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## DEPARTMENT OF AGRICULTURE

### Animal and Plant Health Inspection Service

#### 9 CFR Parts 92, 93, 94, and 98

[Docket No. APHIS-2006-0106]

RIN 0579-AC33

#### Importation of Live Swine, Swine Semen, Pork, and Pork Products From the Czech Republic, Latvia, Lithuania, and Poland

**AGENCY:** Animal and Plant Health Inspection Service, USDA.

**ACTION:** Final rule.

**SUMMARY:** We are amending the regulations governing the importation of animals and animal products to add the Czech Republic, Latvia, Lithuania, and Poland to the region of the European Union that we recognize as low risk for classical swine fever (CSF). We are also adding the Czech Republic, Latvia, Lithuania, and Poland to the list of regions we consider free from swine vesicular disease (SVD) and adding Latvia and Lithuania to the list of regions considered free from foot-and-mouth disease (FMD) and rinderpest. These actions will relieve some restrictions on the importation into the United States of certain animals and animal products from those regions, while continuing to protect against the introduction of CSF, SVD, and FMD, and rinderpest into the United States.

**DATES:** *Effective Date:* December 13, 2007.

**FOR FURTHER INFORMATION CONTACT:** Dr. Kelly Rhodes, Regionalization and Evaluation Services, Import, Sanitary Trade Issues Team, National Center for Import and Export, VS, APHIS, 4700 River Road Unit 38, Riverdale, MD 20737-1231; (301) 734-4356.

#### SUPPLEMENTARY INFORMATION:

### Background

The Animal and Plant Health Inspection Service (APHIS) of the United States Department of Agriculture (USDA) regulates the importation of animals and animal products into the United States to guard against the introduction of animal diseases not currently present or prevalent in this country. The regulations in 9 CFR part 94 (referred to below as the regulations) prohibit or restrict the importation of specified animals and animal products to prevent the introduction into the United States of various animal diseases, including classical swine fever (CSF), swine vesicular disease (SVD), foot-and-mouth disease (FMD), and rinderpest. These are dangerous and destructive communicable diseases of swine and/or ruminants.

Sections 94.9 and 94.10 of the regulations list regions of the world that are declared free of or low-risk for CSF. The EU-15<sup>1</sup> is currently the only region considered low-risk for CSF; §§ 94.24 and 98.38 specify restrictions necessary to mitigate the risk of introducing CSF into the United States via pork, pork products, live swine, and swine semen from the EU-15.

Section 94.12 of the regulations lists regions that are declared free of SVD. Section 94.13 of the regulations lists regions that have been determined to be free of SVD, but that are subject to certain restrictions because of their proximity to or trading relationships with SVD-affected regions.

Section 94.1 of the regulations lists regions of the world that are declared free of rinderpest or free of both rinderpest and FMD. Section 94.11 of the regulations lists regions that have been determined to be free of rinderpest and FMD, but that are subject to certain restrictions because of their proximity to or trading relationships with rinderpest- or FMD-affected regions.

On February 12, 2007, we published in the **Federal Register** (72 FR 6490-6499, Docket No. APHIS 2006-0106) a proposal<sup>2</sup> to amend the regulations

<sup>1</sup> A region consisting of the 15 Member States of the European Union (EU) that comprised the EU as of April 30, 2004 (the EU-15), that we recognized as a single region of low-risk for CSF in a final rule published in the **Federal Register** on May 19, 2006 (71 FR 29061-29072, Docket No. 02-046-2).

<sup>2</sup> To view the proposed rule and the comments we received, go to <http://www.regulations.gov/fdmspublic/component/main?main=DocketDetail&d=APHIS-2006-0106>.

governing the importation of animals and animal products to add the Czech Republic, Latvia, Lithuania, and Poland to the region of the EU that we recognize as low-risk for CSF. In addition, we proposed to add the Czech Republic, Latvia, Lithuania, and Poland to the list of regions we consider free from SVD and to add Latvia and Lithuania to the list of regions considered free from FMD and rinderpest. We also proposed to make other miscellaneous changes to the regulations. These actions were intended to relieve some restrictions on the importation into the United States of certain animals and animal products from those regions, while continuing to protect against the introduction of CSF, SVD, FMD, and rinderpest into the United States.

We solicited comments concerning our proposal for 60 days ending April 13, 2007. We received six comments by that date. They were from private citizens, a State animal health commission, industry groups, and Poland's Ministry of Agriculture and Rural Development.

Three of the commenters expressed support for the proposal; however, one of those commenters stated that APHIS should recognize all current and future EU Member States as low-risk for CSF and other animal diseases. While we recognize that countries have to meet certain animal health criteria to qualify for EU membership, we continue to believe it is appropriate and reasonable for us to first prepare a risk assessment and share it with the public before we recognize such countries as being of low risk for an animal disease.

One commenter expressed concern that, because CSF is present in the Czech Republic in wild boar, and surveillance for the disease is passive, swine imported into the United States from the Czech Republic present more than a negligible risk of introducing CSF.

As stated in the risk assessment, studies show that virus levels in wild boar in the Czech Republic are very low and declining. There have been no CSF outbreaks in domestic swine in the Czech Republic since 1997, which also indicates that the introduction of CSF from the wild boar population into the domestic swine population is a diminishing concern. In addition, the Czech Republic annually carries out both passive and active surveillance for

CSF in wild boar and domestic swine populations.

