

government of the region in which the processing facility is located will supervise the processing and examination of the product, and certify that it has been processed in accordance with this section; and

(iii) APHIS personnel or other persons authorized by the Administrator may enter the establishment, unannounced, to inspect the establishment and its records.

(4) *Cooperative service agreement.* The processing establishment, or a party on its behalf, must enter into a cooperative service agreement with APHIS to pay all expenses incurred by APHIS for the initial evaluation of the processing establishment and periodically thereafter, including travel, salary, subsistence, administrative overhead, and other incidental expenses, including excess baggage up to 150 pounds. In accordance with the terms of the cooperative service agreement, before the APHIS representative's site inspection, the operator of the processing establishment or the party acting on their behalf must deposit with the Administrator an amount equal to the approximate cost of one inspection by an APHIS, including travel, salary, subsistence, administrative overhead, and other incidental expenses, including excess baggage up to 150 pounds. As funds from that amount are obligated, a bill for costs incurred based on official accounting records will be issued to restore the deposit to the original level, revised as necessary to allow for inflation or other changes in estimated costs. To be current, bills must be paid within 14 days of receipt.

(5) *Shipment to the United States.* Uncooked pork or pork products to be imported into the United States must be shipped from the region where they were processed in closed containers sealed with serially numbered seals applied by an official of the national government of that region. The shipments must be accompanied by a certificate signed by an official of the national government of the region where the pork or pork products were processed that lists the numbers of the seals applied and states that all of the conditions of this paragraph (e) have been met. The certificate shall also state that the container seals specified in paragraph (e)(1)(i) and (ii) of this section were found by an official of the region's national government to be intact and free of any evidence of tampering on arrival at the processing establishment in the CSF-affected region. A copy of this certificate must be kept on file at

the processing establishment for at least 2 years.

\* \* \* \* \*

**§ 94.12 [Amended]**

3. In § 94.12, footnotes 12 and 13 would be redesignated as footnotes 13 and 14, respectively.

**§ 94.16 [Amended]**

4. In § 94.16, footnote 14 would be redesignated as footnote 15.

**§ 94.17 [Amended]**

5. Section 94.17 would be amended as follows:

a. Footnotes 15 and 16 would be redesignated as footnotes 16 and 17, respectively.

b. In newly redesignated footnote 17, the words "footnote 15" would be removed and the words "footnote 16" added in their place and the words "§ 94.17(e) of this part" would be removed and the words "paragraph (e) of this section" added in their place.

**§ 94.18 [Amended]**

6. In § 94.18, footnotes 17 and 18 would be redesignated as footnotes 18 and 19, respectively.

Done in Washington, DC, this 28th day of December 2006.

**Kevin Shea,**

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

[FR Doc. E6-22629 Filed 1-4-07; 8:45 am]

**BILLING CODE 3410-34-P**

**DEPARTMENT OF AGRICULTURE**

**Animal and Plant Health Inspection Service**

**9 CFR Part 94**

**[Docket No. APHIS-2005-0096]**

**Change in Disease Status of the Patagonia South Region of Argentina With Regard to Rinderpest and Foot-and-Mouth Disease**

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

**ACTION:** Proposed rule.

**SUMMARY:** We are proposing to amend the regulations to add that portion of the Patagonia region of Argentina located south of latitude 42° south (Patagonia South) to the list of regions considered free of rinderpest and foot-and-mouth disease (FMD). We are taking this action because we have determined that Patagonia South is free of rinderpest and FMD. We are also proposing to add that region to the list of regions that are subject to certain import restrictions on

meat and meat products because of their proximity to or trading relationships with rinderpest-or FMD-affected countries. These actions would update the disease status of Patagonia South with regard to rinderpest and FMD while continuing to protect the United States from an introduction of those diseases by providing additional requirements for any meat and meat products imported into the United States from Patagonia South.

**DATES:** We will consider all comments that we receive on or before March 6, 2007.

**ADDRESSES:** You may submit comments by either of the following methods:

- **Federal eRulemaking Portal:** Go to <http://www.regulations.gov>, select "Animal and Plant Health Inspection Service" from the agency drop-down menu, then click "Submit." In the Docket ID column, select APHIS-2005-0096 to submit or view public comments and to view supporting and related materials available electronically. Information on using Regulations.gov, including instructions for accessing documents, submitting comments, and viewing the docket after the close of the comment period, is available through the site's "User Tips" link.

