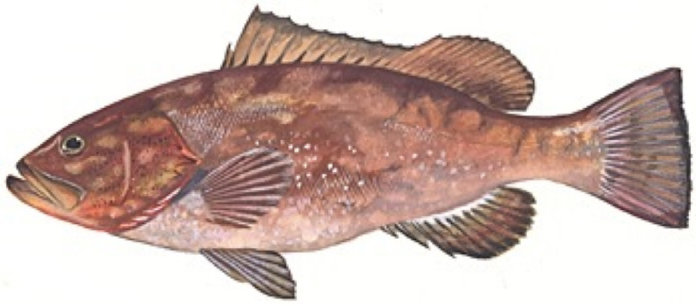
Abbreviated Framework Amendment 1

to the Fishery Management Plan for the
Snapper Grouper Fishery of the South Atlantic Region



Annual Catch Limit Adjustment for Red Grouper

Including a Regulatory Impact Review and

Regulatory Flexibility Act Analysis

December 11, 2017

A publication of the South Atlantic Fishery Management Council pursuant to
National Oceanic and Atmospheric Administration
Award Number FNA10NMF4410012

Abbreviations and Acronyms Used in the FMP

ABC	acceptable biological catch
ACL	annual catch limit
AM	accountability measure
ACT	annual catch target
B	a measure of stock biomass in either weight or other appropriate unit
B_{MSY}	the stock biomass expected to exist under equilibrium conditions when fishing at F_{MSY}
B_{OY}	the stock biomass expected to exist under equilibrium conditions when fishing at F_{OY}
B_{CURR}	The current stock biomass
CPUE	catch per unit effort
DEIS	draft environmental impact statement
EA	environmental assessment
EEZ	exclusive economic zone
EFH	essential fish habitat
F	a measure of the instantaneous rate of fishing mortality
$F_{30\%SPR}$	fishing mortality that will produce a static SPR = 30%
F_{CURR}	the current instantaneous rate of fishing mortality
F_{MSY}	the rate of fishing mortality expected to achieve MSY under equilibrium conditions and a corresponding biomass of B_{MSY}
F_{OY}	the rate of fishing mortality expected to achieve OY under equilibrium conditions and a corresponding biomass of B_{OY}
FEIS	final environmental impact statement
FMP	fishery management plan
FMU	fishery management unit
M	natural mortality rate
MARMAP	Marine Resources Monitoring Assessment and Prediction Program
MFMT	maximum fishing mortality threshold
MMPA	Marine Mammal Protection Act
MRFSS	Marine Recreational Fisheries Statistics Survey
MRIP	Marine Recreational Information Program
MSFCMA	Magnuson-Stevens Fishery Conservation and Management Act
MSST	minimum stock size threshold
MSY	maximum sustainable yield
NEPA	National Environmental Policy Act
NMFS	National Marine Fisheries Service
NOAA	National Oceanic and Atmospheric Administration
OFL	overfishing limit
OY	optimum yield
RIR	regulatory impact review
SAFMC	South Atlantic Fishery Management Council
SEDAR	Southeast Data, Assessment, and Review
SEFSC	Southeast Fisheries Science Center
SERO	Southeast Regional Office
SIA	social impact assessment
SPR	spawning potential ratio
SSC	Scientific and Statistical Committee

Abbreviated Framework Amendment 1 to the Fishery Management Plan for the Snapper Grouper Fishery of the South Atlantic Region

Proposed actions:	Adjust the annual catch limits for red grouper
Lead agency:	FMP Regulatory Amendment – South Atlantic Fishery Management Council Environmental Assessment – National Marine Fisheries Service (NMFS), Southeast Regional Office
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Table of Contents

List of Figures iv
List of Tables v
Chapter 1. Introduction 1
1.1 What Action is Being Proposed? 1
1.2 Why is the Council Considering Action? 1
1.3 What are the Biological Effects of the Action? 2
1.4 What are the Economic Effects of the Action? 6
1.5 What are the Social Effects of the Action? 7
1.6 Council Conclusions 8
Chapter 2. Regulatory Impact Review 10
Chapter 3. Regulatory Flexibility Act Analysis 13
3.1 Introduction 13
3.2 Statement of the Need for, Objective of, and Legal Basis for the Proposed Action 13
3.3 Description and Estimate of the Number of Small Entities to which the Proposed Action would Apply 14
3.4 Description of the Projected Reporting, Record-keeping and Other Compliance Requirements of the Proposed Action 16
3.5 Identification of All Relevant Federal Rules, which may Duplicate, Overlap or Conflict with the Proposed Action 16
3.6 Significance of Economic Impacts on a Substantial Number of Small Entities 16
3.7 Description of the Significant Alternatives to the Proposed Action and Discussion of How the Alternatives Attempt to Minimize Economic Impacts on Small Entities 17
Chapter 4. References 1

List of Figures

Figure 1.3.1. South Atlantic red grouper commercial landings (lb ww) by year for 2014-2017. The 2017 landings are preliminary and are only available from January 1 to October 24, 2017. 3
Figure 1.3.2. South Atlantic red grouper recreational landings (lbs ww) by wave for 2014-2016, and average landings for 2014-2016. 5

List of Tables

Table 1.2.1. Proposed red grouper ACLs for 2018-2020 in lbs ww. Sector allocations are 56% recreational and 44% commercial. 2
Table 1.3.1. Red grouper landings and ACLs. 3
Table 1.3.2. Predicted South Atlantic red grouper recreational closure dates for the recreational ACLs. Predicted landings come from the average 2014-2016 recreational landings. 5
Table 1.4.1. Estimated change in recreational consumer surplus (CS) relative to the status quo (in 2016 dollars). 7
Table 3.3.1. Summary of vessel counts, trips, and logbook landings (pounds gutted weight (lbs gw)) for vessels landing at least one pound of South Atlantic red grouper, 2012-2016. 15
Table 3.3.2. Summary of vessel counts and revenue (2016 dollars) for vessels landing at least one pound of South Atlantic red grouper, 2012-2016. 15

Chapter 1. Introduction

1.1 What Action is Being Proposed?

Fishery managers are proposing changes to South Atlantic red grouper regulations through an abbreviated framework action to the Fishery Management Plan for the Snapper Grouper Fishery of the South Atlantic Region (FMP). The action would adjust the annual catch limits (ACL) for red grouper based on the acceptable biological catch (ABC) recommendation from the South Atlantic Fishery Management Council's (Council) Scientific and Statistical Committee (SSC).