Another commenter stated that although we proposed to list Latvia and Lithuania as free of FMD and rinderpest, we would subject imports of ruminant and swine meat products from those countries to additional restrictions, which indicates a risk exists of introducing FMD and rinderpest into the United States. The commenter stated that the risk analyses concluded that FMD and rinderpest could be introduced into Latvia and Lithuania through wildlife, clothing, or vehicles moving across the border from neighboring countries and then subsequently exported to the United States via ruminant or swine meat products.

As noted by the commenter, we proposed to apply certain conditions on the importation of meat and other animal products derived from ruminants and swine from Latvia and Lithuania into the United States, due to the risk of introducing FMD into these countries from neighboring countries. The conditions, as detailed in the proposed rule, require that all meat and other animal products from ruminants or swine be certified as having been prepared in a slaughtering establishment that is approved by the USDA's Food Safety and Inspection Service to export to the United States, and that all live animals slaughtered in an approved slaughtering establishment be born and raised in a region that APHIS considers free of FMD and rinderpest. In addition, commingling of live animals, meat, or other animal products for export with such commodities from regions that APHIS does not consider free of these diseases is prohibited. These conditions already apply to other countries, including other EU Member States, with risk profiles for FMD and rinderpest that are similar to those of Latvia and Lithuania. We have determined that these conditions will mitigate the risk of introducing FMD and rinderpest into the United States from these countries.

One commenter also stated that, because some forms of SVD, CSF, and FMD are difficult to detect in live animals or in post-mortem examinations, veterinary inspection is ineffective in some instances.

We agree with the commenter that veterinary inspection is unlikely to detect incubating or subclinical infection. Therefore, we do not consider veterinary inspection to be the primary mitigating factor in preventing introduction of CSF, SVD, and FMD into EU Member States. However, veterinary inspection is highly likely to detect

clinically diseased animals and, in conjunction with other mitigation measures, creates a substantial barrier to the introduction of FMD, CSF, or SVD into EU Member States.

Finally, one commenter expressed concern that, due to the less stringent sourcing requirements for swine and pork imports into the EU, infected animals could potentially come in contact with animals designated for export to the United States or could potentially be exported to the United States themselves.

While we agree with the commenter that the European Commission (EC) legislation imposes less stringent restrictions on sourcing of imported live ruminants and swine, as well as ruminant and swine products, than do APHIS requirements, the potential for the introduction of CSF, SVD, or FMD into EU Member States is mitigated by several factors put in place by the EC. These include, but are not limited to, stringent audits of animal health conditions and slaughter/processing establishments in the exporting region; comprehensive import certification requirements (including certification that the exporting region is free of CSF, SVD, and FMD); veterinary inspection at the point of entry; and isolation and veterinary spot checks at the point of destination within the EU.

#### Miscellaneous

We also proposed to revise the definition of *European Union* in § 92.1 to update its list of EU Member States. Our proposed definition listed 25 Member States of the EU. This was incorrect, as there are actually 27 Member States of the EU. Therefore, we have updated the definition of *European Union* to add Romania and Bulgaria to the list of EU Member States.

Therefore, for the reasons given in the proposed rule and in this document, we are adopting the proposed rule as a final rule, with the change discussed in this document.

#### Effective Date

This is a substantive rule that relieves restrictions and, pursuant to the provisions of 5 U.S.C. 553, may be made effective less than 30 days after publication in the **Federal Register**.

This rule adds the Czech Republic, Latvia, Lithuania, and Poland to the region of the EU that we recognize as low-risk for CSF. This rule also adds the Czech Republic, Latvia, Lithuania, and Poland to the list of regions we consider free from SVD and to add Latvia and Lithuania to the list of regions considered free from FMD and rinderpest and allows breeding swine,

swine semen, and pork and pork products to be imported into the United States from these countries subject to certain conditions. We have determined that approximately 2 weeks are needed to ensure that APHIS and Department of Homeland Security, Bureau of Customs and Border Protection, personnel at ports of entry receive official notice of this change in the regulations. Therefore, the Administrator of the Animal and Plant Health Inspection Service has determined that this rule should be effective 15 days after publication in the **Federal Register**.

#### Executive Order 12866 and Regulatory Flexibility Act

This rule has been reviewed under Executive Order 12866. The rule has been determined to be not significant for the purposes of Executive Order 12866 and, therefore, has not been reviewed by the Office of Management and Budget.

We are amending the regulations governing the importation of animals and animal products to add the Czech Republic, Latvia, Lithuania, and Poland to the region of the European Union that we recognize as low-risk for CSF. We are also adding the Czech Republic, Latvia, Lithuania, and Poland to the list of regions we consider free from SVD and adding Latvia and Lithuania to the list of regions considered free from FMD and rinderpest.

#### The U.S. Swine Industry

The U.S. swine industry plays an important role in the U.S. economy. Cash receipts from marketing meat animals were about \$15 billion in 2005 (the average between 2001 and 2005 was \$12.4 billion).<sup>3</sup> Additionally, swine and related product exports generated over \$2.1 billion in sales that year. Other agricultural and nonagricultural sectors are dependent on the swine industry for their economic activity. At present, international trade in U.S. livestock proceeds without CSF or SVD related restrictions. Maintaining such favorable conditions depends in part on continued aggressive efforts to prevent transmission of foreign diseases to U.S. swine.