- **Postal Mail/Commercial Delivery:** Please send four copies of your comment (an original and three copies) to Docket No. APHIS-2005-0096, Regulatory Analysis and Development, PPD, APHIS, Station 3A-03.8, 4700 River Road Unit 118, Riverdale, MD 20737-1238. Please state that your comment refers to Docket No. APHIS-2005-0096.

*Reading Room:* You may read any comments that we receive on this docket in our reading room. The reading room is located in room 1141 of the USDA South Building, 14th Street and Independence Avenue, SW., Washington, DC. Normal reading room hours are 8 a.m. to 4:30 p.m., Monday through Friday, except holidays. To be sure someone is there to help you, please call (202) 690-2817 before coming.

*Other Information:* Additional information about APHIS and its programs is available on the Internet at <http://www.aphis.usda.gov>.

**FOR FURTHER INFORMATION CONTACT:** Dr. Silvia Kreindel, Veterinary Medical Officer, Regionalization Evaluation Services, National Center for Import and Export, VS, APHIS, 4700 River Road Unit 38, Riverdale, MD 20737-1231; (301) 734-8419.

**SUPPLEMENTARY INFORMATION:**

## Background

The regulations in 9 CFR part 94 (referred to below as the regulations) govern the importation of certain animals and animal products into the United States in order to prevent the introduction of various diseases, including rinderpest, foot-and-mouth disease (FMD), African swine fever, classical swine fever, and swine vesicular disease. These are dangerous and destructive communicable diseases of ruminants and swine. Section 94.1 of the regulations lists regions of the world that are declared free of rinderpest or free of both rinderpest and FMD. Rinderpest or FMD exists in all other parts of the world not listed. Section 94.11 of the regulations lists regions of the world 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.

We are proposing to amend the regulations in § 94.1 by adding that portion of the Patagonia region of Argentina located south of latitude 42° south (referred to below as Patagonia South) to the list of regions that are considered free of both rinderpest and FMD. We are proposing this because there has been no outbreak of FMD in the Patagonia South region of Argentina since 1976 and there is no evidence that there are any species currently infected with FMD in Patagonia South. In addition, because rinderpest has never been diagnosed in Argentina and is not endemic to that region of the world, we are also proposing to recognize Patagonia South as free of rinderpest. Finally, we are proposing to amend the regulations in § 94.11 by adding Patagonia South to the list of regions that are subject to certain import restrictions on meat and meat products because of their proximity to or trading relationships with rinderpest-or FMD-affected regions.

## Risk Evaluation

Using information submitted to us by the Federal Government of Argentina through the Servicio Nacional de Sanidad y Calidad Agroalimentario (SENASA), as well as information gathered during a site visit by APHIS staff to Argentina in December 2003 and published reports, we have reviewed and analyzed the animal health status of Patagonia South relative to rinderpest and FMD. This review and analysis was conducted in light of the factors identified in our regulations in 9 CFR 92.2, "Application for recognition of the animal health status of a region," which

are used to evaluate the risk associated with importing animals or animal products into the United States from a given region. Based on the information submitted to us, we have concluded the following:

### *Veterinary Infrastructure*

The veterinary services authorities in Argentina have the legal authority, organization, and infrastructure to detect, control, and eradicate FMD. Argentina's veterinary services are organized under SENASA, which translates in English to the National Health and Agrifood Quality Service. SENASA is divided into several sections, four of which focus on animal health issues: (1) The National Animal Health Office (DNSA), which is responsible for animal health control and eradication programs; (2) the National Agrifood Inspection Office (DNFA), which is responsible for enforcing hygiene and health requirements in slaughter establishments, processing plants, and storage facilities for animal and plant products and byproducts; (3) the Quarantine, Borders and Certification Unit (CCFyC), which oversees animal and plant quarantine and border movements and control; and (4) the Laboratories and Technical Control Office (DILACOT), which operates the national reference laboratory for food safety and animal and plant health, and manages regional laboratories and laboratories accredited by SENASA. Additional support for the animal health system in Argentina comes from 349 local animal health offices, 10 of which are located in the Patagonia South region.

In 2003, SENASA reported a total of 3,479 employees, including personnel who deal with plant issues. Of these, 2,558 were permanent staff members, of which 572 were veterinarians. SENASA has the authority to hire contract personnel, including veterinarians and animal health technicians, and to call on private veterinary practitioners, police, and local authorities to provide support to the Central Veterinary Office in depopulating infected premises, disposing of animal carcasses, and controlling and restricting animal movements. In 2003, SENASA reported a complement of 921 contractors, of which 219 were contract veterinarians. SENASA's permanent staff in Patagonia South includes 12 veterinarians, 20 veterinary inspectors, 19 provincial veterinarians, 202 private veterinarians, 20 technicians, and a number of administrative personnel.

