

that amended the brucellosis regulations concerning the interstate movement of cattle by changing the classification of California from Class A to Class Free. We have determined that California meets the standards for Class Free status. The interim rule was necessary to relieve certain restrictions on the interstate movement of cattle from California.

EFFECTIVE DATE: The interim rule was effective on October 15, 1997.

FOR FURTHER INFORMATION CONTACT: Dr. R. T. Rollo, Jr., Staff Veterinarian, National Animal Health Programs, VS, APHIS, Suite 3B08, 4700 River Road Unit 36, Riverdale, MD 20737-1231, (301) 734-7709; or e-mail: rrollo@aphis.usda.gov.

SUPPLEMENTARY INFORMATION:

Background

In an interim rule effective and published in the **Federal Register** on October 15, 1997 (62 FR 53531-53532, Docket No. 97-082-1), we amended the brucellosis regulations in 9 CFR part 78 by removing California from the list of Class A States in § 78.41(b) and adding it to the list of Class Free States in § 78.41(a).

Comments on the interim rule were required to be received on or before December 15, 1997. We did not receive any comments. The facts presented in the interim rule still provide a basis for the rule.

This action also affirms the information contained in the interim rule concerning Executive Order 12866 and the Regulatory Flexibility Act, Executive Orders 12372 and 12988, and the Paperwork Reduction Act.

Further, for this action, the Office of Management and Budget has waived the review process required by Executive Order 12866.

List of Subjects in 9 CFR Part 78

Animal diseases, Bison, Cattle, Hogs, Quarantine, Reporting and recordkeeping requirements, Transportation.

PART 78—BRUCELOSIS

Accordingly, we are adopting as a final rule, without change, the interim rule that amended 9 CFR part 78 and that was published at 62 FR 53531-53532 on October 15, 1997.

Authority: 21 U.S.C. 111-114a-1, 114g, 115, 117, 120, 121, 123-126, 134b, and 134f; 7 CFR 2.22, 2.80, and 371.2(d).

Done in Washington, DC, this 20th day of January 1998.

Terry L. Medley,

Administrator, Animal and Plant Health Inspection Service.

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DEPARTMENT OF AGRICULTURE

Animal and Plant Health Inspection Service

9 CFR Part 93

[Docket No. 96-052-3]

Horses from Mexico; Quarantine Requirements

AGENCY: Animal and Plant Health Inspection Service, USDA.

ACTION: Final rule.

SUMMARY: We are amending the regulations regarding the importation of horses from Mexico to remove the requirement that such horses be quarantined for not less than 7 days in vector-proof quarantine facilities before being imported into the United States. This action is warranted because Mexico has reported no cases of Venezuelan equine encephalomyelitis (VEE) in more than a year, and we have determined that horses imported into the United States from Mexico without a 7-day quarantine will not pose a risk of transmitting VEE to horses in the United States.

EFFECTIVE DATE: February 10, 1998.

FOR FURTHER INFORMATION CONTACT: Dr. Gary Colgrove, Chief Staff Veterinarian, National Center for Import and Export, VS, APHIS, 4700 River Road, Unit 38, Riverdale, MD 20737-1231, (301) 734-3276.

SUPPLEMENTARY INFORMATION:

Background

The regulations in 9 CFR part 93 (referred to below as "the regulations") govern the importation into the United States of specified animals and animal products, including horses from Mexico, to prevent the introduction into the United States of various animal diseases.

On August 8, 1997, we published in the **Federal Register** (62 FR 42705-42707, Docket No. 96-052-2) a proposal to amend the regulations to remove the requirement that horses imported into the United States from Mexico be quarantined for not less than 7 days in a vector-free facility. With this change, horses imported into the United States from Mexico would only need to be

quarantined for an average of 3 to 4 days.

We also proposed to remove the requirement that horses from Mexico intended for importation into the United States through land border ports be quarantined in Mexico at a facility approved by the Administrator of the Animal and Plant Health Inspection Service (APHIS) and constructed so as to prevent the entry of mosquitoes and other hematophagous insects.

