



DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

50 CFR Part 648

[Docket No. 130716623-4062-01]

RIN 0648-BD50

Fisheries of the Northeastern United States; Atlantic Mackerel, Squid, and Butterfish Fisheries; Framework Adjustment 8

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

ACTION: Proposed rule, request for comments.

SUMMARY: Framework Adjustment 8 (Framework 8) proposes several changes to facilitate operation of the butterfish discard cap in the longfin squid fishery and the directed butterfish fishery. Framework 8 would allocate the butterfish discard cap among trimesters in the same percentages used for the trimester allocations for longfin squid: 43 percent to Trimester I (January to April); 17 percent to Trimester II (May to August), and 40 percent to Trimester III (September to December). Each trimester would close when it is estimated that 95 percent of the butterfish discard cap has been taken. In addition, Framework 8 would allow NMFS to transfer, in either direction, up to 50 percent of unused quota between the butterfish landing allocation and the discard cap on the longfin squid fishery. This would occur near the end of the year in order to optimally utilize the butterfish that is available for fishing each year.

DATES: Public comments must be received by insert date 30 days after date of publication in

the FEDERAL REGISTER].

ADDRESSES: Copies of supporting documents used by the Mid-Atlantic Fishery Management Council (Council), including the Environmental Assessment (EA) and Regulatory Impact Review (RIR)/Initial Regulatory Flexibility Analysis (IRFA), are available from: Dr. Christopher M. Moore, Executive Director, Mid-Atlantic Fishery Management Council, 800 North State Street, Suite 201, Dover, DE 19901, telephone (302) 674-2331. The EA/RIR/IRFA is also accessible via the Internet at <http://www.nero.noaa.gov>.

You may submit comments, identified by NOAA-NMFS-2014-0010, by any one of the following methods:

- _ Electronic Submission: Submit all electronic public comments via the Federal e-Rulemaking Portal. Go to www.regulations.gov/#!docketDetail;D=NOAA-NMFS-2014-0010, click the “Comment Now!” icon, complete the required fields, and enter or attach your comments;
- _ Mail: Submit written comments to NMFS, Northeast Regional Office, 55 Great Republic Drive, Gloucester, MA 01930. Mark the outside of the envelope “Comments on Framework 8;”

Instructions: Comments sent by any other method, to any other address or individual, or received after the end of the comment period, may not be considered by NMFS. All comments received are a part of the public record and will generally be posted for public viewing on www.regulations.gov without change. All personal identifying information (e.g., name, address, etc.), confidential business information, or otherwise sensitive information submitted voluntarily by the sender will be publicly accessible. 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, or Adobe PDF file formats only.

FOR FURTHER INFORMATION CONTACT: Aja Szumylo, Fishery Policy Analyst, 978-281-9195, fax 978-281-9135.

SUPPLEMENTARY INFORMATION:

Background

NMFS implemented the butterfish mortality cap on the longfin squid fishery on January 1, 2011, as part of Amendment 10 to the Atlantic Mackerel, Squid, and Butterfish (MSB) Fishery Management Plan (FMP) (75 FR 11441, March 11, 2010) as a means of reducing fishing mortality on the butterfish stock. Framework Adjustment 7 to the MSB FMP (78 FR 14230, March 5, 2013) changed the butterfish mortality cap on the longfin squid fishery from a catch cap to a discard cap to accommodate a potential directed fishery for butterfish. Butterfish discards in the longfin squid fishery account for the largest source of butterfish fishing mortality. If management measures do not control butterfish discards in the longfin squid fishery in real time, substantial overages of the butterfish annual catch limit (ACL), which includes both butterfish landings and discards, could occur. Since NMFS must deduct catch in excess of the ACL from the following fishing year's ACL, overages in one year could substantially disrupt the directed butterfish and longfin squid fisheries the next year. In order to minimize the likelihood of a butterfish ACL overage, NMFS tracks directed butterfish landings (allocated as the butterfish domestic annual harvest or domestic annual harvest (DAH)) in real-time, and NMFS reduces the directed trip limit to ensure that the landings quota is not exceeded. Similarly, NMFS tracks butterfish discards in the longfin squid fishery in real time, and NMFS issues a

closure of the longfin squid fishery once NMFS projects that the fishery has harvested the applicable amount of the butterfish discard cap.

The butterfish discard cap is currently allocated by trimesters, with 65 percent of the cap allocated to Trimester I (January to April); 3.3 percent to Trimester II (May to August); and 31.7 percent to Trimester III (September to December). NMFS can close the directed longfin squid fishery when the fishery has harvested: 80 percent of the Trimester I cap; 75 percent of the annual cap in Trimester II; or 95 percent of the annual cap in Trimester III. Butterfish discard cap underages and overages from Trimesters I and II currently roll over into Trimester III.