SENASA personnel are distributed among 25 regions within Argentina,

each of which falls under the supervision of a regional supervisor. In the event of an animal disease emergency, SENASA has the legal authority to implement control measures.

### *Disease History and Surveillance*

Rinderpest has never been diagnosed in Argentina and is not endemic to that region of the world. The last outbreak of FMD in the Patagonia South region of Argentina occurred in October 1976 and was traced to its origin north of 42° South. There is no evidence that there are any species currently infected with FMD in Patagonia South.

Argentina has a structured system of notification and official involvement to investigate any suspected cases of FMD. Argentina maintains an active FMD surveillance program to monitor viral activity in various FMD-susceptible species. Surveillance for FMD in Patagonia South is conducted under the national surveillance program in Argentina and includes both active and passive surveillance for the disease. Argentina's surveillance program is adequate to detect disease and identify and measure FMD activity in the region.

### *Diagnostic Capabilities*

Argentina has the authority, personnel, and diagnostic capabilities to test herds for, and diagnose, FMD. Currently, there is one diagnostic laboratory in Argentina, located in Buenos Aires, that is authorized to perform FMD diagnostic and surveillance activities. This laboratory meets the biosafety requirements established by SENASA, as well as the biosafety guidelines issued by the World Organization for Animal Health (OIE). The OIE is recognized by the World Trade Organization as the international organization responsible for the development of standards, guidelines, and recommendations with respect to animal health and zoonoses (diseases that are transmissible from animals to humans).

### *Vaccination Status*

Vaccination against FMD is not practiced and has never been systematically applied in Patagonia South. In the event of a confirmed FMD outbreak in Patagonia South, the primary control measure would be to stamp out affected animals and contacts. Emergency vaccination against FMD may be undertaken in the event of a risk of an extensive outbreak of the disease. Emergency vaccination against FMD was last implemented in Patagonia South during the outbreak of FMD in 1976.

*Disease Status of Adjacent Regions*

Patagonia South is bordered by the Atlantic Ocean and shares land borders with Chile and the province of Rio Negro, Argentina. The province of Rio Negro, Argentina, is located in "Patagonia North B," which is an FMD surveillance area situated to the north of Patagonia South. The last outbreak of FMD in Patagonia North B occurred in 1994. Chile is recognized by APHIS as free of FMD.

*Degree of Separation From Adjacent Regions*

Patagonia South is sufficiently separated from Patagonia North B by mountains and other natural barriers; however, for the few areas where there are no natural barriers, government control measures compensate. These control measures include mobile patrols and a permanent coordination between national and provincial entities to maintain a constant presence at the region route controls by the National Border Police and other police authorities.

*Movement Across Borders*

The movement of animals and animal products into Patagonia South from regions of higher disease risk is strictly controlled. The Government of Argentina has established a sanitary barrier across the entire line of latitude 42° South to preserve the FMD-free status of Patagonia South. Movement of FMD-susceptible animals to Patagonia South is not allowed from any region of Argentina other than Patagonia North B. Imports from Patagonia North B to Patagonia South are allowed, provided that certain import requirements are met.

There are 45 animal inspection border posts located in Argentina with SENASA personnel on duty at each to inspect animal products. All live animals and animal products imported into Argentina require an animal health permit issued by SENASA. In addition, all live animals imported into Argentina are placed in quarantine for 15 to 60 days, depending on the length of time it takes to complete required testing procedures, and are observed on the farm of destination for a period of 60 days.

Patagonia South shares an international land border with only one country: Chile. There are three animal inspection border posts located along this border. The animal health status of Chile and Patagonia South are equivalent. Breeding stock and commercial meat shipments are traded between these two regions.

*Livestock Demographics and Marketing Practices*

Sheep production is the primary livestock production system in Patagonia South. In 2003, Patagonia South had approximately 7.49 million sheep, 265,960 head of cattle, 12,731 pigs, and 141,614 goats. Each province has established standards for identifying and tracking animals. There is no known feature of livestock production in the region that increases the risk of disease spread.

*Detection and Eradication of Disease*

FMD is a compulsorily notifiable disease in Argentina. The veterinary services in Argentina possess the authority, diagnostic capability, and personnel to rapidly detect, contain, and eradicate any incursion of FMD that might occur.