At the time that we published our proposal, the requirements for horses imported into the United States from Mexico were in regulations designated as 9 CFR part 92. As a result of a final rule published in the **Federal Register** on October 28, 1997 (62 FR 56000-56026, Docket No. 94-106-9), and effective on November 28, 1997, the regulations for importing animals have been redesignated as 9 CFR part 93.

We solicited comments concerning the proposed rule for 60 days ending October 7, 1997. We received 4 comments by that date. They were from representatives of industry. Two of the commenters supported the proposed rule. The remaining commenters had concerns about the proposed rule. Those concerns are discussed below.

One commenter felt that a year of disease-free status is not long enough to ensure that Mexico is free from VEE. Accordingly, the commenter suggested that we retain the 7-day quarantine for horses entering the United States from Mexico.

The standing policy of Veterinary Services, APHIS, is to propose to reduce the quarantine required for horses from a region when that region's last confirmed case of VEE occurred at least 1 year ago. This policy was implemented during the last outbreak of VEE in the State of Chiapas, Mexico, in 1993. One year of disease free status provides us with confidence that the outbreak is under control, that the disease is not spreading, and that the region has implemented effective measures to contain the disease. At this time, the last confirmed case of VEE in Mexico was reported almost 18 months ago, and there appears to be no reason to continue requiring the 7-day quarantine for horses entering the United States from Mexico. Therefore, we are making no changes to the proposed rule in response to this comment.

Both commenters expressing concerns maintained that Mexico has less stringent criteria than the United States regarding the movement of horses into and out of the country and noted that, because the United States is expected to abide by the European Union's strict

criteria regarding the transportation of horses, removing the 7-day quarantine for horses from Mexico may negatively affect the disease-free status of the United States. Accordingly, both commenters asked that before the removal of the 7-day quarantine, the Government of Mexico establish specific guidelines for identifying, isolating, and tracking the location and progress of infectious diseases such as VEE.

As with U.S. regulations, Mexico's VEE requirements for horses moving into Mexico depend on the horses' region of origin. For example, Mexico has no restrictions concerning testing for VEE of horses from Europe because the disease does not occur, and never has been reported, in Europe. For horses from regions where VEE has occurred, but where the disease may not be routinely reported, Mexico requires certification that VEE has not been reported within a radius of 200 kilometers of the horses' premises of origin, and that the horses to be imported into Mexico test negative for VEE. In addition, Mexico prohibits the importation of horses from regions, such as the country of Venezuela, where cases of VEE are frequently reported. The 1996 VEE outbreak in Mexico resulted from a local strain of VEE, not a VEE strain that was inadvertently imported into the country.

Regarding Mexico's restrictions on horses moving from Mexico to another country, Mexico's handling of horses for export is dependent on the requirements imposed by the country of destination. Mexico does not determine these requirements. If Mexico wants to export its horses to a certain country, Mexico must comply with that country's requirements.

Further, Mexico responded to the 1996 outbreak, which occurred in the southern State of Oaxaca, by (1) immediately restricting the movement of all horses from that State, (2) intensively vaccinating all horses in the area of the outbreak, (3) vaccinating horses in the neighboring States of Chiapas, Veracruz, and Guerrero, and (4) in collaboration with the Department of Public Health, fumigating against mosquitos, which are vectors for VEE. These actions prevented any further spread of the disease, as evidenced by no further detections of VEE cases in Mexico for the past 18 months.

In light of Mexico's import and export procedures, and the country's active control and eradication activities when outbreaks of VEE have occurred, we do not believe that reducing the minimum quarantine period for horses from Mexico will negatively affect the disease status of the United States, and we do

not believe that it is necessary to establish specific guidelines on Mexico for identifying, isolating, or tracking VEE. Therefore, we are making no changes to the proposed rule in response to these comments.

Therefore, based on the rationale set forth in the proposed rule and in this document, we are adopting the provisions of the proposal as a final rule without change.

Although a 7-day quarantine will no longer be required, horses from Mexico intended for importation into the United States, except those imported for immediate slaughter, must continue to be quarantined at a designated port until they (1) test negative to an official test for dourine, glanders, equine piroplasmiasis, and equine infectious anemia; and (2) test negative to any other tests that may be required by APHIS. Additionally, all horses intended for importation from Mexico must continue to be quarantined until they are inspected and found free from communicable disease and fever-tick infestation. On average, these tests and inspections take 3 to 4 days.