Amendment 10 to the MSB FMP initially allocated a very low amount of the cap to Trimester II because, historically, butterfish bycatch in the longfin squid fishery during that period was very low. In recent years, longfin squid catches in Trimester II have been substantial, and if butterfish discards on longfin squid trips are substantial, the potential exists for 75 percent of the entire annual cap to be harvested in Trimester II alone. This could lead to a variety of negative outcomes, including premature closure of the Trimester III longfin squid fishery, and/or deductions from future years if the fishery exceeds the butterfish ACL.

In order to address this issue, Framework 8 measures would adjust the trimester allocations for the butterfish discard cap and create distinct closure thresholds for each trimester. The proposed action would set the following initial allocations for the trimesters beginning in January 2014: 43 percent to Trimester I; 17 percent to Trimester II; and 40 percent to Trimester III. The proposed trimester allocation percentages for the butterfish discard cap match the trimester allocations for the directed longfin squid fishery. Framework 8 proposes that each trimester would close when the fishery has harvested an estimated 95 percent of the butterfish discard cap.

Framework 8 would also allow NMFS to transfer unused butterfish quota in either direction, between the butterfish DAH and the butterfish discard cap on the longfin squid fishery. Prior to November each year, NMFS would make a projection regarding the likely trajectories of butterfish landings and the butterfish discard cap. If the butterfish DAH appears likely to constrain the directed butterfish fishery or the butterfish discard cap appears likely to constrain the longfin squid fishery, and the other fishery appears unlikely to be impacted by a shift in quota, NMFS could transfer up to 50 percent of the total butterfish DAH or total butterfish discard cap to optimize the use of the overall butterfish quota. NMFS would make this transfer on or about November 15 each fishing year, in accordance with the Administrative Procedure Act, in order to optimally utilize the butterfish that is available for fishing each year.

Classification

Pursuant to section 304(b)(1)(A) of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act), the NMFS Assistant Administrator has determined that this proposed rule is consistent with the MSB FMP, other provisions of the Magnuson-Stevens Act, and other applicable law, subject to further consideration after public comment.

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

An initial regulatory flexibility analysis (IRFA) was prepared, as required by section 603 of the Regulatory Flexibility Act (RFA). The IRFA describes the economic impact this proposed rule, if adopted, would have on small entities. A summary of the analysis follows.

Statement of Objective and Need

This action proposes management measures for the longfin squid and butterfish fisheries. A complete description of the reasons why the Council and NMFS are considering this action, and the objectives of and legal basis for this action, are contained elsewhere in the preamble to this proposed rule and are not repeated here.

Description and Estimate of Number of Small Entities to Which the Rule Will Apply

Subsequent to Council action related to this proposed rule, the Small Business Administration revised its small business size standards for several industries in a final rule effective July 22, 2013. The rule increased the size standard for Finfish Fishing from \$4.0 to 19.0 million, Shellfish Fishing from \$4.0 to 5.0 million, and Other Marine Fishing from \$4.0 to 7.0 million. NMFS has reviewed the analyses prepared for this action in light of the new size standards. While longfin squid is technically a shellfish, and would fall under the lower shellfish fishing standard of \$ 5.0 million, all entities subject to this action were considered small entities under the former, lower size standards, thus they all would continue to be considered small under the new standards. Thus, all of the approximately 375 vessels with limited access butterfish/longfin squid permits would qualify as small businesses.

Having different size standards for different types of marine fishing activities creates difficulties in categorizing businesses that participate in more than one of these activities. For now, the short-term approach is to classify a business entity into the SBA defined categories based on which activity produced the most gross revenue. In this case, it is very likely the revenue from finfishing was greater than revenue (if any) from shellfishing and greater than the revenue from charter boat fishing. Based on these assumptions, the finfish size standard would apply and the business is considered large, only if revenues are greater than \$19 million. Section

5.6 in the Framework 8 EA describes the vessels, key ports, and revenue information for the longfin squid and butterfish fisheries; therefore, that information is not repeated here.

Although it is possible that some entities, based on rules of affiliation, would qualify as large business entities, due to lack of reliable ownership affiliation data NMFS cannot apply the business size standard at this time. NMFS is currently compiling data on vessel ownership that should permit a more refined assessment and determination of the number of large and small entities for future actions. For this action, since available data are not adequate to identify affiliated vessels, each operating unit is considered a small entity for purposes of the RFA, and, therefore, there is no differential impact between small and large entities. Therefore, there are no disproportionate economic impacts on small entities.

The measures in this action could have some impact on the approximately 375 vessels with limited access butterfish/longfin squid permits, all of which qualify as small businesses because their gross revenues are less than \$19 million annually. With a longfin squid price of approximately \$1,600/mt, the fishery's FY 2012 landings totaled 671 mt and generated \$1.1 million in ex-vessel revenues.