These findings are described in further detail in a risk analysis that may be obtained by contacting the person listed under **FOR FURTHER INFORMATION CONTACT**. This analysis may also be viewed on the Internet on the Regulations.gov Web site (see **ADDRESSES** above for information about accessing documents on Regulations.gov). The risk analysis documents the factors that have led us to conclude that Patagonia South is free of FMD. As noted previously, rinderpest has never occurred in Argentina and is not endemic to the Americas. Therefore, we are proposing to recognize Patagonia South as free of rinderpest and FMD and add the region to the list in § 94.1(a)(2) of regions that are considered free of rinderpest and FMD.

These proposed actions would relieve certain restrictions due to FMD and rinderpest on the importation into the United States of certain live animals and animal products from Patagonia South. However, because Patagonia South shares common land borders with a region of Argentina not considered free of rinderpest and FMD under the regulations, the importation of meat and other products from ruminants and swine into the United States from Patagonia South would continue to be subject to certain restrictions.

Specifically, we are proposing to add Patagonia South to the list in § 94.11(a) of regions declared free of rinderpest and FMD but that are subject to special restrictions on the importation of their meat and other animal products into the United States. The regions listed in § 94.11(a) are subject to these special restrictions because they: (1) Supplement their national meat supply by importing fresh (chilled or frozen) meat of ruminants or swine from regions

that are designated in § 94.1(a) as regions where rinderpest or FMD exists, (2) have a common land border with regions where rinderpest or FMD exists, or (3) import ruminants or swine from regions where rinderpest or FMD exists under conditions less restrictive than would be acceptable for importation into the United States.

Patagonia South has a common land border with a region (Patagonia North B) not considered free of FMD. As a result, there is some risk that the meat and other animal products produced in Patagonia South could be commingled with the fresh (chilled or frozen) meat of animals from a region in which FMD exists and present an undue risk of introducing FMD into the United States if imported without restriction.

Under § 94.11, meat and other animal products of ruminants and swine, including ship stores, airplane meals, and baggage containing these meat or animal products, may not be imported into the United States except in accordance with § 94.11 and the applicable requirements of the USDA's Food Safety and Inspection Service at 9 CFR chapter III.

Section 94.11 generally requires that the meat and other animal products of ruminants and swine be: (1) Prepared in an inspected establishment that is eligible to have its products imported into the United States under the Federal Meat Inspection Act; (2) accompanied by a Department-approved meat inspection certificate; and (3) accompanied by an additional certificate, issued by a full-time salaried veterinary official of the national government of the exporting region, assuring that the meat or other animal products have not been commingled with or exposed to meat or other animal products originating in, imported from, transported through, or that have otherwise been in a region where rinderpest or FMD exists.

The proposed changes discussed in this document would update the disease status of Patagonia South with regard to rinderpest and FMD while continuing to protect the United States from an introduction of those diseases by providing additional requirements for any meat and meat products imported into the United States from Patagonia South.

**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 under Executive Order 12866.

This proposed rule would recognize the Patagonia South region of Argentina free of FMD and rinderpest. As such, this proposed rule would allow ruminants and ruminant products to be imported from this region into the United States, provided all other import requirements are satisfied. In the following initial regulatory flexibility analysis, we estimate the welfare effects of the proposed rule, as well as consider potential effects of the proposed rule on small entities, as required by the Regulatory Flexibility Act.

While the proposed rule would allow the importation of all ruminants and ruminant products from the Patagonia South region, APHIS expects the rule to result in imports of lamb, mutton, and goat meat, with the overwhelming majority being lamb and mutton. According to information supplied by the government of Argentina, and supported in an APHIS risk assessment and by site visits, bovine production in Patagonia South is consumed locally. In fact, matured and deboned beef is imported to meet the consumption demands of the population in this region. On the other hand, the sheep industry in Patagonia South is the prevailing livestock activity, with this

region producing almost 60 percent of the entire sheep population in Argentina. The government of Argentina forecasts that it would export an average of 6,000 metric tons per year (or 13.2 million pounds) of sheep meat to the United States, with a maximum of 9,000 MT per year (or 19.8 million pounds) and a minimum of 4,000 MT per year (or 8.8 million pounds).<sup>1</sup>