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 removes the requirement that horses imported from Mexico be quarantined for 7 days at vector-proof quarantine facilities. This requirement is no longer necessary, due to the elimination of VEE in Mexico. Therefore, the Administrator of the Animal and Plant Health Inspection Service has determined that this rule should be effective 15 days after the date of publication in the **Federal Register**.

Executive Order 12866 and Regulatory Flexibility Act

This proposed rule has been reviewed under Executive Order 12866. For this action, the Office of Management and Budget has waived its review process required by Executive Order 12866.

We are amending the regulations regarding the importation of horses from Mexico to remove the requirement that such horses be quarantined for not less than 7 days in vector-proof quarantine facilities before being imported into the United States. This action is warranted because Mexico has reported no cases of VEE in the past year, and horses imported into the United States from Mexico without a 7-day quarantine will not pose a risk of transmitting VEE to horses in the United States. Horses

imported from Mexico will still be required to be held in quarantine until it has been determined that the animals are free of exotic pests and diseases.

Horses enter the United States from Mexico for a variety of reasons, including for breeding, competition, racing, research, and slaughter. During fiscal year 1996, about 7,359 horses were imported into the United States from Mexico. In fiscal year 1995, there were about 15,317 horses imported from Mexico.

Under the restrictions placed on imported Mexican horses due to an outbreak of VEE in that country in 1996, horses intended for importation into the United States from Mexico were held in a vector-proof quarantine facility for 7 days prior to entering the United States. Because Mexico has been determined to be free of VEE, this rule eliminates the requirement for a 7-day quarantine at a facility approved by the Administrator of APHIS and constructed so as to prevent the entry of mosquitoes and other hematophagous insects. Horses imported from Mexico will continue to be required to be held in quarantine until it has been determined that the animal is free of exotic pests and diseases. This quarantine period generally lasts 3 or 4 days, based on the turnaround time at the laboratory where blood tests are performed.

Horses intended for importation into the United States from Mexico are quarantined in Mexican facilities operated by the Mexican Cattleman's Association. Different fees are assessed by the six State chapters which operate facilities along the United States/Mexico border. We estimate that the quarantine charge at vector-proof facilities is between \$5.00 and \$35.00 per head per day for the 7-day quarantine, or \$35 to \$250 per animal imported. Quarantine charges at the other facilities, which are not vector-proof, that will again be eligible to quarantine horses intended for importation into the United States average \$3.00 per head per day. A 4-day quarantine will cost importers \$12.00 per animal imported. Therefore, importers could potentially save between \$23 and \$238 per animal imported in quarantine charges. Of course, there are other amenities at some of the vector-proof facilities that may still draw some importers to those facilities. At fiscal year 1996 import levels, the elimination of the VEE quarantine will decrease the quarantine costs of domestic importers by between \$169,257 and \$1.75 million annually.

In addition, the removal of the VEE restriction will eliminate the need for daily visits during the quarantine period to the quarantine facility by APHIS'

veterinary medical officers (VMOs) and animal health technicians (AHTs) to conduct temperature checks of the animals to be imported. APHIS charges hourly user fees for inspection services conducted outside the United States. The published hourly fee for VMOs and AHTs is \$56.00. The agency estimates that it takes 3 hours for APHIS personnel to travel to Mexican quarantine facilities and complete the temperature checks. The elimination of these checks will save the importer about \$1,176 per shipment. Since slaughter horse imports from Mexico average about 40 head per shipment, this is a savings of about \$29.40 per head. Other types of imported horses from Mexico average about two head per shipment, for a savings of \$588 per head. At fiscal year 1996 import levels, the elimination of the user fees for horse inspection for VEE in Mexico will decrease the cost of importation by about \$2.5 million annually.

The Regulatory Flexibility Act requires that the Agency specifically consider the economic impact associated with rule changes on small entities. The Small Business Administration (SBA) has set forth size criteria by Standard Industrial Classification (SIC) which can be used as a guide in determining which economic entities meet the definition of a small business. The SBA's definition of a small business engaged in the wholesale trading of livestock is one that employs no more than 100 persons. Currently, there are 1,992 domestic entities that trade livestock wholesale. About 1,965 of these entities are classified as small by the SBA. The exact number of domestic wholesale livestock traders currently importing Mexican horses cannot be determined. However, entities, whether large or small, engaged in importing Mexican horses will be positively impacted by this rule change.

