to conform to the tariff schedule which becomes effective on January 1, 1995.

Throughout the regulation, the term "annual quota" is replaced by "annual tariff-rate quota," and references to the TSUS are now to the Harmonized Tariff Schedule of the United States, the Harmonized Tariff Schedule, or the HTS.

The definitions in section 6.21 are amended to: (1) replace the term "annual quota" with "annual tariff-rate quota," $(\hat{2})$ add a definition of 'Appendix 3'' which sets forth the increments in the tariff-rate quota quantities for 1995 for certain cheese and non-cheese articles and the total 1995 tariff-rate quota for butter substitutes to be administered under this regulation, (3) define the term "Harmonized Tariff Schedule of the United States," (4) change the reference to the Licensing Authority, which has moved within the Foreign Agricultural Service agency structure, (5) add the term "any country" which will apply to in-quota amounts for which there is no country allocation and to country of origin adjustments provided for in section 6.30, and (6) change all references to the TSUS to read the HTS.

Section 6.23, which establishes exceptions to the requirement for a license to enter certain products, is amended to conform with the exceptions in General Note 15 of the Harmonized Tariff Schedule of the United States.

The eligibility provisions in section 6.25 are changed to: (1) eliminate all one-time provisions establishing eligibility for new historical and nonhistorical licenses which resulted from the Tokyo Round Agreement, (2) provide that the eligibility requirements for supplementary licenses be applied to Appendix 3 cheese articles and provide eligibility criteria for non-cheese dairy article Appendix 3 supplementary import licenses, and (3) provide for an application period for licenses to import all 1995 Uruguay Round increments in cheese and certain non-cheese dairy articles. The eligibility requirements for the non-cheese articles are significantly more stringent than the existing cheese requirements. This is to ensure that licenses are awarded to import/ distribution or manufacturing operations. There is, however, an alternative eligibility requirement for non-cheese items which requires a greater number of shipments spread throughout the year than the standard criteria. The alternative is intended to allow small companies or those seeking less than a container-load to qualify for license.

Section 6.26 is amended to: (1) eliminate all one-time provisions establishing the allocation of new historical licenses which resulted from the Tokyo Round Agreement, (2) update the table of minimum non-historical license sizes to show the HTS number and quantity in kilograms, and (3) apply the allocation methods for supplementary licenses to Appendix 3 cheese articles and establish allocation methods for Appendix 3 non-cheese articles. The minimum and maximum supplementary license sizes for noncheese articles are being set at higher levels than those which currently apply to cheese articles to reflect current shipping practices. The allocation method for the new amounts of noncheese articles will be a rank-order lottery, in which applicants are requested to number each license request in a rank order. Once a license is awarded from among the non-cheese articles to an applicant, no other noncheese license will be awarded to that applicant until all the other applicants have received at least one non-cheese license for which they applied, provided that the licenses for which they applied are not already fully allocated.

Section 6.27 is amended to delete the references to Customs Form 7505 which is no longer in use. Sections 6.28, 6.29, and 6.30 are amended solely to bring them up-to-date and into conformance with the HTS effective as of January 1, 1995, and to provide coverage for Appendix 3 articles where appropriate. Section 6.34 is deleted as it is unnecessary in the body of the rule.

List of Subjects in 7 CFR Part 6

Agricultural commodities, Cheese, Dairy products, Imports, and Reporting and record keeping requirements.

Interim Rule

Accordingly, 7 CFR Part 6, Subpart— Section 22 Import Quotas, §§ 6.20–6.34, and Appendix 1 and Appendix 2 thereto, are amended as follows:

1. The heading for §§ 6.20–6.34 is revised to read as follows: "Subpart— Tariff-Rate Quotas".

2. The authority citation for sections 6.20–6.34 and the appendices thereto is revised to read as follows:

Authority: Additional U.S. Notes 6, 7, 12, 14, and 16–25 to Chapter 4 and General Note 15 of the Harmonized Tariff Schedule of the United States (19 U.S.C. 1202), Pub. L. 97–258, 96 Stat. 1051 (31 U.S.C. 9701), and sec. 111, Pub. L. 103–465, 108 Stat. 4819.

3. Section 6.20 is revised to read as follows:

§6.20 Determination.

Additional U.S. Notes 6, 7, 12, 14, and 16 through 25 to Chapter 4 of the Harmonized Tariff Schedule of the United States provide that imports of the articles enumerated in those notes require import licenses issued by the U.S. Department of Agriculture. Additional U.S. Notes 16 through 25 also provide that unfilled allocations may be reallocated in accordance with regulations issued by the U.S. Department of Agriculture. General Note 15 provides for certain exceptions that require the approval of the Secretary of Agriculture. These regulations shall apply to all articles subject to tariff-rate quotas, and the exceptions thereto, in accordance with these notes.

4. Section 6.21 is revised to read as follows:

§6.21 Definitions.

Affiliate means any person or legal entity which owns or is owned by, in total or in part, directly or indirectly, or controls or is controlled by another person, persons or legal entity. For a corporation, ownership interest will be the controlling criterion. If 5 percent or more equity interest in the aggregate is owned or controlled in a corporation, partnership, estate, or trust by or for a person, a corporation, a partnership, or a beneficiary of an estate or a trust, the interest will be considered as owned or controlled by the person, partnership, corporation, estate or trust. Ownership interest in any person or legal entity may be attributed to another person or entity in accordance with $\S6.25(b)(3)$, thereby causing the person or entity to whom the ownership interest has been attributed to be defined as an "affiliate" even though such persons or legal entities have no direct relation with each other

Annual tariff-rate quota means the quantity of an article which may be entered in a quota year as provided for in Appendix 1, Appendix 2 and Appendix 3 at the in-quota tariff rate.

Any country means those countries or territories listed in Annex A, Schedule C of the Harmonized Tariff Schedule.

Appendix 1 means Appendix 1 to this subpart. Definitions of articles in this appendix are the same as those provided for in the Additional U.S. Notes to Chapter 4 of the Harmonized Tariff Schedule.

Appendix 2 means Appendix 2 to this subpart. Definitions of articles in this appendix are the same as those provided for in the Additional U.S. Notes to Chapter 4 of the Harmonized Tariff Schedule.

Appendix 3 means Appendix 3 to this subpart. Definitions of articles in this

1990