As shown in table 1, U.S. pork production increased from 7,764,000 metric tons (MT) in 1996 to 9,392,000 MT in 2005, an annual growth rate of about 2.1 percent. Similarly, consumption increased from 7,619 MT to 8,671 MT. During the same period, U.S. exports increased from 440,000 MT to 1,207,000 MT, by far outpacing

<sup>3</sup> USDA/NASS, Meat Animal Production, Disposition, and Income: 2005 Summary, April 2006.

imports. Net exports increased from 159,000 MT to 743,000 MT.

TABLE 1.—U.S. PORK PRODUCTION, CONSUMPTION, PRICE, EXPORTS, AND IMPORTS, 1996–2005

Year	Production (1,000 MT)	Consumption (1,000 MT)	Price per MT	Exports (1,000 MT)	Imports (1,000 MT)	Net exports (1,000 MT)
1996 .....	7,764	7,619	1,596	440	281	159
1997 .....	7,835	7,631	1,562	473	288	185
1998 .....	8,623	8,305	1,170	558	320	238
1999 .....	8,758	8,594	1,178	582	375	207
2000 .....	8,596	8,455	1,413	584	438	146
2001 .....	8,691	8,389	1,473	707	431	276
2002 .....	8,929	8,685	1,179	731	486	245
2003 .....	9,056	8,816	1,298	779	538	241
2004 .....	9,312	8,817	1,621	989	499	490
2005 .....	9,392	8,671	1,562	1,207	464	743
5-year average (2001–2005) .....	9,076	8,676	1,427	883	484	399

<sup>1</sup> Sources: USDA/FAS, PS&D Online, 1996–2005, <http://www.fas.usda.gov/psdonline/psdquery.aspx>; prices, reported as \$/100 pounds for year-ly pork carcass cut-out values, are converted to dollars per metric ton, and are taken from Red Meat Yearbook (94006), <http://usda.manlib.cornell.edu/ers/94006/wholesaleprices.xls>; net exports are calculated as the difference between exports and imports for each year.

#### *The Swine Industry in the Czech Republic, Latvia, Lithuania, and Poland*

The four countries (the Czech Republic, Latvia, Lithuania, and Poland) together produced an average of 2.522 million MT of pig meat between 2001 and 2005. They are net importers of pork, which is the focus of this analysis. They had a 5-year (2001–2005) average level of pork exports of 130,030 MT and an average level of imports of 152,954 MT, yielding an average net export of a negative 22,823 MT. The Czech Republic and Poland accounted for 95 percent of production and export of the above total.

#### *Potential Costs of Classical Swine Fever, Swine Vesicular Disease, and Foot and Mouth Disease*

CSF, also known as hog cholera or swine plague, is a highly contagious and often fatal disease of pigs. Young animals are more severely affected than older animals. Mortality rates may reach up to 90 percent among young pigs. SVD is less severe and does not usually cause death. The overall cost of control and eradication depends on the mitigation methods used to control and eradicate the two diseases.

Potential costs include disease control measures such as imposing quarantine measures and movement controls, indemnity payments, vaccination costs,

surveillance, and laboratory testing. CSF was eradicated from the United States in 1976 at a cost of about \$550 million in 2006 dollars. Several EU countries experienced small- and large-scale CSF outbreaks between 1990 and 1997 and suffered heavy economic losses. One large outbreak cost producers \$917.6 million, the national governments \$296.9 million, and the EU \$1,040.6 million in 2006 dollars. The cost of a small-scale outbreak was \$14 million, and the cost of the medium-scale outbreak was \$268.8 million.<sup>4</sup> The above costs are direct costs of disease outbreaks and do not include indirect costs such as losses caused by trade restrictions. Little information exists on the cost of control and eradication of SVD in a previously free region.

FMD is a contagious viral disease that affects cloven-hoofed animals. Cattle, pigs, sheep and goats are highly susceptible to FMD. Although the death rates are low, it has serious lasting negative effects on infected animals that survive the disease. It causes decreased milk production, decreased pregnancy rates, weight loss, and lameness. In addition to these losses, an FMD outbreak can lead to economic sanctions, including the loss of export markets. Any outbreak of FMD in the United States could result in a loss of billions of dollars for agriculture and

related industries as indicated by the most recent FMD outbreak in the United Kingdom (UK). According to the World Organization for Animal Health (OIE), over 6 million cattle, sheep, swine, and goats were slaughtered to stop the spread of the disease and the epidemic is estimated to have cost the UK economy about \$12.9 billion.<sup>5</sup>

#### *Impact of Potential Pork Imports*

In this section, we estimate the impact of pork imports from the Czech Republic, Latvia, Lithuania, and Poland on U.S. production, consumption, and prices using a net trade welfare model.<sup>6</sup> The baseline data used are as shown in the last row of table 1. The demand and supply elasticities used are  $-0.86$  and  $1$ , respectively.<sup>7</sup>

Based on the four countries' combined average annual global exports of 130,130 MT (2001–2005), we model three potential levels of pork exports to the United States from the Czech Republic, Latvia, Lithuania, and Poland: (1) An amount proportional to the percentage of the EU–15's pork exports sent to the United States (1.87 percent); (2) an amount proportional to the percentage of Denmark's<sup>8</sup> pork exports sent to the United States (3.99 percent); and (3) an amount equal to 10 percent of the global pork exports by the four countries. Amounts of pork shipped to the United States under the three

<sup>4</sup> Saatkamp, H.W., P.B.M. Berentsen *et al.* "Economic aspects of the control of classical swine fever outbreaks in the European Union," *Vet Microbiology* 73 (2000): 221–237; Stegeman, A., A. Elbers *et al.*, "The 1997–98 epidemic of classical swine fever in the Netherlands," *Vet Microbiology*, 73 (2000): 183–196.