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 rule has been reviewed under Executive Order 12988, Civil Justice Reform. This rule: (1) Preempts all State and local laws and regulations that are inconsistent 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.

Paperwork Reduction Act

This 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 in 9 CFR Part 93

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

Accordingly, 9 CFR part 93 is amended as follows:

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

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

Authority: 7 U.S.C. 1622; 19 U.S.C. 1306; 21 U.S.C. 102-105, 111, 114a, 134a, 134b, 134c, 134d, 134f, 135, 136, and 136a; 31 U.S.C. 9701; 7 CFR 2.22, 2.80, and 371.2(d).

§ 93.308 [Amended]

2. In § 93.308, paragraph (a)(1) is amended by removing the reference to “§ 93.317” and adding in its place the reference to “§§ 93.317 and 93.324”.

§ 93.324 [Amended]

3. Section 93.324 is amended by removing the words “, for not less than 7 days and” and by removing the words “approved by the Administrator and constructed so as to prevent the entry of mosquitoes and other hematophagous insects”.

§ 93.326 [Amended]

4. In § 93.326, the first sentence is amended by removing the words “93.323, and 93.324” and adding in their place the words “and 93.323”.

Done in Washington, DC, this 20th day of January 1998.

Terry L. Medley,

Administrator, Animal and Plant Health Inspection Service.

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DEPARTMENT OF THE TREASURY

31 CFR Part 103

Conditional Exceptions to Bank Secrecy Act Regulations Relating to Orders for Transmittals of Funds by Financial Institutions

AGENCY: Financial Crimes Enforcement Network, Treasury.

ACTION: Grant of conditional exceptions.

SUMMARY: This document contains two conditional exceptions to a provision of the Bank Secrecy Act regulations. The exceptions permit financial institutions to comply more efficiently with requirements for inclusion of certain information in transmittal orders for transmissions of funds.

EFFECTIVE DATE: January 26, 1998.

FOR FURTHER INFORMATION CONTACT:

Peter Djinis, Associate Director, FinCEN, (703) 905-3920; Charles Klingman, Financial Institutions Policy Specialist, Office of Program Development, FinCEN, (703) 905-3920; Stephen R. Kroll, Legal Counsel, FinCEN, and Cynthia L. Clark, Acting Deputy Legal Counsel, Office of Legal Counsel, FinCEN, (703) 905-3590.

SUPPLEMENTARY INFORMATION:

I. Introduction

The statute generally referred to as the “Bank Secrecy Act,” Titles I and II of Public Law 91-508, as amended, codified at 12 U.S.C. 1829b, 12 U.S.C. 1951-1959, and 31 U.S.C. 5311-5330, authorizes the Secretary of the Treasury, *inter alia*, require financial institutions to keep records and file reports that are determined to have a high degree of usefulness in criminal, tax, and regulatory matters, and to implement counter-money laundering programs and compliance procedures. Regulations implementing Title II of the Bank Secrecy Act (codified at 31 U.S.C. 5311-5330) appear at 31 CFR part 103. The authority of the Secretary to administer the Bank Secrecy Act has been delegated to the Director of FinCEN.¹

II. FinCEN Issuance 98-1

This document, FinCEN Issuance 98-1, grants two conditional exceptions to the operation of the rules contained at 31 CFR 103.33(g). The background, purpose, and terms of the two exceptions are explained below.

Background

On January 3, 1995, the Financial Crimes Enforcement Network (“FinCEN”) of the Department of the Treasury issued a rule, 31 CFR 103.33(g) (the “Travel Rule”), requiring financial institutions to include certain information in transmittal orders relating to transmittals of funds of \$3,000 or more. The Travel Rule complements the rules jointly issued by the Board of Governors of the Federal Reserve System and FinCEN (the “Joint Rule”) requiring the maintenance of

¹ Information relating to the Paperwork Reduction Act appears at the end of this Issuance.