The U.S. sheep and wool industries have been marked by smaller inventories, declining production, shrinking revenues, and fewer operations over the last few decades. In fact, the United States is a net importer of lamb and mutton and relies on imports to meet domestic consumption demands. For example, in 2005, imports of lamb and mutton totaled 177 million pounds, and accounted for 47 percent of total supply, which was 372 million pounds. U.S. exports of lamb and mutton in 2005 totaled only 10 million pounds. Total reported consumption for that same year was 352 million pounds.<sup>2</sup>

We use a non-spatial, partial equilibrium welfare model to quantitatively estimate the economic effects of the proposed rule, referred to as welfare effects. This model measures expected changes in consumer surplus

and producer surplus attributable to the rule. Consumer surplus is the difference between what a consumer would be willing to pay for a good or service and what that consumer actually has to pay, and producer surplus is the difference between what a supplier is paid for a good or service and what it cost to supply. Thus, the net expected effects of the proposed rule can be summed up by examining changes in consumer and producer surplus.

We estimate the welfare effects of the proposed rule for three import quantity scenarios: (1) Average imports of 13.2 million pounds annually; (2) a low-end estimate of 8.8 million pounds annually; and (3) a high-end estimate of 19.8 million pounds annually. The baseline quantities and price we use are from 2005: U.S. consumption, 352 million pounds; U.S. production, 192 million pounds; U.S. domestic supply,<sup>3</sup> 182 million pounds; and a wholesale carcass price of \$209.80 per cwt, or \$2.09 per pound.<sup>4</sup> In addition, we use a demand elasticity of -0.729 for lamb and mutton, and a supply elasticity of 0.14.<sup>5</sup> Table 1 presents the expected effects of the proposed rule, as measured by changes in consumer and producer surplus, for the three import scenarios.

TABLE 1.—ESTIMATED WELFARE EFFECTS OF THE PROPOSED RULE FOR THREE IMPORT SCENARIOS

Import scenario	Change in domestic price \$/lb	Change in consumer surplus	Change in producer surplus \$1,000	Net change in welfare
13,224,000 lbs. ....	-\$0.10	\$35,033.60	-\$17,751.24	\$17,282.36
8,816,000 lbs. ....	-0.07	23,224.92	-11,847.13	11,377.79
19,936,000 lbs. ....	-0.15	52,991.88	-26,583.08	26,408.81

Since the Government of Argentina estimates it would export an average of 6,000 MT per year (or 13.2 million lbs) of lamb and mutton to the United States, we focus on the implications of the rule using this scenario.

**Costs**

The proposed rule may result in about a 4.7 percent reduction in the domestic

wholesale price of lamb and mutton, or a price decline of about 10 cents per pound. The domestic sheep and lamb industry would be directly impacted by this price decline, as indicated by the annual \$17.7 million loss in producer surplus. In 2004, there were 2,679,000 sheep and lambs and 582,000 goats slaughtered in the United States.<sup>6</sup> If we assume the same number were

slaughtered in 2005, and given that there were 68,280 sheep and goat farms in the United States last year, we approximate that the number of animals sold for slaughter averaged about 50 head per farm. Assuming an average dressed carcass weight of 75 pounds per lamb sold and a price of \$209.80 per cwt yields an approximate average annual revenue of \$7,868 per farm.<sup>7</sup> Thus, a 4.7

<sup>1</sup> USDA, APHIS—VS. *Risk Analysis: Risk of exporting FMD in FMD-Susceptible Species from Argentina, South of the 42° Parallel (Patagonia South), to the United States*. Riverdale, MD: APHIS-Veterinary Services, National Center for Import and Export, Regionalization Evaluation Services, June 2005.

<sup>2</sup> USDA, ERS. *Agricultural Outlook: Statistical Indicators, Table 10—U.S. Meat Supply & Use*. Washington, DC: Economic Research Service, Feb. 2006.

<sup>3</sup> U.S. domestic supply is calculated by subtracting exports from U.S. production [192 million lbs. - 10 million pounds].

<sup>4</sup> Source for baseline quantities: “Table 10—U.S. Meat Supply & Use.” Source for baseline price: Red meat Yearbook. “Table 85—Lamb Carcass Price, East Coast, Choice-Prime Wholesale Price, 55–65 lb.” Livestock, Meat, & Wool, AMS, USDA; provided by ERS. [Note: East Coast wholesale prices are reflective of U.S. prices, because although lamb meat is primarily produced in the Southern Plains, Mountain, and Pacific regions, consumption patterns are overwhelmingly located throughout the Northeast.]

