

Title: **Price Determinants for Hawai'i Bottomfish and Welfare Effects of Seasonal Closures in the Main Hawai'ian Islands**

Author(s): Justin Hospital, Minling Pan, Myles Raizin

Abstract: This study couples landings, import data and other factors in a statistical framework to explore the determinants of bottomfish pricing in Hawai'i - in particular, for seven deep water species in the snapper and grouper complex - using monthly data from 1996 to 2006. This research concludes that bottomfish pricing exhibits high seasonal variation due to cultural demand considerations. Fluctuations in visitors to the State of Hawai'i also explain bottomfish price variation as a large portion of the fresh bottomfish supply in Hawai'i is consumed by the restaurant sector. Local wholesale bottomfish prices show evidence of a rigid hierarchical price structure with certain species commanding premium prices. Recent years have seen a steady increase in fresh snapper imports to Hawai'i, raising local concerns over the growing prevalence of foreign-caught fish in the Hawai'i bottomfish market. Therefore, we explore the extent of substitutability between species and origin. This study is vital in laying the framework for determining the market implications of regulatory changes in the fishery. To address conservation concerns, a seasonal closure was imposed on the fishery during the summer of 2007. Price flexibilities and welfare estimates are computed to determine the economic impact of the 2007 seasonal closure, and the findings will be used to predict the market effects of an upcoming 2008 seasonal closure.