response to those trends, and to offer the technical expertise needed to develop policy options and management strategies for mitigation and adaptation to the environmental challenges in the Arctic region. NOAA's service capabilities are needed to support safety and security needs for fishing, marine mammal protection, transportation, energy, infrastructure, and mineral exploration in the unique Arctic environment. The choices we make today can have pivotal impacts on the future state of the Arctic.



UNDER SECRETARY OF COMMERCE FOR OCEANS AND
ATMOSPHERE AND ADMINISTRATOR, NATIONAL OCEANIC AND
ATMOSPHERIC ADMINISTRATION - NOAA

JANE LUBCHENCO, PH.D.

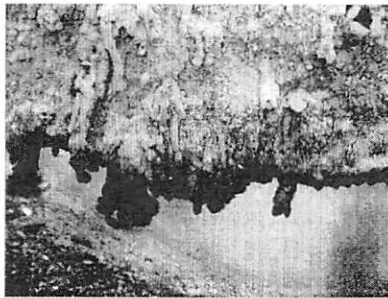


JOIN US FOR AN INVASIVE SPECIES BIOBLITZ IN SITKA

Saturday June 12, 2010, 3-5PM pretraining and hands on science at the Science Ctr!
Sunday June 13, 2010, 8-11AM surveys and demonstration project, 11-12AM more hands on science at the Science Ctr

Want to be a scientist for a day? Ever wonder what that squishy orange blob was on your dock? Are you desperate to know how to hold a crab without getting pinched? Is that orange potato chip in the intertidal really alive? These questions and more will be answered! Come down and join us for a day of learning and fun! It's a great way to give back to your community.

Hosted by the Sitka Science Center, the bioblitz is a combined effort of several local and federal agencies including: the Smithsonian Environmental Research Center, NOAA, Alaska Fish and Game, Sitka Tribe, and San Francisco State University's Romberg Tiburon Center. The goal is to engage and educate the local public about invasive species that threaten Alaskan coastal waters. We will be targeting specific species that have recently invaded Alaska or areas south that have the potential to move up the coastline. We will host a pretraining workshop on Sat, June 12 from 3-5PM with a lecture, video and hands on microscope work with marine invertebrates in Sitka. On Sunday, we will gather volunteers at the Science Center at 8AM to head out to sites around the Sitka area to survey for the invasive species, the green crab *Carcinus maenas*, the solitary tunicates *Ciona intestinalis* and *Ciona savignii*, the club tunicate *Styela clava*, the colonial tunicates *Diademnum vexillum*, *Botryllus schlosseri* and *Botrylloides violaceus*, the bryozoan *Watersipora subtorquata*, and the sea weed *Undaria pinnatifida*. If you can't get to the Science Center at 8AM, don't worry, come to the Science Center any time between 8AM and 1030AM and we'll assign you to a bioblitz team and you can head to your site on your own. In addition, we have selected one site for a demonstration project. At this site, we will have both land and sea based volunteers removing the Botryllid tunicates, which have become quite abundant in parts of Sitka. This work will help us assess strategies for management of invasive tunicates and establish critical baseline data for future research and conservation initiatives. We need divers for the demonstration project and budding naturalists for the bioblitz survey. Everyone is welcome! For further information contact us at mccannl@si.edu





ROBINSON CRUSOE ISLAND DISASTER RELIEF

During the early morning hours of February 27th this year, the world suddenly changed for the fishermen and residents of Robinson Crusoe Island.

Robinson Crusoe Island -- formerly Isla Mas a Tierra -- lies some 400 miles off the coast of Chile, and when an 8.8 magnitude earthquake struck the mainland on February 27th, this remote island and its local population suffered greatly.

The tsunami warning system failed. The waves struck without warning. When the waves finally receded the coastal zone of the town was destroyed and 25% of the boats were lost. Tragically, 16 local residents were killed. The greatest impact to the surviving fleet was the loss of their bodegas (fishing lockers) with most of their gear, spare engines, etc.

This is a small, hard- working fishing town that harvests lobster

from the abundant local waters for export to mainland markets. Just like isolated fishing communities throughout the world, the local fishermen take great pride in what they do. And just like isolated fishing communities throughout the world, there is very little other opportunity.

The fishermen and residents of Robinson Crusoe Island need your help.

Oikonos has worked directly with the people of Robinson Crusoe Island for more than ten years. We are now organizing relief and rebuilding efforts to help this island community.



Oikonos will give 100% of your donation directly to the Recovery Fund, and your donation is tax deductible.

Please join the Fishing Industry of the North Pacific in their partnership with Oikonos, to assist the Fishermen of Robinson Crusoe Island. For more information, you may also go to:

www.helpjuanfernandezislands.org

www.oikonos.org/fishing.htm

PLEASE HELP TODAY



The fishermen and their families are the main stewards of this amazingly unique island ecosystem and resource conservation depends on the health of the community.

Just Give.org

Secure Online Donations

International and U.S. : *DONACION SEGURA*

Or By Check

Please provide your address so we can thank you and provide a tax letter. Make check payable to:

Juan Fernandez Islands Fishing Community

Mail to:

Juan Fernandez Islands Relief Fund
c/o Oikonos
P.O. Box 1932, Benicia, CA 94510 USA

Questions about Robinson Crusoe Island or Oikonos?
peter@oikonos.org, 253.752.1084

Questions about this campaign?
michelle@oikonos.org, 415.868.1399



Oikonos is a non-profit 501(c) (3) organization working locally and internationally to increase awareness and understanding of human impacts on marine ecosystems and improve biodiversity conservation on imperiled islands.