Description of Projected Reporting, Recordkeeping, and Other Compliance Requirements

Minimizing Significant Economic Impacts on Small Entities

This action does not contain any new collection-of-information, reporting, recordkeeping, or other compliance requirements. It does not duplicate, overlap, or conflict with any other Federal rules.

Economic Impact of the Proposed Action Compared to Significant Non-Selected Alternatives

The Council conducted a comprehensive evaluation of the potential socioeconomic impacts of Framework 8 in the EA (see ADDRESSES), and a discussion of this evaluation follows.

Framework 8 proposes adjusting the trimester allocations for the butterflyfish cap (Trimester I: 43 percent; Trimester II: 17 percent; Trimester III: 40 percent), and proposes closing each trimester when it is projected that 95 percent of the trimester allocation has been harvested (Alternative 2). In addition to the no action alternative (Alternative 1), Framework 8 also considered allocating 54 percent of the butterflyfish cap to Trimester I, 10.15 percent to Trimester II, and 35.85 percent to Trimester III, with 95 percent closure thresholds for each trimester (Alternative 3). Similar to the status quo alternative, both of the adjusted allocations proposed in the action alternatives would allow rollovers of quota not used during trimesters early in the year, and would deduct overages from later trimesters when the trimester allocations have been exceeded early in the year.

The alternatives to amend in-season Trimester II closure authority would result in positive long-term socioeconomic impacts compared to the status quo because they would: 1) Reduce the chance of acceptable biological catch (ABC) overages that could reduce long-term butterflyfish productivity; 2) avoid distributional issues in the longfin squid fishery that would occur if Trimester II harvested most (75 percent) of the butterflyfish cap; and 3) avoid future disruptions of the fishery if the status quo led to an ABC overage that had to be repaid.

Compared to the status quo, it is possible that either of the action alternatives could result in vessel owners losing some squid revenues in the short term if NMFS were to close Trimester II earlier than it would under the status quo, especially if those revenues are not recouped later in the year because squid are unavailable. The amount of potential relative losses is not clear because there have been no closures at current cap levels on which to base potential economic impacts. The longer-term benefits of reducing the likelihood of exceeding ABC each year would

offset any occasional short-term losses of revenue.

There are distributional issues in the longfin squid fishery that would occur if most (75 percent) of the butterfish cap was harvested in Trimester II. The disparity of allocation percentages between the current butterfish cap and the longfin squid allocation could cause unnecessary closures that would be avoided if the allocation percentages were the same. Under the status quo, Trimester I receives a large percentage of the cap (65 percent), but Trimester II is not limited by the cap until 75 percent of the entire annual cap is reached. This means that no catch might be available in Trimester III if the combined Trimester I and Trimester II usage of the cap nears 75 percent. The preferred alternative, Alternative 2, would provide vessels with the opportunity to maximize their longfin squid catch while avoiding closures due to the butterfish cap. Maximized catch with no closures would allow for increased and steady revenues for vessels and the fishery as a whole.

To ensure that Trimester III has a reasonable amount of quota, some quota must be reallocated from Trimesters I and II. At the same time, Trimester II needs to retain a reasonable quota allocation. At current cap quota levels, none of the proposed allocations would be expected to cause a closure as long as the longfin squid fleet maintains relatively low butterfish discard rates. The preferred alternative, Alternative 2, was chosen because it aligns the cap allocation with the squid allocation. Thus, each longfin squid Trimester is responsible for its butterfish cap, and each trimester starts with a butterfish cap that matches its longfin squid allocation. This provides good incentive for vessels to avoid discarding butterfish each trimester and does not penalize a vessels fishing in a trimester that had low historical butterfish discards by giving it a very low quota. By avoiding closures and discouraging discards, Alternative 2 would maximize potential revenues for the fishery.

Among the alternatives, Trimester I has the most cap allocation under the status quo, less under Alternative 3, and least under the preferred Alternative 2. However, since the offshore fleet fishes in Trimesters I and III, and the overall purpose is to ensure that a reasonable amount of cap remains for Trimester III, any disadvantage from losing cap quota in Trimester I for the offshore fleet may be made up by improved access to Trimester III.

Framework 8 considered two alternatives to shift quota between the butterflyfish cap and butterflyfish landings: status quo (Alternative 4) and the proposed alternative, which would allow for transfers between these two allocations late in the year in order to optimally utilize the available butterflyfish allocation (Alternative 5). The alternative to shift quota at the end of the year could facilitate some additional butterflyfish fishing or additional longfin squid fishing compared to the status quo, which would have positive economic effects for the fisheries. The maximum transfer amount is 50 percent of the original quota, i.e., 50 percent of one could be transferred to the other (50 percent of the landings quota to the cap quota or 50 percent of the cap quota to landings). As there has been no directed butterflyfish fishery in the past, it is not possible to predict the exact amount of landings this could result in over time, but because the transfer would occur near the end of the FY, they would probably be limited. Since the transfer would only be in place after November 15, (approximately 12 percent of the FY) a substantial amount of effort would have already taken place earlier in the year, but a transfer could still offer additional fishing opportunity compared to the status quo.