South Atlantic Fishery Management Council

- Responsible for conservation and management of fish stocks
- Consists of 13 voting members: 8 appointed by the Secretary of Commerce, 1 representative from each of the 4 South Atlantic states, the Southeast Regional Director of NMFS; and 4 non-voting members
- Responsible for developing fishery management plans and amendments under the Magnuson-Stevens Act and recommends actions to NMFS for implementation
- Management area is from 3 to 200 miles off the coasts of North Carolina, South Carolina, Georgia, and east Florida through Key West with the exception of Coastal Migratory Pelagics, which is from New York to Florida, and Dolphin Wahoo, which is from Maine to Florida

1.2 Why is the Council Considering Action?

In 2010, a Southeast Data, Assessment, and Review benchmark assessment (SEDAR 19) was completed for South Atlantic red grouper. Based on the results of SEDAR 19, the National Marine Fisheries Service (NMFS) determined that red grouper was undergoing overfishing and was overfished. In response, the Council developed and NMFS implemented management measures to end overfishing of red grouper through Amendment 24 to the FMP (Amendment 24; SAFMC 2011). A 10-year rebuilding plan was established that began in 2011, with a projected end date of 2020. Amendment 24 also set the ACL equal to the ABC recommended by the Council's SSC.

In February 2017, a standard assessment (SEDAR 53) for red grouper was completed. Based on the results of SEDAR 53, NMFS indicated in a letter to the Council on September 27, 2017, that the red grouper stock is overfished, currently undergoing overfishing, and is not making adequate rebuilding progress. The Council's SSC reviewed SEDAR 53 at their April 2017 meeting and stated that the assessment is based on the best scientific information available.

The Council intends to develop Amendment 42 to the FMP (Amendment 42) to rebuild the red grouper stock. Because there is a need to reduce harvest and address overfishing while Amendment 42 is being developed, the Council determined at their September 2017 meeting that ACLs for red grouper should be reduced through the expedited framework procedure for the FMP. An expedited framework procedure can be used to adjust ABCs, ACLs, and annual catch targets (ACT) for snapper grouper

species. The expedited framework procedure requires changes be made according to the existing ABC control rule and formulas for specifying ACLs and ACTs that have been approved by the Council and were implemented in a fishery management plan amendment to the FMP.

On June 23, 2017, the Council requested the Southeast Fishery Science Center (SEFSC) produce rebuilding projections for red grouper based on SEDAR 53. The Council's SSC reviewed four rebuilding projections produced by the SEFSC at their October 2017 meeting. The projections were based on fishing mortality rates of F_{MSY} and $F_{REBUILD}$, each with long-term (expected) recruitment and low recruitment scenarios. Due to poor recruitment trends for the red grouper stock in recent years, the SSC recommended the projections at F_{MSY} and the low recruitment scenario for the overfishing limit (OFL), and projections for $F_{Rebuild}$ under the low recruitment scenario for the ABC. The Council is following the recommendations of their SSC by taking a conservative approach in this abbreviated framework amendment by proposing new ACLs based on the ABC from the $F_{REBUILD}$ low recruitment scenario to increase the likelihood of stock rebuilding. **Table 1.2.1** shows projections of catch levels developed by the SEFSC needed to end overfishing and rebuild the stock using the low recruitment scenario (stochastic projections). The total projected ACL is 139,000 pounds whole weight (lbs ww) for 2018, 150,000 lbs ww for 2019, and 162,000 lbs ww for 2020 (**Table 1.2.1**). This abbreviated framework action would change ACLs beginning in 2018 to address overfishing until a new rebuilding plan is implemented through Amendment 42. The current total, commercial, and recreational ACLs are 780,000, 343,200, and 436,800 lbs ww, respectively. Sector allocations are 56% recreational and 44% commercial.

Table 1.2.1. Proposed red grouper OFLs, ABCs, and ACLs beginning in 2018 in lbs ww based on recommendations from the Council's SSC. Sector allocations are 56% recreational and 44% commercial. Amendment 24 set the total ACL equal to the ABC (SAFMC 2011).

	OFL	ABC	Total ACL	Commercial ACL	Recreational ACL
2018	183,000	139,000	139,000	61,160	77,840
2019	191,000	150,000	150,000	66,000	84,000
2020 until modified	202,000	162,000	162,000	71,280	90,720

1.3 What are the Biological Effects of the Action?

At their October 2017 meeting, the SSC recommended ABCs based on $F_{REBUILD}$ with the low recruitment scenario projections (SSC 2017). Setting ACLs (equal to ABCs) for red grouper at the SSC's recommended levels is expected to provide biological benefits to the red grouper stock. The lower ACLs could constrain future harvest and prevent overfishing if the stock experiences a year of high recruitment and additional red grouper are available for harvest. However, based on recent commercial and recreational landings, the projected ACLs would result in minimal actual reduction in harvest despite the large reduction in total ACL (from 780,000 to 139,000 lbs ww for 2018).