<sup>5</sup> D. Thompson, P. Muriel, D. Russell, P. Osborne, A. Bromley, M. Rowland, S. Creigh-Tyte, and C. Brown, "Economic losses of foot and mouth disease outbreak in the U.K.," *Rev. sci. tech. int. epiz.*, 21 (2002): 675–687.

<sup>6</sup> The data used were obtained from Foreign Agricultural Service (FAS), Production, Supply and Distribution database (<http://www.fas.usda.gov/psdonline/psdquery.aspx>; USDA/ERS, Red Meat Yearbook (94006) (<http://usda.manlib.cornell.edu/usda/ers/wholesaleprices.xls>); The Global Trade Atlas: Global Trade Information Services, Inc., country Edition, June 2006; and UN/FAO, FAO stat data (<http://faostat.fao.org>).

<sup>7</sup> John Sullivan, John Wainio, Vernon Roningen, A Database for Trade Liberalization Studies, #AGES89–12, March 1989.

<sup>8</sup> Exports from Denmark to the United States are used as an upper range estimate of possible exports from these countries. Denmark's pork industry is export oriented, and it is the second largest supplier of pork products to the United States, after Canada. Using the proportion of its global pork exports that are shipped to the United States as an estimate of possible imports from the four countries likely overstates potential shipments to the United States from these countries.

scenarios would be 2,433 MT, 5,192 MT, and 13,013 MT.

TABLE 2.—THE IMPACT OF PORK IMPORTS FROM THE CZECH REPUBLIC, LATVIA, LITHUANIA, AND POLAND ON THE UNITED STATES ECONOMY

	Import scenario 1	Import scenario 2	Import scenario 3
Assumed pork imports, MT .....	<sup>1</sup> 2,433	<sup>2</sup> 5,192	<sup>3</sup> 13,013
Change in U.S. consumption, MT .....	1,160	2,475	6,202
Change in U.S. production, MT .....	– 1,273	– 2,717	– 6,811
Change in wholesale price of pork, dollars per MT .....	–\$0.22	–\$0.47	–\$1.19
Change in consumer welfare .....	\$1,924,230	\$4,106,610	\$10,294,830
Change in producer welfare .....	–\$1,817,020	–\$3,877,160	–\$9,715,120
Annual net benefit .....	\$107,210	\$229,450	\$579,710

**Note:** Welfare and benefit are used interchangeably. The baseline data used is a 5-year annual average for production, consumption, price, exports and imports as reported in the last row of table 1. The demand and supply elasticities used are –0.86 and 1, respectively (John Sullivan, John Wainio, Vernon Roningen, A Database for Trade Liberalization Studies, #AGES89–12, March 1989).

<sup>1</sup> Calculated by multiplying the total global exports of the Czech Republic, Latvia, Lithuania, and Poland, 130,130 MT, by the proportion (1.87 percent) of EU–15's global export sent to the U.S. EU–15 countries including Denmark exported 50,742 MT to United States from their global exports of 2,719,698 MT.

<sup>2</sup> Calculated by multiplying total global exports of the Czech Republic, Latvia, Lithuania, and Poland by the proportion (3.99 percent) of Denmark exports sent to the United States, 43,037 MT out of 1,077,986 MT.

<sup>3</sup> Calculated by multiplying total global exports of the Czech Republic, Latvia, Lithuania, and Poland by 10 percent.

Table 2 presents the changes resulting from the assumed U.S. pork imports from the Czech Republic, Latvia, Lithuania, and Poland. These include annual changes in U.S. consumption, production, wholesale price, consumer welfare, producer welfare, and net welfare. Our medium level of pork imports of 5,192 MT (import scenario 2, assuming pork imports proportional to those received from Denmark) would result in a decline of \$0.47 per metric ton in the wholesale price of pork and a fall in U.S. production of 2,717 MT. Consumption would increase by 2,475 MT. Producer welfare would decline by \$3.9 million and consumer welfare would increase by \$4.1 million, yielding an annual net benefit of about \$230,000.

Import scenario 1 presents impacts assuming a more likely level of pork imports (proportional to those received from the EU–15). In this case, price would decrease by \$0.22 per metric ton, production would decline by 1,273 MT, and consumption would increase by 1,160 MT. Consumer welfare would increase by \$1.9 million and producer welfare would decline by \$1.8 million. The annual net benefit would be about \$107,000.

Finally, import scenario 3 presents a case of expanded trade, with pork imports by the United States assumed to equal 10 percent of global exports by the four countries. The wholesale price of pork would decline by \$1.19 per metric ton, production would decline by 6,811 MT, and consumption would increase by 6,202 MT. Consumer welfare would increase by \$10.3 million, while producer welfare would decline by \$9.7 million. The annual net benefit would be about \$580,000.

