

SHRIMP AMENDMENT 7 ECONOMIC IMPACTS ANALYSIS

ACTIONS 5, 3, 4, 2, AND 1

Dr. Mike Travis, SERO

DATA

- RSE Permit data as of 4/1/08 and RS/SPA Permit data as of 3/31/08
- Aggregate landings/revenue/price data from NMFS S/T and SEFSC, 2003-06 (2007 not complete)
- Landings/revenue data for all perm. vessels from FTT (SEFSC), GSS, FIN, ACCSP (GA, SC, NC TT, except NC '07 and SC'06-'07 from States), and SAFIS (2003-07)
- Dealer level data from ALS, FTT, GSS (2003-07)
- Prelim. Analysis for 2003-06 re-done to address data edits, dealer permit, changes in perm. fleet, but focus is on 2004-07. Results change depending on time period.

ACTION 5

REQUIRE PERMITTED SHRIMP VESSELS TO PROVIDE ECONOMIC DATA

- Meet Legal Mandates
- Would Cover RSE, RS, and SPA Permit Holders (700)
- Become Joint Program with Current Gulf Program due to Considerable Overlap with Vessels (300)
- 2-Page mail survey where approx. 30-33% randomly sampled each year. Need to stratify to ensure coverage by fishery.
- New Burden on approx. 400 unique SA vessels. Approx. time to complete = 45 minutes.
- Estimated Opp. Cost of Burden=ave. wage of persons filling out (BLS says \$19.33/hr)*.75 hrs=\$14.50/vessel/yr
- Total Opp. Cost for fleet is \$5,800/yr if census or \$1,740/yr under 30% sample

BACKGROUND INFO

- 155 RSEs issued, not 167, via Am. 5 LAP
- Council's target in Am. 5 = 150 vessels
- Currently 105 active, 20 renewable, 30 terminated
- Current Max fleet size = 125 vessels
- 2 of last 3 years (2005 and 2007) are two of worst on record in terms of landings/revenues. Catch/trip, participation, and effort (trips) very low as well.
- Prices crashed in '04, still low in '05, recovered in '06, and continued to rise in '07. Fuel prices rising faster, particularly over recent months.
- Market value of RSEs has decreased from \$10K to \$5K based on limited permit purchase price data

ACTIONS 3 AND 4 BACKGROUND

- In general, Council wants to increase potential productive capacity and support infrastructure via Actions 1-4
- Amendment 5 discussed Permit but Regulations implemented Endorsement
- Endorsement attached to Open Access Permit. RS needed for EEZ off of Carolinas, RS and RSE needed for EEZ off EFL and GA
- Application form separates Open Access from Limited Access. Time limit for renewal only applies to RSE.
- Some RSE holders renewed Open Access but not RSE
- Action 3 is short-term solution while Action 4 is long-term solution

ACTION 3

REINSTATE TERMINATED ENDORSEMENTS

- Pref. Alt. 2 would benefit up to 5 highly productive (\$390K/yr) and currently active vessels. Retain \$25K in RSE value. Short-term benefits to fishery minimal as primarily involved in Gulf shrimp and Northeast sea scallop. Benefits would be long-term as max fleet size possibly increase to 130 vessels. Actual benefits depend on Actions 1 and 2 since none have met landings req.
- Alt. 3 requires multiple entities to take actions and thus effects on max fleet size are more uncertain
- Concern with reinstating these vessels vs those who have been more historically active in fishery

ACTION 4

CHANGE NAMES AND PERMIT STRUCTURE

- Each vessel only needs one permit under Pref. Alt. 2
- Simplify permit application process and reduce application costs for limited access vessels. Minimal short-term benefit of \$10/ves/yr for up to 130 vessels (\$1,300).
- Long-term benefit by avoiding undesired future reductions in max fleet size via unintended termination of limited access vessels

ACTIONS 2 AND 1

BACKGROUND

- Am. 5 implemented 15,000 pound landing requirement in at least 1 out of 4 consecutive calendar years for RSEs
- Fishery still economically healthy when Council deliberated. Recall performance in 2 of last 3 years and likely short-term future.
- "Clock" starts over when RSE transferred, but continues running from year to year (e.g. 2003-2006, 2004-2007, etc.). Effects using 2004-2007 more severe on max fleet size than using 2003-2006.
- Thus, initial year RSE obtained is critical since determines when 4 year clock begins and ends
- Dealers must have federal permit. Landings with non-permitted dealers are not counted – affects whether some vessels meet landings threshold.
- Landings from SA waters. Use of trip ticket data is problematic for various reasons. VMS may only be partial solution.
- Action 2 is short-term solution while Action 1 is long-term solution

ACTION 2

REINSTATE RSEs DUE TO NOT MEETING 15,000 LB LANDING REQUIREMENT

- Only applies to 83 vessels initially obtaining RSE in 2003
- 43 vessels kicked out under Alt. 1 lose potential landings/revenues from fishery as well market value of RSE (\$215K). Highly productive vessels (\$301K/yr) but recent dependence on fishery has been limited (\$4.6K/yr). Thus, short-term benefit to fishery under Pref. Alt. 2 is approx. \$200K. Long-term may be greater depending on Action 1 and other factors.
- Additional 3-4 vessels kept in fishery under Alt. 3 are relatively more dependent (\$17.4K/yr) on fishery, but # of vessels so small that total impact little different in short and particularly long-term relative to Alt. 1
- Max fleet size under Alt. 1 decrease to 82 vessels this year, 85 (possibly 86) vessels under Alt. 3, and remain at 125 (possibly 130) under Pref. Alt. 2. Given little difference between Alts. 1 and 3, Alt. 3 conveys minimal short-term or long-term benefits beyond Alt. 1. Only sign. short or long-term benefits to fishery would be under Pref. Alt. 2.
- Indirect benefits to dealers/infrastructure under Alt. 3 minimally greater than Alt. 1 since only 3-4 additional vessels. Only potentially sign. under Pref. Alt. 2.

ACTION 1

15,000 LANDING REQUIREMENT

- Data indicates that an additional 27 vessels have not yet met 15,000 lb requirement or alternative 7,500 lb
- These 27 vessels also relatively productive (268K/yr), but not recently dependent on fishery ($<.5\%$ of TR). Lose potential landings/revenues in fishery (minimal in short-term) and value of endorsements (\$135K).
- Since these vessels could lose RSEs in upcoming years, max fleet size could decrease to at least 55 vessels under Alt. 1, 58-59 vessels under Alt. 3, and remain at 125 or increase to 130 vessels under Pref. Alt. 2 (depending on Action 3). Thus, Alt. 3 conveys little long-term benefit beyond Alt. 1 and only Pref. Alt. 2 could convey sign. long-term benefits to fishery (harvesting sector and onshore sector).
- Given recent fishery performance and recurring nature of requirement, long-term max fleet size could be even less as vessels that currently meet in 2004-07 may not in future 4 year cycles.