Since 2013, South Atlantic red grouper annual landings have totaled less than 30% of the stock ACL of 780,000 lbs ww. In 2016, the commercial sector only landed 13% of their ACL, and in 2015 the sector landed 19% of its ACL. Recreational landings since 2012 have been highly variable, ranging from a low of 38,756 lbs ww in 2014 (9% of the recreational ACL) to a high of 155,271 lbs ww in 2016 (36% of the recreational ACL) (**Table 1.3.1**). Current commercial landings in 2017 (as of November 13, 2017) are

29,362 lbs ww (9% of commercial ACL) which shows a continuing declining trend in landings, especially in that sector (**Figure 1.3.1**). The reduced level of observed landings is supported by anecdotal information received from commercial and recreational stakeholders who often state that red grouper are not being seen in large quantities in the South Atlantic. A productivity regime shift and certain environmental factors could be driving the low observed numbers of fish, and the recent (since 2005) poor recruitment may or may not continue into the future (SEDAR 53 2017).

Table 1.3.1. Red grouper landings and ACLs in lbs ww.

	Total ACL	Total Landings	% ACL	Commercial			Recreational		
				Landings	ACL	% ACL	Landings	ACL	% ACL
2016	780,000	200,266	26%	44,995	343,200	13	155,271	436,800	36
2015	780,000	194,823	25%	66,610	343,200	19	128,213	436,800	29
2014	780,000	186,630	24%	147,874	343,200	43	38,756	436,800	9
2013	718,000	204,917	29%	117,794	315,920	37	87,123	402,080	22
2012	647,000	259,083	40%	157,479	284,680	55	101,604	362,320	28

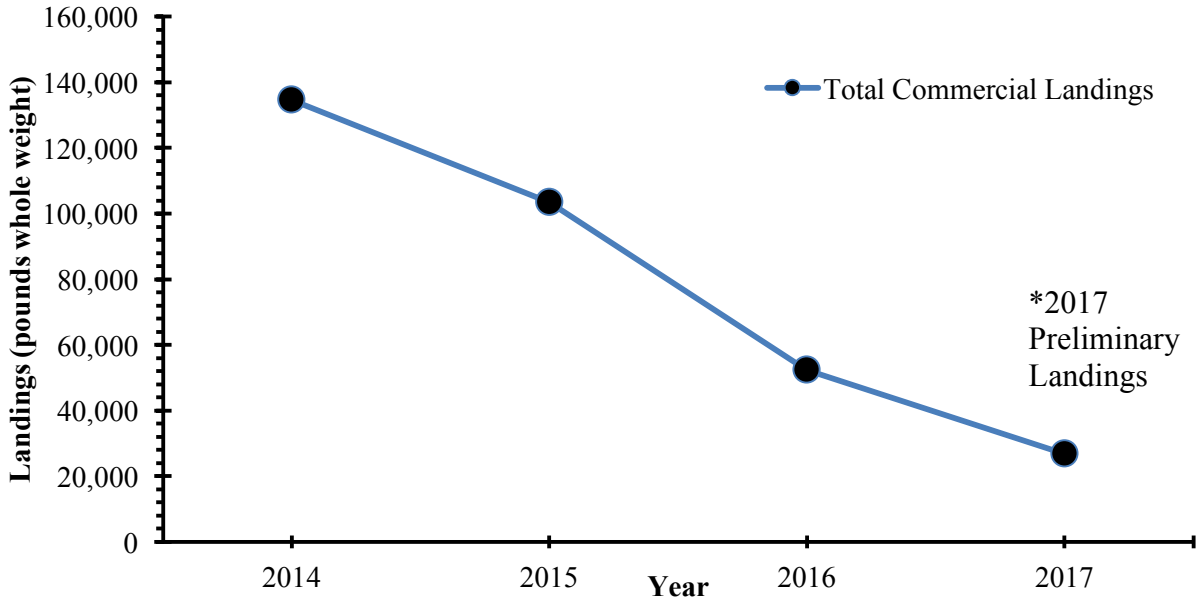

Figure 1.3.1. South Atlantic red grouper commercial landings (lb ww) by year for 2014-2017. The 2017 landings are preliminary and are only available from January 1 to October 24, 2017.

Red grouper is part of a multi-species fishery. Additional information on red grouper biology can be found in Amendment 24 to the FMP (SAFMC 2011). With a large reduction in the ACL, commercial harvest of red grouper is expected to become primarily bycatch while fishermen target other snapper grouper species. Potential high-grading should be minimal in this sector. Targeting of red grouper by the recreational sector would likely be relatively limited in scope, and the proposed action is not anticipated to substantially increase bycatch of co-occurring species. Other species most likely to co-occur with red grouper include gag, gray triggerfish, greater amberjack, red snapper, scamp, and vermilion snapper. Amendment 17A to the FMP (SAFMC 2010) describes the life history characteristics of these species in detail.

Red Grouper Life History
An Overview

- Occurs from North Carolina to southeastern Brazil, including the eastern Gulf of Mexico and Bermuda
- Spawning occurs during February-June, with a peak in April
- Adult red grouper are sedentary fish that are usually found at depths of 5-300 meters (16-984 feet).
- Red grouper do not appear to form spawning aggregation or spawn at specific sites

While unlikely, a reduction in the red grouper ACLs could increase occurrences of regulatory discards if fishermen continue to encounter the species if the ACL is reached, and possession and retention is prohibited. The estimated release mortality for red grouper is 20% (SEDAR 2017). However, fishermen may fish in specific areas to avoid red grouper once, and if, the ACL is reached. Current regulations, including the requirements of dehooking devices, circle hooks, and a recreational/commercial seasonal closure for shallow water groupers could also help to reduce bycatch of red grouper.

Expected Closure Dates of the Commercial and Recreational Sectors Under Proposed ACLs

Final commercial landings for 2014, 2015, and 2016 were provided from the SEFSC on October 5, 2017, and preliminary 2017 landings were provided on October 24, 2017. Combining the preliminary 2017 landings (26,770 lbs ww) for January through October with average 2014-2016 landings for November and December (8,666 lbs ww) results in total 2017 commercial landings (35,436 lbs ww) being below any of the proposed commercial ACLs. If the decline in commercial landings of red grouper continues or levels out, then the proposed commercial ACL would likely not be exceeded in 2018 and would result in no commercial closure.