In all cases consumer welfare gains would outweigh producer welfare losses. The decline in producer welfare, even in the last scenario, would represent less than one tenth of 1 percent of cash receipts received from the sale of domestic hogs and pork products.<sup>9</sup> Thus, our analysis indicates that U.S. entities are unlikely to be significantly affected by this rule.

The Small Business Administration (SBA) has established guidelines for determining which types of firms are to be considered small under the Regulatory Flexibility Act. This rule could affect importers of live animals or animal products and swine operations with sales.

Meat processing entities (NAICS 311612) and meat and meat product merchant wholesalers (NAICS 424470) may be affected by this rule. Under SBA standards, meat processing establishments with no more than 500 employees and meat and meat product wholesalers with no more than 100 employees are considered small. In 2002, there were 1,335 companies in the United States that processed and sold meat. More than 97 percent of these establishments are considered to be small entities and had average sales of \$15.4 million, while large meat processors had average sales of \$188 million. In 2002, there were 2,535 meat and meat product wholesalers in the United States. Of these establishments, 2,456 (97 percent) employed not more than 100 employees and are, thus, considered small by SBA standards. Small wholesalers had average sales of

\$9.3 million, while large entities had average sales of \$131 million.<sup>10</sup>

Other entities that could theoretically be affected include refrigerated long-distance trucking firms (NAICS 484230), freight forwarders (NAICS 488510), and deep sea freight transport companies (NAICS 483111). The SBA classifies trucking firms as small if their annual receipts are not more than \$23.5 million; freight forwarding firms are small if their annual receipts are not more than \$6.5 million, and deep sea freight transport firms are small if they have not more than 500 workers. According to the 2002 Economic Census, there were 3,429 trucking firms, 3,827 freight forwarders, and 195 deep sea freight transport companies. Over 99 percent of trucking firms, 96 percent freight forwarders, and 97 percent of deep sea freight transport firms are considered to be small. Thus, predominant numbers of meat processors, wholesale traders, and transport firms that could be affected by the rule are considered to be small by SBA standards. Average sales of even the smallest packers and wholesalers are large compared to the amount of pork expected to be imported from the four countries.

U.S. swine and pork producers (NAICS 112210) might be potentially affected by this rule. According to the 2002 Census of Agriculture, there were 82,028 hog and pig operations with

<sup>9</sup> \$9.7 million divided by \$12.4 billion equals 0.08 percent.

<sup>10</sup> U.S. Census Bureau, 2002 Economic Census: Manufacturing—Industries Series, Wholesale Trade—Subject Series and Transportation and Warehousing—Subject Series, issued August 2006; and SBA, Small Business Size Standards matched to North American Industry Classification System 2002, effective July 2006.

sales of 184,997,686 hogs and pigs valued at \$12.4 billion. These facilities are considered to be small if their annual receipts are not more than \$750,000. Over 83 percent of these operations (or 68,083) are considered to be small and had sales of fewer than 2,000 hogs and pigs. Small operations had a total inventory of 16,297,158 (8.81 percent) with an average inventory of 237 hogs, while large operations (or 13,945) had sales of 168,700,528 (91.19 percent) with an average inventory of 12,714 hogs. Based on inventory share, small operations had annual sales of \$1.3 billion and an average income of about \$19,400, while large operations had sales of \$11 billion with an average income of about \$834,000. As shown in table 3, the impact of potential pork imports on U.S. producers as a result of this rule would be small. The decrease in producer welfare per small entity is less than \$133 or about 0.6 percent of average annual sales of small entities when we assume that 10 percent of combined global pork exports by the four countries would be sent to the United States.

TABLE 3.—THE ECONOMIC IMPACT OF POTENTIAL PORK IMPORTS FROM THE CZECH REPUBLIC, LATVIA, LITHUANIA, AND POLAND ON U.S. SMALL ENTITIES, ASSUMING 10 PERCENT OF COMBINED GLOBAL PORK EXPORTS BY THE FOUR COUNTRIES ARE SENT TO THE UNITED STATES, 2005 DOLLARS

Total decline in producer welfare <sup>1</sup> .....	\$9,715,120
Decrease in welfare incurred by small entities <sup>2</sup> .....	\$855,902
Average decrease per head of inventory, small entities <sup>3</sup> .....	\$0.05
Average decrease per small entity <sup>4</sup> .....	\$124
Average decrease as percentage of average sales, small entities <sup>5</sup> .....	0.6%

<sup>1</sup> From table 2. The change in producer welfare is negative indicating a decline.

<sup>2</sup> Change in producer welfare multiplied by 8.81 percent from the above text. We assume that the change in producer welfare would be proportional to inventory share.

<sup>3</sup> Decrease in producer welfare for small entities divided by 16,297,158 (see text above).

<sup>4</sup> Average decrease per head of inventory multiplied by 237 (see text above).

<sup>5</sup> Average decrease per small entity divided by \$19,400 (see text above).

Because quantities of swine, swine semen, ruminants, and ruminant products imported from these countries, if such imports were to occur, are likely to be very small, effects of the rule with

respect to these commodities are not included in the analysis.

The amounts of pork shipped to the United States under the three scenarios discussed above would be 2,433 MT, 5,192 MT, and 13,013 MT. Even when the largest import quantity is assumed, the welfare effect for U.S. small-entity producers would be equivalent to less than 1 percent of their average revenue.

