

REGULATORY IMPACT REVIEW FOR THE EMERGENCY RULE TO ADDRESS HADDOCK BYCATCH IN THE 2005 HERRING FISHERY

Estimation of Forgone Revenue from Haddock Catch

Assuming 1% of haddock TAC is determined to be the appropriate level of allowable bycatch, the long-term, steady-state annual cost of forgone haddock revenues can be calculated as follows. Under the assumptions of normal growth and a bycatch of only age 1 haddock, the 265,000 lb of age 1 fish would generate 460,000 lb of harvestable biomass over its lifetime. Using an optimistic price of \$1.36 per pound results in an annual forgone revenue of \$625,000. This value represents an upper bound on annual losses. In the absence of the proposed change to the status quo bycatch regulation, forgone herring revenues (as noted above) are estimated as \$3.1 million dollars - or a factor of over 5 to 1 to the forgone haddock revenues.

Determination of significance under E.O. 12866

E.O. 12866 requires a review of proposed regulations to determine whether the expected effects would be significant, where a significant action is any regulatory action that may

- Have an annual effect on the economy of \$100 million or more, or adversely affect in a material way the economy, a sector of the economy, productivity, jobs, the environment, public health or safety, or State, local, or tribal governments or communities;
- Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;
- Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or
- Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in the Executive Order.

The aggregate economic impact of the proposed measures would not rise to the \$100 million threshold for a significant action. As discussed above, the potential forgone revenue of not lifting the current haddock bycatch prohibition in the herring fishery is \$3,131,882 if the annual historical landings average is assumed and the average price (which varies insignificantly seasonally) is \$163 per mt. The upper-bound estimate of forgone haddock revenue likely to be incurred if the prohibitions are lifted is approximately \$625,000. While accurate assessment of economic impacts of changes to other provisions is not possible due to data limitations and/or the nature of the changes, such changes are reasonably expected to have only a small economic impact. Therefore, the proposed emergency rule is not significant for purposes of E.O. 12866.