A recreational landings dataset was provided from the SEFSC on October 4, 2017. This dataset includes landings from the Southeast Headboat Survey and Marine Recreational Information Program. To follow the method used to set the ACL, the South Atlantic landings were modified to include those from Monroe County, Florida. Recreational landings from 2014, 2015, 2016, and average 2014-2016 were summarized (**Figure 1.3.2**). Average landings from 2014-2016 were used as a proxy for future landings. Predicted closure dates for the recreational sector based on the proposed recreational ACL, using average 2014-2016 landings, are presented in **Table 1.3.2**. The closure dates range from July 26 to August 19.

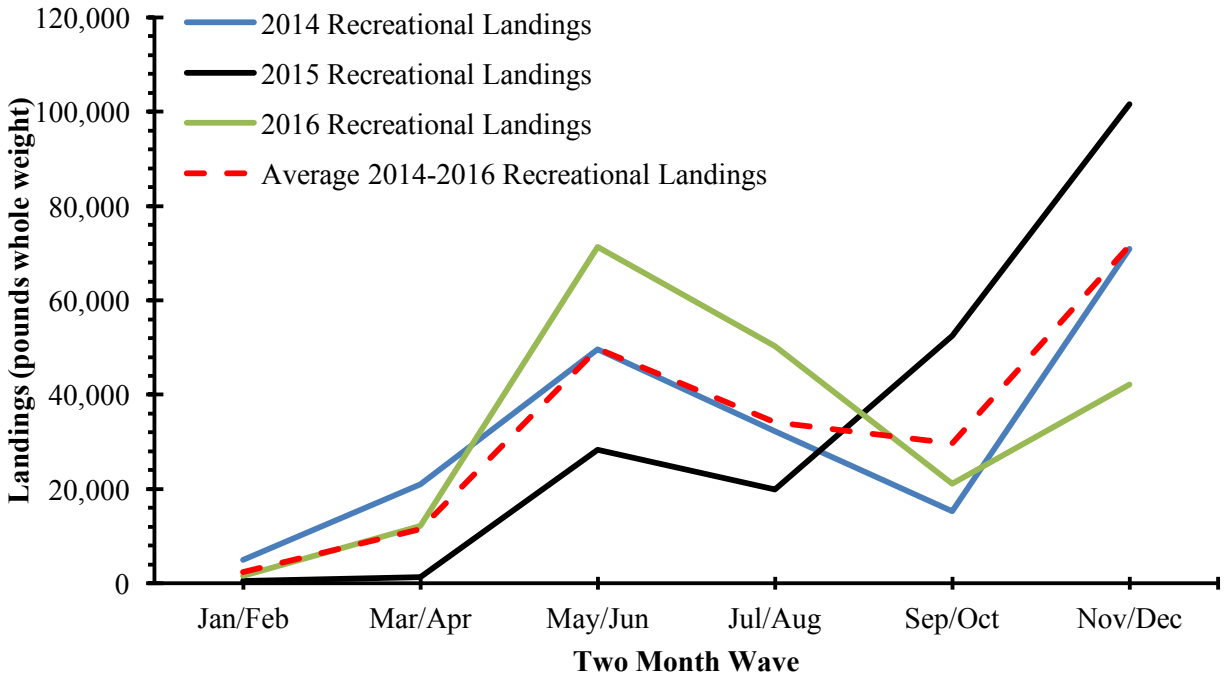

Figure 1.3.2. South Atlantic red grouper recreational landings (lbs ww) by wave for 2014-2016, and average landings for 2014-2016.

Table 1.3.2. Predicted South Atlantic red grouper recreational closure dates for the recreational ACLs. Predicted landings are based on the average 2014-2016 recreational landings.

	Year		
	2018	2019	2020
ACL	77,840 lbs ww	84,000 lbs ww	90,720 lbs ww
Closure Date	26-Jul	6-Aug	19-Aug

Effects to Protected Species

In the December 1, 2016, biological opinion on the snapper grouper fishery, NMFS concluded that the continued authorization of the fishery is not likely to jeopardize the continued existence of the North Atlantic right whale, loggerhead sea turtle Northwest Atlantic distinct population segment (DPS), leatherback sea turtle, Kemp's ridley sea turtle, green sea turtle North Atlantic DPS, green sea turtle South Atlantic DPS, hawksbill sea turtle, smalltooth sawfish U.S. DPS, or Nassau grouper. NMFS also concluded that the continued authorization of the snapper grouper fishery is not likely to adversely affect any other Endangered Species Act-listed species or designated critical habitat in the South Atlantic Region.

Reducing allowable commercial and recreational harvest of red grouper would not modify NMFS action in a manner causing an effect to listed species or critical habitat not previously considered. There are no gear modifications proposed, and the proposed measure is unlikely to alter fishing behavior or fishing effort in a way that would cause new adverse effects to listed species or critical habitats that were not considered in the recent consultation. Additionally, no new species have been listed or critical

habitats designated in the South Atlantic Region that may be affected by the identified action since the completion of the consultation.

1.4 What are the Economic Effects of the Action?

In general, ACLs that reduce the number of fish landed can result in negative economic effects if harvest decreases. The ACL does not directly impact a fishery unless harvest meets or exceeds the ACL, thereby triggering accountability measures (AM) such as in-season closures or other restrictive measures. As such, ACLs that do not restrict the observed landings of a species do not have realized economic effects. For the commercial sector, even though the proposed red grouper ACLs are lower than the current ACL, it is unlikely that the commercial sector would close because the proposed ACL for red grouper is not expected to be reached based on recent landings (**Section 1.3**). Therefore, realized direct economic effects are not anticipated for the commercial sector. The revised commercial ACL for red grouper does cap the potential ex-vessel revenue that may be generated from red grouper and thus the potential economic benefits to the commercial sector. Should commercial catches of red grouper unexpectedly increase beyond the revised ACL, then the commercial sector may experience some negative economic effects due to the lower potential ex-vessel revenue that can be generated from red grouper landings.