Predominant numbers of producers, meat processors, and wholesale traders are considered to be small entities. Other small entities that could theoretically be affected by the rule include refrigerated long-distance trucking firms, freight forwarders, and deep sea freight transport companies. In all cases, any effects of this rule for these types of businesses are expected to be very minor.

Under these circumstances, the Administrator of the Animal and Plant Health Inspection Service has determined that this action will not have a significant economic impact on a substantial number of small entities.

#### Executive Order 12988

This final rule has been reviewed under Executive Order 12988, Civil Justice Reform. This rule: (1) Preempts all State and local laws and regulations that are in conflict with this rule; (2) has no retroactive effect; and (3) does not require administrative proceedings before parties may file suit in court challenging this rule.

#### National Environmental Policy Act

Environmental assessments and findings of no significant impact have been prepared for each country within this final rule. The environmental assessments provide the basis for the conclusion that the addition of the Czech Republic, Latvia, Lithuania, and Poland to the list of EU countries considered to be low-risk for CSF and to the list of regions recognized as free of SVD, but that are subject to certain import restrictions, and the addition of Latvia and Lithuania to the list of regions recognized as free of FMD and rinderpest, but that are subject to certain import restrictions, will not have a significant impact on the quality of the human environment. Based on the finding of no significant impact, the Administrator of the Animal and Plant Health Inspection Service has determined that an environmental impact statement need not be prepared.

The environmental assessments and findings of no significant impact were prepared in accordance with: (1) The National Environmental Policy Act of 1969 (NEPA), as amended (42 U.S.C. 4321 *et seq.*), (2) regulations of the

Council on Environmental Quality for implementing the procedural provisions of NEPA (40 CFR parts 1500–1508), (3) USDA regulations implementing NEPA (7 CFR part 1b), and (4) APHIS' NEPA Implementing Procedures (7 CFR part 372).

The environmental assessments and findings of no significant impact may be viewed on the Regulations.gov Web site.<sup>11</sup> Copies of the environmental assessments and findings of no significant impact are also available for public inspection at USDA, room 1141, South Building, 14th Street and Independence Avenue, SW., Washington, DC, between 8 a.m. and 4:30 p.m., Monday through Friday, except holidays. Persons wishing to inspect copies are requested to call ahead on (202) 690–2817 to facilitate entry into the reading room. In addition, copies may be obtained by writing to the individual listed under **FOR FURTHER INFORMATION CONTACT**.

#### Paperwork Reduction Act

This final rule contains no new information collection or recordkeeping requirements under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

#### List of Subjects

##### 9 CFR Part 92

Animal diseases, Imports, Livestock, Poultry and poultry products, Region, Reporting and recordkeeping requirements.

##### 9 CFR Part 93

Animal diseases, Imports, Livestock, Poultry and poultry products, Quarantine, Reporting and recordkeeping requirements.

##### 9 CFR Part 94

Animal diseases, Imports, Livestock, Meat and meat products, Milk, Poultry and poultry products, Reporting and recordkeeping requirements.

##### 9 CFR Part 98

Animal diseases, Imports.

■ Accordingly, we are amending 9 CFR parts 92, 93, 94, and 98 as follows:

#### PART 92—IMPORTATION OF ANIMALS AND ANIMAL PRODUCTS: PROCEDURES FOR REQUESTING RECOGNITION OF REGIONS

■ 1. The authority citation for part 92 continues to read as follows:

<sup>11</sup> Go to <http://www.regulations.gov/fdmspublic/component/main?main=DocketDetail&d=APHIS-2006-0106>. The environmental assessments and findings of no significant impact will appear in the resulting list of documents.

**Authority:** 7 U.S.C. 1622 and 8301–8317; 21 U.S.C. 136 and 136a; 31 U.S.C. 9701; 7 CFR 2.22, 2.80, and 371.4.

■ 2. In § 92.1, the definition of *European Union* is revised to read as follows:

**§ 92.1 Definitions.**

\* \* \* \*

*European Union.* The organization of Member States consisting of Austria, Belgium, Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Republic of Ireland, Spain, Sweden, and the United Kingdom (England, Scotland, Wales, the Isle of Man, and Northern Ireland).

\* \* \* \*

**PART 93—IMPORTATION OF CERTAIN ANIMALS, BIRDS, FISH, AND POULTRY, AND CERTAIN ANIMAL, BIRD, AND POULTRY PRODUCTS; REQUIREMENTS FOR MEANS OF CONVEYANCE AND SHIPPING CONTAINERS**

■ 3. The authority citation for part 93 continues to read as follows:

**Authority:** 7 U.S.C. 1622 and 8301–8317; 21 U.S.C. 136 and 136a; 31 U.S.C. 9701; 7 CFR 2.22, 2.80, and 371.4.

■ 4. In § 93.500, the definition of *European Union-15 (EU-15)* is removed and a definition of *APHIS-defined EU CSF region* is added, in alphabetical order, to read as follows:

**§ 93.500 Definitions.**

\* \* \* \*

*APHIS-defined EU CSF region.* The European Union Member States of Austria, Belgium, the Czech Republic, Denmark, Finland, France, Germany, Greece, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Poland, Portugal, Republic of Ireland, Spain, Sweden, and the United Kingdom (England, Scotland, Wales, the Isle of Man, and Northern Ireland).

\* \* \* \*

**§ 93.505 [Amended]**

■ 5. In § 93.505, paragraph (a), the words “region consisting of the EU-15 for the purposes of classical swine fever” are removed and the words “APHIS-defined EU CSF region” are added in their place, and the note at the end of the paragraph is removed.