<sup>5</sup> Source for demand elasticity: USDA, ERS. “Demand for U.S. Lamb and Mutton by Country of Origin: A Two-Stage Differential Approach” by Keithly G. Jones, William F. Hahn, and Christopher

G. Davis. Washington, DC: Economic Research Service, 2003. Source for supply elasticity: Research conducted at the University of Tennessee at Knoxville, the Policy Analyses System (POLYSYS) modeling framework. “The POLYSYS Modeling Framework: A Documentation—Chapter 5: Livestock Module” by Daryll E. Ray, et al., May 1998. [<http://apacweb.ag.utk.edu/polysys.html>]

<sup>6</sup> USDA, NASS. 2005 Agricultural Statistics, Table 7–79. Washington, DC: National Agricultural Statistics, 2005.

<sup>7</sup> The average live weight of slaughter lambs, 136 lbs; the conversion rate for dressed carcass weight is 55 percent. Both of these values are based on information provided by ERS livestock specialists.

percent reduction in the wholesale price of lamb and mutton, a decline of \$7.40 per animal, would result in a decrease in annual revenue of about \$370 per farm, assuming average annual sales of 50 head.

Other factors may also minimize effects of the proposed rule for producers. First, we assume that Patagonia South would be primarily engaging in the export of lamb meat. In the event that they decide to export large quantities of mutton, which is primarily used in the industrial market, such as for pet food, the potential price impacts of the proposed rule would be much less. The wholesale price of mutton meat is less than half that of the wholesale price of lamb meat.<sup>8</sup>

Secondly, historically, lamb and mutton are viewed as byproducts of wool production for domestic producers. As such, if wool prices are high, producers would keep lambs longer to get additional shearing of wool, which would mean fewer animals would be sent to slaughter and lamb and mutton production would fall.<sup>9</sup> The high correlation between wool prices and lamb and mutton production may serve to explain the inelasticity of supply. As indicated, the farm-level supply of lamb and mutton is highly inelastic, that is, producers are relatively unresponsive to price changes.<sup>10</sup> Thus, this may illustrate that farm-level production decisions are dictated more by changes in the price of wool than by changes in the wholesale price of lamb and mutton. The analysis shows that with the proposed rule there may be a decrease in the price of lamb of 4.7 percent, suggesting a decrease in supply of about 0.66 percent.<sup>11</sup> So, in the case of high wool prices, the potential impacts of the proposed rule may be even smaller than described.

[Carcass weight calculation: 136 lbs multiplied by 55 percent = 74.8 lbs. Note: For the purposes of this discussion, we have rounded that up, to get an average carcass weight of slaughtered animals of 75 lbs.] A price of \$209.80 per cwt, multiplied by an average carcass weight of 0.75 cwt [result = value per animal, or \$157.35], multiplied by 50 animals per year, yields a potential annual revenue of about \$7,868.

<sup>8</sup> Per telephone conversation with Keithly Jones (ERS), March 28, 2006.

<sup>9</sup> USDA-ERS, Briefing Room: Sheep and Wool: Overview. Washington, DC: Economic Research Service, August 23, 2004.

<sup>10</sup> The price elasticity of supply is equal to the percentage change in quantity supplied given a certain percentage change in price. A price elasticity of supply for lamb and mutton of 0.14 means, for example, that an increase (decrease) in price of 10 percent would increase (decrease) the supply by 1.4 percent.

<sup>11</sup> Assuming a price elasticity of supply of 0.14 and a price decline of 4.7 percent yields a decrease in supply of 0.66 percent ( $0.14 \times 0.047 = 0.0066$ ).

Thirdly, the estimated welfare gains and losses assume that none of the lamb and mutton meat imported from the Patagonia South region would substitute for, or displace, U.S. imports from other countries. In the case that such displacement may occur, the estimated price impacts of the proposed rule for sheep and lamb producers and other U.S. entities would be smaller than depicted.

#### Benefits

The reduction in price of lamb and mutton would benefit domestic purchasers. As the model demonstrates, the annual change in consumer surplus as a result of the rule would be an increase of about \$35 million. This benefit would be realized at the wholesale level, but at least a portion of this gain may be passed on to subsequent retail buyers of lamb and mutton. We estimate the annual net benefit of the proposed rule would be about \$17.2 million.