Since the 2013 butterflyfish landings quota is 2,570 mt, this provides a starting point for examining the range of benefits that could accrue from a transfer from butterflyfish landings to the cap. At most, one half of the landings quota (1,285 mt) could be transferred. It is possible that such a transfer could result in reopening of the longfin fishery for the last 6 weeks of the year, or

the longfin squid fishery staying open when it would have otherwise closed. While the last 6 weeks of the year have seen relatively low longfin squid landings recently, late season catches in 2004-2007 demonstrate that catches of 1-2 million lb (453.6 to 907.1 mt) per week of longfin squid are possible in the last six weeks of the year, which could theoretically result in additional revenues of approximately \$6-\$12 million, given recent longfin squid prices, though this would likely be the high end of the range.

With the butterfish cap in 2013 set at 3,884 mt, half of that amount would be 1,942 mt which would be the most that could be transferred to butterfish landings. It is possible that 1,942 mt of butterfish could be landed in 6 weeks, but the price of such landings is difficult to determine. In recent years, prices have ranged from \$1,400 – \$1,800 per metric ton, which could theoretically mean additional revenues of around \$3 million dollars, though it is not clear that recent prices would be maintained at higher landings levels, which would mean that \$3 million should be considered the high end of possible additional revenues.

In both of the transfer scenarios, since a transfer would only be made if it appears the quota would not be used during the FY, there are no opportunity costs associated with the transfer in terms of other fishery operations.

List of Subjects in 50 CFR Part 648

Fisheries, Fishing, Recordkeeping and reporting requirements.

Dated: January 24, 2014.

Alan D. Risenhoover,

Director, Office of Sustainable Fisheries,

performing the functions and duties of the

Deputy Assistant Administrator for Regulatory Programs,

National Marine Fisheries Service.

For the reasons set out in the preamble, 50 CFR part 648 is proposed to be amended as follows:

PART 648--FISHERIES OF THE NORTHEASTERN UNITED STATES

1. The authority citation for part 648 continues to read as follows:

Authority: 16 U.S.C. 1801 et seq.

2. In § 648.22, paragraphs (b)(3)(vi) and (vii) are revised to read as follows:

§ 648.22 Atlantic mackerel, squid, and butterfish specifications.

* * * * *

(b) * * *

(3) * * *

(vi) The butterfish mortality cap will be based on a portion of the ACT (set annually during specifications) and the specified cap amount will be allocated to the longfin squid fishery as follows: Trimester I - 43 percent; Trimester II - 17 percent; and Trimester III - 40 percent.

(vii) Any underages of the cap for Trimester I that are greater than 25 percent of the Trimester I cap will be reallocated to Trimester II and III (split equally between both trimesters) of the same year. The reallocation of the cap from Trimester I to Trimester II is limited, such that the Trimester II cap may only be increased by 50 percent; the remaining portion of the underage will be reallocated to Trimester III. Any underages of the cap for Trimester I that are less than 25 percent of the Trimester I quota will be applied to Trimester III of the same year. Any overages of the cap for Trimesters I and II will be subtracted from Trimester III of the same year.

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3. In § 648.24, paragraph (c)(3) is revised and paragraph (c)(5) is added to read as follows:

§ 648.24 Fishery closures and accountability measures.

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(c) * * *

(3) Butterfish mortality cap on the longfin squid fishery. NMFS shall close the directed fishery in the EEZ for longfin squid when the Regional Administrator projects that 95 percent of each Trimester's butterfish mortality cap allocation has been harvested.

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(5) Butterfish allocation transfer. NMFS may transfer up to 50 percent of any unused butterfish allocation from the butterfish DAH to the butterfish mortality cap on the longfin squid fishery if the butterfish catch in the longfin squid fishery is likely to result in a closure of the longfin squid fishery, and provided the transfer does not increase the likelihood of closing the directed butterfish fishery. NMFS may instead transfer up to 50 percent of the unused butterfish catch from the butterfish mortality cap allocation to the butterfish DAH if harvest of butterfish in the directed butterfish fishery is likely to exceed the butterfish DAH, and provided the transfer of butterfish allocation from the butterfish mortality cap allocation does not increase the likelihood of closing the longfin squid fishery due to harvest of the butterfish mortality cap. NMFS would make this transfer on or about November 15 each fishing year, in accordance with the Administrative Procedure Act.

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