**PART 94—RINDERPEST, FOOT-AND-MOUTH DISEASE, FOWL PEST (FOWL PLAGUE), EXOTIC NEWCASTLE DISEASE, AFRICAN SWINE FEVER, CLASSICAL SWINE FEVER, AND BOVINE SPONGIFORM ENCEPHALOPATHY: PROHIBITED AND RESTRICTED IMPORTATIONS**

■ 6. The authority citation for part 94 continues to read as follows:

**Authority:** 7 U.S.C. 450, 7701–7772, 7781–7786, and 8301–8317; 21 U.S.C. 136 and 136a; 31 U.S.C. 9701; 7 CFR 2.22, 2.80, and 371.4.

■ 7. In § 94.0, the definition of *European Union-15 (EU-15)* is removed and a definition of *APHIS-defined EU CSF region* is added, in alphabetical order, to read as follows:

**§ 94.0 Definitions.**

\* \* \* \*

*APHIS-defined EU CSF region.* The European Union Member States of Austria, Belgium, the Czech Republic, Denmark, Finland, France, Germany, Greece, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Poland, Portugal, Republic of Ireland, Spain, Sweden, and the United Kingdom (England, Scotland, Wales, the Isle of Man, and Northern Ireland).

\* \* \* \*

**§ 94.1 [Amended]**

■ 8. In § 94.1, paragraph (a)(2) is amended by adding the words “Latvia, Lithuania,” immediately after the word “Japan,”.

**§ 94.1a [Removed]**

■ 9. Section 94.1a is removed.

**§ 94.9 [Amended]**

■ 10. In § 94.9, paragraphs (b) and (c), the words “EU-15” are removed and the words “APHIS-defined EU CSF region” added in their place.

**§ 94.10 [Amended]**

■ 11. In § 94.10, paragraphs (b) and (c), the words “EU-15” are removed and the words “APHIS-defined EU CSF region” added in their place.

**§ 94.11 [Amended]**

■ 12. In § 94.11, paragraph (a) is amended by adding the words “Latvia, Lithuania,” immediately after the word “Japan,”.

■ 13. In § 94.12, paragraph (a) is revised to read as follows:

**§ 94.12 Pork and pork products from regions where swine vesicular disease exists.**

(a) Swine vesicular disease is considered to exist in all regions of the

world except Australia, Austria, the Bahamas, Belgium, Bulgaria, Canada, Central American countries, Chile, the Czech Republic, Denmark, Dominican Republic, Fiji, Finland, France, Germany, Greece, Greenland, Haiti, Hungary, Iceland, Latvia, Lithuania, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Panama, Poland, Portugal, Republic of Ireland, Romania, Spain, Sweden, Switzerland, Trust Territories of the Pacific, the United Kingdom (England, Scotland, Wales, the Isle of Man, and Northern Ireland), Yugoslavia, and the Regions in Italy of Friuli, Liguria, Marche, and Valle d’Aosta.

\* \* \* \*

■ 14. In § 94.13, in the introductory text of the section, the first sentence is revised to read as follows:

**§ 94.13 Restrictions on importation of pork or pork products from specified regions.**

Austria, the Bahamas, Belgium, Bulgaria, Chile, the Czech Republic, Denmark, France, Germany, Hungary, Latvia, Lithuania, Luxembourg, the Netherlands, Poland, Portugal, Republic of Ireland, Spain, Switzerland, the United Kingdom (England, Scotland, Wales, the Isle of Man, and Northern Ireland), Yugoslavia, and the Regions in Italy of Friuli, Liguria, Marche, and Valle d’Aosta are declared free of swine vesicular disease in § 94.12(a) of this part.

\* \* \*

\* \* \* \*

**§ 94.24 [Amended]**

■ 15. Section 94.24 is amended as follows:

■ a. In the section heading, by removing the words “EU-15” and adding the words “APHIS-defined EU CSF region” in their place.

■ b. In paragraph (a), introductory text, and paragraph (a)(1)(i), by removing the words “EU-15” and adding the words “APHIS-defined EU CSF region” in their place.

■ c. In paragraphs (a)(1)(ii) and (a)(1)(iii), by removing the words “the EU-15” and adding the words “the APHIS-defined EU CSF region” in their place and by removing the words “an EU-15” and adding the word “the” in their place.

■ d. In paragraph (a)(5), by removing the words “EU-15” and adding the words “APHIS-defined EU CSF region” in their place.

■ e. In paragraph (b), introductory text, and paragraph (b)(2)(i), by removing the words “EU-15” and adding the words “APHIS-defined EU CSF region” in their place.

■ f. In paragraph (b)(2)(ii) and (b)(2)(iii), by removing the words “the EU-15”

and adding the words “the APHIS-defined EU CSF region” in their place and by removing the words “an EU-15” and adding the word “the” in their place.

■ g. In paragraph (b)(6), by removing the words “EU-15” and adding the words “APHIS-defined EU CSF region” in their place.