#### Affected Entities

The proposed rule would have direct effects on domestic sheep and goat producers, specifically those engaged in lamb and mutton production. In 2005 there were 68,280 sheep, lamb, and goat farms.<sup>12</sup> Inventory and value estimates for 2005 were 6.1 million sheep, with a total value of over \$799 million, and 274,000 angora goats, with a total value of over \$16 million.<sup>13</sup> Additionally, in 2005 there were 192 million pounds of lamb and mutton produced domestically.<sup>14</sup>

The U.S. Small Business Administration's (SBA) size standard for sheep and goat farming is \$750,000 or less in annual receipts.<sup>15</sup> The exact number of sheep and goat operations that would be considered small by SBA standards is unknown. However, the 2002 Census of Agriculture estimated there were 150 sheep and lamb farms with inventories of 5,000 or more. The value per head for sheep and lambs in 2002 was \$94.<sup>16</sup> From this, we

<sup>12</sup> USDA-NASS, Quick Stats: Sheep & Lambs—Operations: Number by State & US, 2005. Washington, DC: National Agricultural Statistics Service.

<sup>13</sup> USDA-NASS, 2005 Agricultural Statistics, Tables 7-41 and 7-80. Washington, DC: National Agricultural Statistics Service.

<sup>14</sup> USDA-ERS, Agricultural Outlook: Statistical Indicators, "Table 10—U.S. Meat Supply & Use." Washington, DC: Economic Research Service, Feb. 2006.

<sup>15</sup> Table of Size Standards based on NAICS 2002 [Sheep farming: NAICS code 112410; Goat farming: NAICS code 112420]. Washington, DC: U.S. Small Business Administration, effective January 5, 2006.

<sup>16</sup> USDA, 2005 Agricultural Statistics, Tables 7-41; and Quick Stats: Sheep & Lambs—Operations: Number by State & U.S., 2002 [in 2002 there were

approximate that only 150 farms, or less than 1 percent, had total market values of \$470,000 or more annually. This value is well below the small-entity threshold, and moreover, represents the 2002 inventory value of the largest holdings, not their annual receipts. Therefore, it is clear most sheep and goat operations are small.

Other industries that may be affected by the proposed rule, as categorized in the North American Industry Classification System (NAICS), are Meat and Meat Product Merchant Wholesalers (NAICS 424470), Supermarkets and Other Grocery (except Convenience) Stores (NAICS 445110), and Meat Markets (NAICS 445210). All of these industries primarily consist of small entities.<sup>17</sup> The first of these industries includes meat importers, who may directly benefit by the availability of lamb and mutton from the Patagonia South region. Other wholesale buyers of lamb and mutton may also benefit from the expected decline in price of lamb and mutton as a result of the proposed rule. Grocery stores and meat markets may also gain, depending on the extent to which decreases in wholesale prices are passed forward to the retail level.

There are no projected reporting, recordkeeping, or other compliance requirements that small entities will be subject to as a result of implementing the proposed rule. (See "Paperwork Reduction Act" below).

#### Executive Order 12988

This proposed rule has been reviewed under Executive Order 12988, 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 1995 (44 U.S.C. 3501 *et seq.*).

68,150 sheep and goat operations]. Washington, DC: National Agricultural Statistics Service.

<sup>17</sup> The small entity definition for meat wholesalers is not more than 100 employees; for grocery stores, not more than \$25 million in annual receipts; and for meat markets, not more than \$6.5 million in annual receipts. Based on information from the SBA, Office of Advocacy, based on data provided by the U.S. Census Bureau, Statistics of U.S. Businesses, small operations comprise more than 80 percent of meat wholesalers, more than 60 percent of grocery stores, and more than 90 percent of meat markets.

**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, we propose to amend 9 CFR part 94 as follows:

**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**

1. The authority citation for part 94 would continue 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.

**§ 94.1 [Amended]**

2. In § 94.1, paragraph (a)(2) would be amended by adding the words “Argentina (only that region south of 42° S.),” before the word “Australia”.

**§ 94.11 [Amended]**

3. In § 94.11, paragraph (a) would be amended by adding the words “Argentina (only that region south of 42° S.),” before the word “Austria”.

Done in Washington, DC, this 28th day of December 2006.