Participation, effort, and harvest are indicators of the value of saltwater recreational fishing. However, a more specific indicator of value is the satisfaction that anglers experience over and above their costs of fishing. The monetary value of this satisfaction is referred to as consumer surplus (CS). The value or benefit derived from the recreational experience is dependent on several quality determinants, which include fish size, catch success rate, and the number of fish kept. These variables help determine the value of a fishing trip and influence total demand for recreational fishing trips. While CS estimates specifically for red grouper are not available, there are estimates for grouper species in general. The estimated value of the CS for catching and keeping a second grouper on an angler trip is approximately $103 (values updated to 2016 dollars[1]), and decreases thereafter (approximately $69 for a third grouper, $51 for a fourth grouper, and $40 for a fifth grouper in 2016 dollars) (Carter and Liese 2012).

Recreational landings of red grouper have been variable but have experienced an increasing trend in recent years (**Table 1.3.1**). Based on average recreational landings of red grouper over the past three years, it is anticipated that the proposed red grouper ACL would create direct negative economic effects for the recreational sector since the ACL would be restrictive on harvest and an in-season closure of recreational harvest for red grouper is expected to occur (**Table 1.3.2**). Using average recreational landings of red grouper in the South Atlantic from 2014-2016 (27,991 fish) as a baseline and associated CS of $103 per fish, the estimated short-term (2018-2020) changes in CS resulting from the proposed recreational ACLs are presented in **Table 1.4.1**. Initially, the anticipated reduction in CS for the recreational sector resulting from the proposed ACLs would be approximately $1.76 million in 2018 and decrease thereafter to approximately $1.67 million in 2019 and $1.57 million in 2020 (2016 dollars). It is important to note that other substitute species of grouper (such as gag, scamp, or black grouper) that have the same or similar CS values would be available to anglers. As such, the provided estimated reductions

[1] Converted to 2016 dollars using the annual gross domestic product implicit price deflator provided by the U.S. Bureau of Economic Analysis.

in CS may be viewed as a relatively upper range estimate of the negative economic effects resulting from this action, as these effects could be offset by harvesting other comparably valued species on recreational fishing trips that may land red grouper.

Table 1.4.1. Estimated change in recreational consumer surplus (CS) relative to the status quo (in 2016 dollars).

	Year		
	2018	**2019**	**2020**
Proposed Recreational ACL (Numbers of Fish)[1]	10,943	11,808	12,753
Difference From 2014-2016 Average Landings (Numbers of Fish)[2]	-17,048	-16,183	-15,238
Estimated Change in CS[3]	-$1,755,944	-$1,666,849	$-1,569,514

[1]Numbers of fish calculated by dividing the projected ACLs in **Table 1.2.1** by the three-year average (2014-2016) of weights observed for recreationally caught red grouper in the South Atlantic region.
[2]Estimated change in recreational landings calculated by subtracting the three-year average (2014-2016) red grouper landings of 27,991 fish from the proposed red grouper ACL in a given year. Red grouper landings originated from the SERO ACL data file.
[3]Estimated change in CS calculated by multiplying the change in recreational landings of red grouper (numbers of fish) by $103 per fish (2016 dollars) (CS estimate from Carter and Liese 2012).

By restricting recreational red grouper harvest, there is the potential that angler demand for for-hire (charter and headboat) trips could decrease, creating the possibility of decreased booking rates and for-hire business net operating revenue (NOR). Due to the complex nature of angler behavior and the for-hire industry, it is not possible to quantify these potential economic effects with available data.[2] As such, no estimates of the change in for-hire NOR are provided, although they may exist. It is expected that targeting of red grouper would be limited in scope for the recreational sector (**Section 1.3**) and several other substitute grouper species would be available, suggesting that any negative economic effects on the for-hire industry would be minimal. It is also expected that as the ACL increases in subsequent years after 2018, so would the potential for recouping a portion of the losses of for-hire NOR, should they occur. This is because a larger ACL would result in a longer red grouper fishing season, affording for-hire businesses greater opportunity to market and sell their services.

In addition to the short-term economic effects described above, medium to long-term indirect positive economic effects could ensue from this action as a result of its effects on the red grouper stock, future management decisions, and future catch rates. If the revised ACL for red grouper helps the stock recover as intended, both the commercial and recreational sector would likely experience positive economic effects in the future from an improved red grouper stock and likely an increased ACL.

1.5 What are the Social Effects of the Action?

Management measures that reduce the number of fish an angler can land typically result in foregone social benefits. However, the ACL for any stock does not directly affect resource users unless the ACL is met or exceeded, in which case AMs that restrict, or close harvest could negatively impact commercial, for-hire, and private anglers. When triggered, these AMs can have direct and indirect social consequences by restricting harvest during the current season and following seasons. While these effects are typically

[2] Anglers have heterogeneous preferences and may target and/or harvest a diverse mix of snapper grouper and other species on a trip. The absence of the opportunity to fish for any single species may or may not affect their overall desire to take/pay for trips.

short-lived, they can result in indirect effects due to changes in angler behavior, such as increased fishing pressure on other species, decreased interest in for-hire trips, or some fishermen exiting the fishery all together. Generally, the higher the ACL the greater the short-term social benefits that would be expected to accrue, if harvest is sustainable. Stock recovery and sustainable fishing practices result in long-term social benefits to communities. Adjustments in ACLs based on updated information are necessary to ensure continuous social benefits over time. These long-term benefits are seen even if the latest information indicates the need for a lower ACL to sustain the stock.

