

imports would be subject to certain restrictions.

The proposed revision would also relieve restrictions on the importation, from Uruguay, of milk and milk products of ruminants. This action would not relieve certain restrictions on the importation of live swine and fresh, chilled, and frozen meat of swine from Uruguay because Uruguay is still considered to be affected with hog cholera.

The primary effects of the proposed change in the regulations would be to bovine meat and prepared products. Swine and swine products are excluded because of restrictions due to hog cholera, and the United States has not imported any mutton, lamb, or goat meat from Uruguay in the last 2 years. This situation is not expected to change as a result of the proposed rule.

This proposed rule is not expected to affect United States imports of miscellaneous animal products from Uruguay, including embryos, semen, breeding animals, and other products.

The increase in beef imports resulting from the proposed regulation change is expected to have a minimal negative impact on producers, while benefitting consumers.

Uruguayan beef production is made up mostly of grass-fed product. These animals take longer to reach slaughter weights and are lighter at slaughter than grain-fed cattle. As a result, although Uruguayan cattle inventories (10.4 million at the end of 1994) are about 10 percent of United States cattle inventories (103.3 million on January 1, 1995), Uruguayan beef production runs at only 2 to 4 percent of United States production. Uruguay currently exports one third of its beef production. However, Uruguay is not expected to exceed the 20,000 metric ton (MT) tariff-free quota limit for exports of beef into the United States established under the General Agreement on Tariffs and Trade (GATT).

Twenty-two percent of United States beef consumption goes into "non table-cut" applications, such as fast-food hamburgers and other prepared meats; 78 percent of United States beef consumption goes into consumer applications, such as steak and filet mignon, that require beef produced from grain-fed cattle. (Beef produced in the United States comes predominantly from grain-fed cattle and is used for higher-quality table-cuts.) Most of the beef exported from Uruguay is produced from grass-fed cattle and is suitable for lower-quality, non table-cut applications. However, select cuts of beef from grass-fed cattle may be of the same quality as cuts from grain-fed

cattle. For the most part, beef exports from Uruguay would affect the market for non table-cut beef in the United States.

Beef and dairy farms and feedlot operators would experience the greatest impact as a result of the proposed rule. According to Small Business Administration (SBA) criteria, beef and dairy farms with annual sales of less than \$0.5 million are considered small. In 1992, 801,940 operations with beef cows were considered small. These small farms averaged sales of \$20,976 in 1992, as opposed to average sales of \$1.3 million on large farms.

Recent USDA data indicated that 152,500 dairy farms were considered small. In addition to the sale of dairy products, the sale of culled dairy cattle and young stock not retained for milking or breeding contributed to dairy farm income. In the worst case scenario, the proposed rule would produce a drop in net farm income of \$15 on small beef farms and \$83 on small dairy farms when imports were assumed to consist of beef from grass-fed cattle.

With regards to the sale of dairy products, the Department does not anticipate a major increase in exports of milk and milk products from Uruguay into the United States as a result of this proposed rule. Only about 10 percent of Uruguay's cow herd is made up of dairy cows, and it is expected that the increase in beef cattle returns will not significantly alter this situation. In addition, all dairy products imported into the United States are restricted by quotas except for casein, caseinate, and other casein derivatives (hereafter referred to as casein), which are dry milk products. The United States does not produce casein, but does import more than half of the casein produced in the world. Uruguay has not exported casein to the United States in recent years. Declaring Uruguay free of FMD is expected to have a minimal effect on the amount of casein imported into the United States.

According to the SBA, feedlots with sales of less than \$1.5 million are considered small. Recent USDA data indicate that 30 percent of feedlots in the United States are considered small. In the worst case scenario, the proposed rule would produce a loss of \$30 per year in gross sales for a small feedlot.

The impact of the proposed rule on cattle dealers/haulers and cattle slaughterers/primary processors would be minimal because the reduction in the number of cattle marketed and the number of truck hauls required to move them would be very small in relation to the current numbers.

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

Executive Order 12778

This proposed rule has been reviewed under Executive Order 12778, Civil Justice Reform. If this proposed rule is adopted: (1) All State and local laws and regulations that are inconsistent with this rule will be preempted; (2) no retroactive effect will be given to this rule; and (3) administrative proceedings will not be required before parties may file suit in court challenging this rule.

Paperwork Reduction Act

This proposed rule contains no information collection or recordkeeping requirements under the Paperwork Reduction Act of 1980 (44 U.S.C. 3501 *et seq.*).

List of Subjects in 9 CFR Part 94

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

Accordingly, 9 CFR part 94 would be amended as follows:

PART 94—RINDERPEST, FOOT-AND-MOUTH DISEASE, FOWL PEST (FOWL PLAGUE), VELOGENIC VISCEROTROPIC NEWCASTLE DISEASE, AFRICAN SWINE FEVER, HOG CHOLERA, AND BOVINE SPONGIFORM ENCEPHALOPATHY: PROHIBITED AND RESTRICTED IMPORTATIONS

1. The authority citation for part 94 would continue to read as follows:

Authority: 7 U.S.C. 147a, 150ee, 161, 162, and 450; 19 U.S.C. 1306; 21 U.S.C. 111, 114a, 134a, 134b, 134c, 134f, 136, and 136a; 31 U.S.C. 9701; 42 U.S.C. 4331, 4332; 7 CFR 2.17, 2.51, and 371.2(d).

§ 94.1 [Amended]

2. In § 94.1, paragraph (a)(2) would be amended by removing "and Trust Territory of the Pacific Islands." and adding "Trust Territory of the Pacific Islands, and Uruguay." in its place.

§ 94.11 [Amended]

5. In § 94.11, paragraph (a), the first sentence would be amended by removing "and Switzerland," and adding "Switzerland, and Uruguay," in its place.