**W. Ron DeHaven,**

*Administrator, Animal and Plant Health Inspection Service.*

[FR Doc. E6–22627 Filed 1–4–07; 8:45 am]

**BILLING CODE 3410–34-P**

**NUCLEAR REGULATORY COMMISSION**

**10 CFR Parts 50, 72, and 73**

**RIN 3150–AG63**

**Power Reactor Security Requirements; Extension of Comment Period**

**AGENCY:** Nuclear Regulatory Commission.

**ACTION:** Proposed rule; extension of comment period.

**SUMMARY:** On October 26, 2006 (71 FR 62664), the Nuclear Regulatory Commission (NRC) published for public comment a proposed rule that would amend its current security regulations and would add new security requirements pertaining to nuclear power reactors. Additionally, this rulemaking includes new proposed security requirements for Category I strategic special nuclear material

(SSNM) facilities for access to enhanced weapons and firearms background checks. The proposed rulemaking would: Make generically applicable security requirements imposed by Commission orders issued after the terrorist attacks of September 11, 2001, based upon experience and insights gained by the Commission during implementation; fulfill certain provisions of the Energy Policy Act of 2005; add several new requirements that resulted from insights from implementation of the security orders, review of site security plans, and implementation of the enhanced baseline inspection program and force-on-force exercises; update the regulatory framework in preparation for receiving license applications for new reactors; and impose requirements to assess and manage site activities that can adversely affect safety and security. A 75-day comment period was provided for the proposed rule, set to expire on January 9, 2007. Comments specific to the information collection aspects of the proposed rule were due on November 27, 2006.

The proposed rule deadline is extended from the original January 9, 2007, deadline to February 23, 2007, and the information collections analysis deadline is extended from the original November 27, 2006 deadline to January 11, 2007.

**DATES:** The comment period for the proposed rule has been extended and now expires on February 23, 2007. The comment period for the information collection aspects of this proposed rulemaking has been extended and now expires on January 11, 2007. Comments received after this date will be considered if it is practical to do so, but the Commission is able to ensure consideration only for comments received before this date.

**ADDRESSES:** Mail written comments to: Secretary, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001, ATTN: Rulemakings and Adjudications Staff.

Hand delivered comments should also be addressed to the Secretary, U.S. Nuclear Regulatory Commission, and delivered to 11555 Rockville Pike, Rockville, MD, between 7:30 a.m. and 4:15 p.m. Federal workdays.

You may also provide comments via the NRC’s interactive rulemaking Web site: <http://ruleforum.llnl.gov>. This site also provides the availability to upload comments as files (any format), if your web browser supports that function. For information about the interactive rulemaking site, contact Ms. Carol

Gallagher, (301) 415–5905; e-mail: [CAG@nrc.gov](mailto:CAG@nrc.gov).

Certain documents relating to this rulemaking, including comments received, may be examined at the NRC Public Document Room, 11555 Rockville Pike, Room O1–F21, Rockville, MD. The same documents may also be viewed and downloaded electronically via the rulemaking Web site: <http://ruleforum.llnl.gov>. Documents created or received at the NRC after November 1, 1999 are also available electronically at the NRC’s Public Electronic Reading room on the Internet at <http://www.nrc.gov/NRC/ADAMS/index.html>. From this site, the public can gain entry into the NRC’s Agencywide Document Access and Management System (ADAMS), which provides text and image files of NRC’s public documents. For more information, contact the NRC Public Document Room (PDR) Reference staff at 1–800–397–4209, 202–634–3273 or by e-mail to [pdr@nrc.gov](mailto:pdr@nrc.gov).

**FOR FURTHER INFORMATION CONTACT:** Mr. Richard Rasmussen, Office of Nuclear Security and Incident Response, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001; telephone (301) 415–0610; e-mail: [RAR@nrc.gov](mailto:RAR@nrc.gov) or Mr. Timothy Reed, Office of Nuclear Reactor Regulation, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001; telephone (301) 415–1462; e-mail: [TAR@nrc.gov](mailto:TAR@nrc.gov).

**SUPPLEMENTARY INFORMATION:** During a public meeting held on November 15, 2006, the State of Pennsylvania and the Nuclear Energy Institute (NEI) requested that the comment period for the proposed rulemaking be extended by 45 days. Subsequently, on November 17, 2006, the NEI provided a written request to NRC for a 60-day extension to the public comment period for both the proposed rulemaking and the information collection aspects of the rulemaking. NEI stated four reasons to support their request (listed below):

- (1) There are two major holidays during the comment period;
  - (2) This is a major and complex rulemaking as evidenced by the sheer volume of the rulemaking package (SECY–06–0126 exceeds 1000 pages);
  - (3) Since June 2006, NEI has been engaged in the development of NEI 06–12, “B.5.b Phase 2&3 Submittal Guideline” which licensees will use to respond to the NRC site-specific Phase 3 letters. Licensee responses are due in early January 2007; and,
  - (4) Comments on the proposed § 73.21 rulemaking are due January 2, 2007.
- In view of the NRC’s desire to receive high quality comments from external