In this case, the proposed red grouper commercial ACL is unlikely to result in restricted harvest and cause corresponding social consequences. While the proposed commercial ACL is pointedly lower than the current ACL, commercial landings have shown a decreasing trend over the last three years (**Figure 1.3.1**). Should commercial landings of red grouper continue this trend or level out, it is unlikely that there would be a commercial closure in 2018. If this trend does not continue and commercial harvest of red grouper increases unexpectedly, the commercial sector could experience negative social consequences. Additionally, restricted access to the red grouper resource for several years, combined with inconsistency in what fishermen see on the water versus the scientific models can result in distrust of science and management. However, current observations from fishermen agree with the results of the stock assessment.

Recreational landings of red grouper have been variable, but show an increasing trend over the last three years (**Table 1.3.1** and **Figure 1.3.2**). As a result, the proposed ACL would likely result in in-season closures for the recreational sector. Restricted access to the red grouper portion of the snapper grouper fishery would result in social consequences for private and for-hire anglers. The short-term negative social effects would be greatest in 2018, with an anticipated recreational closure on July 26, and negative effects would decrease as the available ACL increases in 2019 and 2020 (**Table 1.3.2**). If the revised ACL helps the red grouper stock recover, as envisioned, there would be long-term positive social effects throughout the red grouper portion of the snapper grouper fishery in the form of increased access and catch due to a likely increased ACL.

1.6 Council Conclusions

Snapper Grouper Advisory Panel Comments and Recommendations.

The Snapper Grouper Advisory Panel met in November 2017. They did not specifically discuss this abbreviated framework as a draft had not yet gone before the Council.

Scientific and Statistical Committee Comments and Recommendations.

At their October 2017 meeting, the SSC reviewed the red grouper projections based on the low recruitment scenario and deemed them to be the best scientific information available and useful for management. The SSC also stated that the low recruitment scenario projections were useful for the short term but cautioned that recruitment may increase over time.

Public Comments and Recommendations.

A public hearing for this abbreviated framework was held on December 6, 2017, as part of the Council's December meeting. No comments were received at that time about this action. The public was afforded the opportunity to submit formal written comment via the Council's webportal or by U.S. mail. No written comments were received about this action.

Council's Choice for Action.

The Council chose to reduce the ACL for red grouper based on the results of SEDAR 53 (2017), which indicated that red grouper are overfished, undergoing overfishing, and are not likely to be rebuilt in the current rebuilding timeframe. Following the recommendation of its SSC, the Council chose the low recruitment scenario for the ABC, as it more closely matched recruitment for the species in recent years. The Council's choice of ACL is based on the ABC recommendation of its SSC. The Council determined that reducing the ACL to the proposed levels for both commercial and recreational sectors would likely end overfishing for red grouper. The Council decided that basing future ACLs on projections from SEDAR 53 using a low recruitment scenario would best meet the objectives of the FMP, as amended, while complying with the requirements of the Magnuson-Stevens Fishery Conservation and Management Act and other applicable law.

Chapter 2. Regulatory Impact Review

Introduction

The National Marine Fisheries Service (NMFS) requires a Regulatory Impact Review (RIR) for all regulatory actions that are of public interest. The RIR does three things: 1) it provides a comprehensive review of the level and incidence of impacts associated with a regulatory action; 2) it provides a review of the problems and policy objectives prompting the regulatory proposals and an evaluation of the major alternatives which could be used to solve the problem; and 3) it ensures that the regulatory agency systematically and comprehensively considers all available alternatives so that the public welfare can be enhanced in the most efficient and cost effective way. The RIR also serves as the basis for determining whether any proposed regulations are a "significant regulatory action" under certain criteria provided in Executive Order (E.O.) 12866.

Problems and Objectives

The problems and objectives for this action are presented in **Section 1.1** and **1.2** of this amendment and are incorporated herein by reference.

Description of Fisheries

A description of the red grouper portion of the snapper grouper fishery of the South Atlantic region is provided in **Section 1.3** of this amendment and is incorporated herein by reference.

Effects of Management Measures

A detailed analysis and discussion of the expected economic effects of the proposed action is included in **Section 1.4**. The following discussion summarizes the expected economic effects of the action.

The action proposes measures to adjust the annual catch limits (ACLs) for red grouper. It is unlikely that the commercial sector would close due to reaching its ACL for red grouper based on recent landings, even though the proposed red grouper ACLs are lower than the current ACL. Therefore, realized direct economic effects are not anticipated for the commercial sector. The revised commercial ACL for red grouper does cap the potential ex-vessel revenue that may be generated from red grouper and thus the potential economic benefits to the commercial sector. Should commercial catches of red grouper unexpectedly increase beyond the revised ACL, then the commercial sector may experience some negative economic effects due to the lower potential ex-vessel revenue that can be generated from red grouper landings.

Based on average recreational landings of red grouper over the past five years, it is anticipated that the proposed red grouper ACL would create direct negative economic effects for the recreational sector since the ACL would be restrictive on harvest and an in-season closure of

recreational harvest for red grouper would be expected to occur. Initially, the anticipated reduction in consumer surplus for the recreational sector resulting from the proposed ACLs would be approximately $1.76 million in 2018 and decrease thereafter to approximately $1.67 million in 2019 and $1.57 million in 2020 (2016 dollars). It is important to note that other substitute species of grouper (such as gag, scamp, or black grouper) that have the same or similar CS values would be available to anglers. As such, the provided estimated reductions in CS may be viewed as a relatively upper range estimate of the negative economic effects resulting from this action, as these effects could be offset by harvesting other comparably valued species on recreational fishing trips that may land red grouper.

