and generally superior single hull tankers that would be used if the lightering zones are established.

By the end of this decade, however, a large proportion of the existing single hull tanker fleet will be affected by the phaseout schedule of OPA 90. If lightering zones are not established, these single hull tankers could be compelled to conduct any lightering operations more than 200 miles offshore. Lightering under these conditions, if it proved to be feasible or practicable at all, would be more expensive and less safe than lightering closer to shore in a designated lightering zone. Weather and sea state conditions not only are more unfavorable in deep-sea areas, but also are more unpredictable and subject to rapid change. Serious logistical problems would be encountered in providing essential support services, such as workboats, bunkering and provisioning. Because operations would have to be conducted beyond the range of most helicopters and remote from the bases of response vessels, capabilities to respond to emergencies would be impaired. Operations could not be monitored or regulated because they would take place outside U.S. jurisdiction. The Coast Guard does not consider lightering under these circumstances to be either practicable or desirable.

Some of the cargo that is now lightered could be handled by resorting to transshipment arrangements at terminals or lightering areas in the Caribbean or Bahamas, but suitable transshipment terminal capacity in the region is limited. These alternatives to lightering in the Gulf of Mexico, at best, are costly and inefficient expedients. To the extent that these activities were carried out abroad, they would entail adverse small entity impacts on the array of domestic small businesses that depend on the revenue of current shipping activities, including steamship agents, bunkering and provisioning companies, helicopter operators, and the lightering companies. The loss of this business also would have adverse balance of payments impacts.

Single hull vessels, old or new, could continue to off-load at LOOP until 2015; but LOOP has capacity to handle only a portion of the total amount of oil that is now lightered. Furthermore, LOOP cannot deliver by pipeline to many of the refineries which depend upon lighters for their supplies. Adoption of a no action alternative would impact refineries and the communities whose economies depend upon them at locations that cannot be supplied physically or economically by LOOP.

The analysis indicates that there will be sufficient numbers of newly built double hull tankers and relatively young single hull tankers unaffected as yet by the OPA 90 phaseout schedule to meet the crude oil import requirements of the United States, provided most of these qualified ships are dedicated to supplying the U.S. market. It seems likely, however, that the United States will have to pay premium rates above world market levels to draw these newer ships from the world pool of tanker tonnage.

The analysis also shows that there is a high probability of a worldwide shortfall of vessel capacity as this decade comes to a close as a result of the impact of MARPOL 13G. Although there is sufficient worldwide shipbuilding capacity to avert such a shortfall, a very high sustained level of construction would have to occur, beginning immediately and continuing for most of the rest of this decade. The current state of orders for new ships indicates a significant fall-off of new tanker construction from 1994 through 1996; and current tanker market conditions may not provide the basis for financing a high sustained level of construction. An acute worldwide shortage of crude oil shipping capacity could occur lasting for several years, and resulting in significantly increased costs for tank vessel transportation for its duration. The adverse economic consequences for the United States would be oil transportation costs substantially higher than world levels unless lightering zones are established to enable the United States to draw from the general world supply of tanker capacity.

This rulemaking would establish well-defined lightering zones strategically sited in the Gulf of Mexico to avoid environmentally sensitive areas and to meet the transportation needs of the region's refineries. Lightering activities in the zones could be effectively monitored by the Coast Guard. Oil pollution response plans could be readily implemented for the zones. Helicopter, workboat, provisioning, bunkering, pollution response, and other essential support services would not be impaired. Costs would not be materially affected and adverse small entity impacts would not occur. Substantial benefits to the economy would accrue from avoidance of the negative economic impacts that would occur if lightering zones were not established.

Establishing lightering zones will not encourage further single hull construction. Since July 6, 1993, single hull tankship construction has been deterred as a result of the general impact of MARPOL Regulation 13F for new single hull tankers in excess of 20,000 deadweight tons.

## Small Entities

Under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*), the Coast Guard must consider whether this proposal, if adopted, will have a significant economic impact on a substantial number of small entities. ''Small entities'' may include (1) small businesses and not-for-profit organizations that are independently owned and operated and are not dominant in their fields and (2) governmental jurisdictions with populations of less than 50,000.

The Assessment indicates that adverse small entity impacts could occur as a result of the Coast Guard's taking no action to establish lightering zones. Some vessels which would be lightered in designated lightering zones could be diverted to transshipment terminals in the Bahamas or Caribbean. To the extent that these activities were carried out abroad, they would entail losses of business to the lightering companies and other small businesses, such as steamship agents, bunkering and provisioning companies, and helicopter operators.

Because adoption of this proposal will avert these adverse impacts and preserve the current revenues derived by small entities from tanker shipping in the Gulf of Mexico, and because it expects the impact of this proposal to be minimal, the Coast Guard certifies under 5 U.S.C. 605(b) that this proposal, if adopted, will not have a significant economic impact on a substantial number of small entities.

## Collection of Information

This proposal contains no new collection-of-information requirements or additions to currently approved information collections under the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*). The sections in this proposal that contain collection-of-information requirements are §§ 156.110 and 156.215 which are approved under OMB Control Numbers 2115–0096 and 2115–0539 respectively.

## Federalism

The Coast Guard has analyzed this proposal under the principles and criteria contained in Executive Order 12612 and has determined that this proposal does not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.