## **PART 98—IMPORTATION OF CERTAIN ANIMAL EMBRYOS AND ANIMAL SEMEN**

■ 16. The authority citation for part 98 continues to read as follows:

**Authority:** 7 U.S.C. 1622 and 8301–8317; 21 U.S.C. 136 and 136a; 31 U.S.C. 9701; 7 CFR 2.22, 2.80, and 371.4.

■ 17. In § 98.30, the definition of *European Union-15 (EU-15)* is removed and a definition of *APHIS-defined EU CSF region* is added, in alphabetical order, to read as follows:

### **§ 98.30 Definitions.**

\* \* \* \* \*

*APHIS-defined EU CSF region.* The European Union Member States of Austria, Belgium, the Czech Republic, Denmark, Finland, France, Germany, Greece, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Poland, Portugal, Republic of Ireland, Spain, Sweden, and the United Kingdom (England, Scotland, Wales, the Isle of Man, and Northern Ireland).

\* \* \* \* \*

### **§ 98.38 [Amended]**

■ 18. Section 98.38 is amended as follows:

■ a. In the section heading, by removing the words “EU-15” and adding the words “APHIS-defined EU CSF region” in their place.

■ b. In the introductory text of the section, paragraph (a), and paragraph (b)(1), by removing the words “EU-15” and adding the words “APHIS-defined EU CSF region” in their place.

■ c. In paragraph (b)(2), by removing the words “the EU-15” and adding the words “the APHIS-defined EU CSF region” in their place and by removing the words “an EU-15” and adding the word “the” in their place.

■ d. In paragraph (b)(3), by removing the words “EU-15 established” and adding the words “APHIS-defined EU CSF region established” in their place and by removing the words “EU-15” immediately before the word “Member”.

■ e. In paragraph (f), by removing the words “Office International des Epizooties” and the parentheses surrounding the words “World Organization for Animal Health”.

■ f. In paragraph (i), by removing the words “EU-15” and adding the words “APHIS-defined EU CSF region” in their place.

Done in Washington, DC, this 20th day of November 2007.

**Kevin Shea,**

*Acting Administrator, Animal and Plant Health Inspection Service.*

[FR Doc. E7–23126 Filed 11–27–07; 8:45 am]

**BILLING CODE 3410–34–P**

## **FEDERAL DEPOSIT INSURANCE CORPORATION**

### **12 CFR Part 308**

**RIN 3064–AD22**

### **Rules of Practice and Procedure**

**AGENCY:** Federal Deposit Insurance Corporation.

**ACTION:** Final rule.

**SUMMARY:** The Federal Deposit Insurance Corporation (FDIC) is amending its procedural regulations implementing sections 8(g) and 8(b) of the Federal Deposit Insurance Act. The amendments are generally technical in nature, and are necessary to ensure that the rules are consistent with statutory changes effected by sections 708 and 702 of the Financial Services Regulatory Relief Act of 2006.

**DATES:** *Effective Date:* November 28, 2007.

### **FOR FURTHER INFORMATION CONTACT:**

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### **SUPPLEMENTARY INFORMATION:**

#### **I. Background**

On October 13, 2006, the President signed into law Public Law 109–351, the Financial Services Regulatory Relief Act of 2006 (FSRRA). Section 708 of the FSRRA modified section 8(g) of the Federal Deposit Insurance Act (FDI Act), in a number of ways.

On August 9, 1991, the FDIC issued a final rule entitled “Rules of Practice and Procedure.” 56 FR 37975, August 9, 1991. This rule contained a Subpart N, entitled “Rules and Procedures Applicable to Proceedings Relating to Suspension, Removal, and Prohibition Where a Felony is Charged,” which

included sections 308.161–308.164. Section 708 of FSRRA made various modifications to section 8(g) of the FDI Act to clarify the extent of the suspension, removal and prohibition authority of the Federal banking agencies in cases of certain crimes by institution-affiliated parties (IAPs). Minor modifications were made to the predicate and findings requirements of section 8(g)(1), as well as conforming amendments to sections 8(g)(2) and (3). Significantly, section 8(g)(1) was modified to clarify that the appropriate Federal banking agency may suspend or prohibit individuals who are the subject of criminal proceedings involving certain crimes from participation in the affairs of any depository institution, not only the depository institution with which the IAP is or was associated.

In addition, because the previous suspension language of section 8(g) had required findings specific to the depositors of the depository institution or to the depository institution itself, it was unclear whether a covered individual could be suspended if the institution had ceased to exist. This problem was addressed by directing the required findings to “any relevant depository institution,” which is defined in a new subsection (E) to mean any depository institution of which the party is or was an IAP at the time the information, indictment, complaint, suspension notice or order of prohibition is issued.

Since much of the language of section 8(g) is repeated in the FDIC’s implementing regulations at Part 308, Subpart N—Rules and Procedures Applicable to Proceedings Relating to Suspension, Removal, and Prohibition Where a Felony is Charged, 12 CFR 308.161–164, numerous conforming amendments of the regulations are required. Finally, a few changes are made in order to standardize references contained in the various sections and to make the hearing procedures easier to understand and to conform with current practice and procedure.

Section 702 of FSRRA enacted a new section 50 of the FDI Act, codified at 12 U.S.C. 1831aa, entitled “Enforcement of Agreements.” Subsection (a) of the new section 50 provides that:

“Notwithstanding clause (i) or (ii) of section 8(b)(6)(A) or section 38(e)(2)(E)(i), the appropriate Federal banking agency for a depository institution may enforce, under section 8, the terms of—

(1) Any condition imposed in writing by the agency on the depository institution or an institution-affiliated party in connection with any action on