By restricting recreational red grouper harvest, there is the potential that angler demand for for-hire (charter and headboat) trips could decrease, creating the possibility of decreased booking rates and for-hire business net operating revenue (NOR). Due to the complex nature of angler behavior and the for-hire industry, it is not possible to quantify these potential economic effects with available data. As such, no estimates of the change in for-hire NOR are provided, although they may exist. It is expected that targeting of red grouper would be limited in scope for the recreational sector and several other substitute grouper species would be available, suggesting that any negative economic effects on the for-hire industry would be minimal. It is also expected that as the ACL increases in subsequent years after 2018, so would the potential for recouping a portion of the losses of for-hire NOR, should they occur. This is because a larger ACL would result in a longer red grouper fishing season, affording for-hire businesses greater opportunity to market and sell their services.

In addition to the short-term economic effects described above, medium to long-term indirect positive economic effects could ensue from this action as a result of its effects on the red grouper stock, future management decisions, and future catch rates. If the revised ACL for red grouper helps the stock recover as intended, both the commercial and recreational sector would likely experience positive economic effects in the future from an improved red grouper stock and likely an increased ACL.

Cumulative Economic Effects Summary

This action is anticipated to have direct negative economic effects on recreational sector participants, associated industries, and communities. The overall estimated direct short-term negative economic effects are expected to be approximately $1.76 million (2016 dollars) in 2018.

Public and Private Costs of Regulations

The preparation, implementation, enforcement, and monitoring of this or any Federal action involves the expenditure of public and private resources, which can be expressed as costs associated with the regulations. Costs associated with this amendment include:

Council costs of document preparation, meetings, public hearings, and information dissemination……..$5,000

NMFS administrative costs of document preparation, meetings and review…….$5,000

TOTAL ……..$10,000

Law enforcement currently monitors regulatory compliance in effected fisheries under routine operations and does not allocate specific budgetary outlays to these fisheries, nor are increased enforcement budgets expected to be requested to address components of this action. In practice, some enhanced enforcement activity might initially occur while the fishery becomes familiar with the new regulations. However, the costs of such enhancements cannot be forecast. Thus, no specific law enforcement costs can be identified.

Determination of Significant Regulatory Action

Pursuant to E.O. 12866, a regulation is considered a "significant regulatory action" if it is likely to result in: 1) an annual effect of $100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities; 2) create a serious inconsistency or otherwise interfere with an action taken or planned by another agency; 3) materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights or obligations of recipients thereof; or 4) raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in this executive order. Based on the information provided above, these actions have been determined to not be economically significant for the purposes of E.O. 12866.

Chapter 3. Regulatory Flexibility Act Analysis

3.1 Introduction

The purpose of the Regulatory Flexibility Act (RFA) is to establish a principle of regulatory issuance that agencies shall endeavor, consistent with the objectives of the rule and of applicable statutes, to fit regulatory and informational requirements to the scale of businesses, organizations, and governmental jurisdictions subject to regulation. To achieve this principle, agencies are required to solicit and consider flexible regulatory proposals and to explain the rationale for their actions to assure that such proposals are given serious consideration. The RFA does not contain any decision criteria; instead, the purpose of the RFA is to inform the agency, as well as the public, of the expected economic impacts of various alternatives contained in the fishery management plan (FMP) or amendment (including framework management measures and other regulatory actions). The RFA is also intended to ensure that the agency considers alternatives that minimize the expected impacts while meeting the goals and objectives of the FMP and applicable statutes.

With certain exceptions, the RFA requires agencies to conduct a regulatory flexibility analysis for each proposed rule. The regulatory flexibility analysis is designed to assess the impacts various regulatory alternatives would have on small entities, including small businesses, and to determine ways to minimize those impacts. In addition to analyses conducted for the RIR, the regulatory flexibility analysis provides: 1) a statement of the reasons why action by the agency is being considered; 2) a succinct statement of the objectives of, and legal basis for the proposed rule; 3) a description and, where feasible, an estimate of the number of small entities to which the proposed rule will apply; 4) a description of the projected reporting, record-keeping, and other compliance requirements of the proposed rule, including an estimate of the classes of small entities which will be subject to the requirements of the report or record; 5) an identification, to the extent practicable, of all relevant Federal rules which may duplicate, overlap, or conflict with the proposed rule; and 6) a description of any significant alternatives to the proposed rule which accomplish the stated objectives of applicable statutes and which minimize any significant economic impact of the proposed rule on small entities.

Additional information on the description of affected entities and expected economic effects of the proposed rule may be found in **Chapter 2.**

3.2 Statement of the Need for, Objective of, and Legal Basis for the Proposed Action

The purpose of this abbreviated framework action is to adjust the red grouper total annual catch limit (ACL) and sector ACLs for 2018, 2019, and 2020. Based on the results of SEDAR

53, which was completed in February 2017, the National Marine Fisheries Service (NMFS) has determined that the red grouper stock is overfished, undergoing overfishing, and is not making adequate rebuilding progress. The South Atlantic Fishery Management Council is developing Amendment 42 to the FMP for the Snapper Grouper Fishery of the South Atlantic Region to rebuild the stock. This abbreviated framework action is needed to expedite the reduction in harvest, which is a vital step in the process of ending overfishing and rebuilding the stock.

The Magnuson-Stevens Fishery Conservation and Management Act provides the statutory basis for this proposed rule.

3.3 Description and Estimate of the Number of Small Entities to which the Proposed Action would Apply

The proposed action would not directly affect federally permitted commercial fishermen fishing for red grouper in the South Atlantic. Recreational anglers fishing for red grouper would also be directly affected by this abbreviated framework amendment, but anglers are not considered business entities under the RFA. For-hire vessels would also be affected by this action but only in an indirect way. For-hire businesses (charter vessels and headboats) operate in the recreational sector, but these businesses only sell fishing services to recreational anglers. For-hire vessels provide a platform for the opportunity to fish and not a guarantee to catch or harvest any species, though expectations of successful fishing, however defined, likely factor into the decision by anglers to purchase these services. Because the effects on for-hire vessels would be indirect, they fall outside the scope of the RFA.

For RFA purposes only, NMFS has established a small business size standard for businesses, including their affiliates, whose primary industry is commercial fishing (see 50 CFR § 200.2). A business primarily engaged in commercial fishing (NAICS code 11411) is classified as a small business if it is independently owned and operated, is not dominant in its field of operation (including affiliates), and has combined annual receipts not in excess of $11 million for all its affiliated operations worldwide.

As of August 10, 2017, there were 544 vessels with valid or renewable Federal South Atlantic snapper grouper unlimited permits and 114 valid or renewable 225-lb trip limited permits. From 2012 through 2016, an average of 240 vessels per year landed red grouper in the South Atlantic (**Table 3.3.1**). These vessels, combined, averaged 1,064 trips per year in the South Atlantic on which red grouper were landed and 6,616 trips in the South Atlantic that did not land any red grouper or trips that were taken outside the South Atlantic regardless of the species caught. The average annual total dockside revenues were approximately $0.39 million from red grouper, $2.78 million from other species co-harvested with red grouper (on the same trips), and $11.08 million from trips in the South Atlantic on which no red grouper were harvested or trips that occurred outside the South Atlantic regardless of the species caught (**Table 3.3.2**). Total average annual revenue from all species landed by vessels harvesting red grouper in the South Atlantic was approximately $14.25 million, or $59,358 per vessel. These vessels generated approximately 2.8 percent of their total fishing revenues from red grouper.

Based on the foregoing revenue information, all commercial vessels affected by the proposed action may be considered to be small entities.

Table 3.3.1. Summary of vessel counts, trips, and logbook landings (pounds gutted weight (lbs gw)) for vessels landing at least one pound of South Atlantic red grouper, 2012-2016.

Year	Number of Vessels	Number of South Atlantic Trips that Caught Red Grouper	Red Grouper Landings (lbs gw)	"Other Species" Landings Jointly Caught with Red Grouper (lbs gw)	Number of Other Trips*	Landings on Other Trips (lbs gw)
2012	263	1,261	133,715	1,045,765	6,742	3,733,099
2013	253	1,143	105,195	905,574	5,916	3,499,671
2014	249	1,197	100,891	816,756	7,308	3,782,016
2015	226	940	74,811	661,443	6,584	3,613,072
2016	209	778	40,410	556,750	6,532	3,474,855
Average	240	1,064	91,004	797,258	6,616	3,620,543

Source: NMFS SEFSC Economic Query System, November 7, 2017.
*Includes South Atlantic trips on which red grouper were not harvested, as well as trips in the Gulf or Mid-Atlantic regardless of what species were harvested, including red grouper.

Table 3.3.2. Summary of vessel counts and revenue (2016 dollars) for vessels landing at least one pound of South Atlantic red grouper, 2012-2016.

Year	Number of Vessels	Dockside Revenue from Red Grouper	Dockside Revenue from "Other Species" Jointly Caught with Red Grouper	Dockside Revenue on Other Trips	Total Dockside Revenue	Average Total Dockside Revenue per Vessel
2012	263	$547,887	$3,449,429	$10,383,169	$14,380,485	$54,679
2013	253	$459,954	$3,049,202	$10,691,591	$14,200,747	$56,129
2014	249	$435,901	$2,910,746	$12,172,726	$15,519,373	$62,327
2015	226	$333,144	$2,424,846	$11,194,570	$13,952,560	$61,737
2016	209	$183,502	$2,049,769	$10,943,104	$13,176,375	$63,045
Average	240	$392,078	$2,776,798	$11,077,032	$14,245,908	$59,358

Source: NMFS SEFSC Economic Query System, November 7, 2017.

3.4 Description of the Projected Reporting, Record-keeping and Other Compliance Requirements of the Proposed Action

No duplicative, overlapping, or conflicting Federal rules have been identified with this abbreviated framework amendment.

3.5 Identification of All Relevant Federal Rules, which may Duplicate, Overlap or Conflict with the Proposed Action

The abbreviated framework amendment would not introduce any changes to reporting and record-keeping and other compliance requirements which are currently required.

3.6 Significance of Economic Impacts on a Substantial Number of Small Entities

Substantial Number of Small Entities Criterion

All directly affected entities have been determined, for the purpose of this analysis, to be small entities. Therefore, the abbreviated framework amendment would affect a substantial number of small entities.

Significant Economic Impact Criterion

The outcome of "significant economic impact" can be ascertained by examining two issues: disproportionality and profitability.

Disproportionality: Do the regulations place a substantial number of small entities at a significant competitive disadvantage to large entities?

All entities that are expected to be affected by this abbreviated framework amendment are considered small entities, so the issue of disproportional effects on small versus large entities does not presently arise.

Profitability: Do the regulations significantly reduce profit for a substantial number of small entities?

An important feature about the red grouper commercial sector is that landings have been trending down over the years. As noted in **Section 1.3**, projected landings for 2017 would be approximately 35,000 pounds whole weight. If the downward trend continues or levels off, the likelihood of reaching the reduced commercial ACL in 2018 and beyond would be very low. In the unlikely event that commercial landings increase in 2018 and beyond, the likely effects of the commercial ACL reduction would be relatively small because only approximately 2.8 percent of total commercial vessel revenues have historically been derived from red grouper. Thus, the

reduction in the commercial ACL for red grouper is not expected to significantly reduce the profit for a substantial number of small entities.

3.7 Description of the Significant Alternatives to the Proposed Action and Discussion of How the Alternatives Attempt to Minimize Economic Impacts on Small Entities

Because the abbreviated framework amendment has only one alternative and, in addition, would not result in significant economic impacts to a substantial number of small entities, the issue of significant alternatives to the proposed action is not relevant.

Chapter 4. References

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