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DEPARTMENT OF AGRICULTURE

Food Safety and Inspection Service

9 CFR Part 592

Agricultural Marketing Service

7 CFR Part 55

[Docket No.01-031F]

RIN 0583-AC94

Transfer of Voluntary Inspection of Egg Products Regulations

AGENCY: Food Safety and Inspection Service and Agricultural Marketing Service, USDA.

ACTION: Final rule, with an opportunity to comment.

SUMMARY: The Food Safety and Inspection Service (FSIS) and the Agricultural Marketing Service (AMS) are transferring the regulations governing the voluntary inspection of egg products from 7 CFR part 55 to 9 CFR part 592 to reflect that this program has been transferred to FSIS. This transfer occurred at the time the Secretary of Agriculture delegated all functions under the Egg Products Inspection Act to the Administrator of FSIS. FSIS is updating the regulations to better reflect current inspection practices. FSIS is providing the public with an opportunity to comment on the clarity and technical accuracy of the amended regulations.

DATES: This rule is effective January 12, 2004. Please submit comments by February 11, 2004.

ADDRESSES: Submit one original and two copies of written comments to the FSIS Docket Room, Docket #01-031F, U.S. Department of Agriculture, Food Safety and Inspection Service, Room 102, Cotton Annex, 300 12th Street, SW., Washington, DC 20250-3700. All comments submitted in response to this

proposal will be available for public inspection in the Docket Room between 8:30 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT: For further information, contact Lynn Dickey, Ph.D., Director, Regulations and Petitions Policy Staff, Office of Policy and Program Development, FSIS, U.S. Department of Agriculture, Room 112, Cotton Annex, 300 12th Street, SW., Washington, DC 20250-3700, (202) 720-5627, fax number (202) 690-0486.

SUPPLEMENTARY INFORMATION:

Background

FSIS and AMS are transferring the regulations governing the voluntary inspection of egg products from 7 CFR part 55 to 9 CFR part 592. Several years ago, the Secretary of Agriculture delegated to the FSIS Administrator all functions under the Egg Products Inspection Act (21 U.S.C. 1041, *et seq.*). On December 31, 1998, the regulations governing the mandatory inspection of egg products were transferred from Title 7 to Title 9 of the CFR (63 FR 72352). The regulations governing the voluntary inspection of egg products were not transferred and remained in 7 CFR part 55. However, FSIS provides the voluntary inspection of egg products under the Agriculture Marketing Act of 1946, as amended (7 U.S.C. 1621 *et seq.*). This rule transfers the regulations in 7 CFR part 55 to 9 CFR 592.

Further, FSIS is updating the regulations to better reflect current inspection practices. The Agency is eliminating any references to grading, which the Agency does not perform, and deleting any mention of licensing.

To improve the marketing of egg products, FSIS provides a voluntary egg products inspection program on a fee for service basis. Egg products may be certified as acceptable for identification with the inspection mark according to class, quality, quantity, and condition. Voluntary egg products inspection service is used for certification to Federal, State, and Commercial Item Specifications requirements. Examples of such specifications include those of the USDA Commodity Purchase Program (needy family and school lunch programs), the Department of Defense, exports, and of other government institutions (Veterans Administration hospitals and State hospitals and prisons). Voluntary inspection may also

include certification of further processed egg products that are not amenable to the EPIA, *e.g.*, fully cooked egg patties or omelets.

Final Rule With an Opportunity To Comment

FSIS and AMS have determined that the notice and comment and delayed effective date requirements of the Administrative Procedure Act (5 U.S.C. 533(b) and (d)) do not apply to this final rule. The amendments made by this rule reflect FSIS' responsibilities regarding voluntary egg products inspection and technical and minor changes made to the regulations. Therefore, FSIS and AMS conclude that good cause exists to find that notice and public procedure are unnecessary, and they are issuing these amendments as a final rule, effective upon publication.

Because the transfer of the regulations has necessitated making a number of changes to the regulations, FSIS is providing the public with an opportunity to comment on the clarity and technical accuracy of the amended regulations. The Agency requests that those with comments submit them during the 30 days that follow publication of the rule.

Executive Order 12866 and Regulatory Flexibility Act

Because this final rule has been determined to be not significant, the Office of Management and Budget (OMB) did not review it under Executive Order 12866.

The Administrator, FSIS, has determined that this final rule will not have a significant economic impact, as defined by the Regulatory Flexibility Act (5 U.S.C. 601), on a substantial number of small entities.

Small establishments and plants will not be affected adversely by the transfer of the voluntary inspection of egg products regulations because there are no costs or change in services associated with this rule.

Economic Effects

The transfer of the Voluntary Egg Products Inspection regulations from Title 7 to Title 9 will not impose any costs to consumers, industry, or any Federal, State, or local government agency. FSIS has been conducting the voluntary inspection of egg products under 7 CFR 55 for several years.

Executive Order 12988

This final rule has been reviewed under Executive Order 12988, Civil Justice Reform. This final rule: (1) preempts 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.

Additional Public Notification

Public awareness of all segments of rulemaking and policy development is important. Consequently, in an effort to better ensure that minorities, women, and persons with disabilities are aware of this final rule, FSIS will announce it and make copies of this **Federal Register** publication available through the FSIS Constituent Update. FSIS provides a weekly Constituent Update, which is communicated via Listserv, a free e-mail subscription service. In addition, the update is available on-line through the FSIS web page located at <http://www.fsis.usda.gov>. The update is used to provide information regarding FSIS policies, procedures, regulations, **Federal Register** notices, FSIS public meetings, recalls, and any other types of information that could affect or would be of interest to our constituents/stakeholders. The constituent Listserv consists of industry, trade, and farm groups, consumer interest groups, allied health professionals, scientific professionals, and other individuals that have requested to be included. Through the Listserv and web page, FSIS is able to provide information to a much broader, more diverse audience than would otherwise be possible.

For more information contact the Congressional and Public Affairs Office, at (202) 720-9113. To be added to the free e-mail subscription service (Listserv) go to the "Constituent Update" page on the FSIS Web site at <http://www.fsis.usda.gov/oa/update/update.htm>. Click on the "Subscribe to the Constituent Update Listserv" link, then fill out and submit the form.

List of Subjects*7 CFR Part 55*

Egg and egg products, Food grades and standards, Food labeling, Reporting and recordkeeping requirements.

9 CFR Part 592

Eggs and egg products, Exports, Food labeling, Imports, Reporting and recordkeeping requirements.

7 CFR CHAPTER I—AGRICULTURAL MARKETING SERVICE**Authority and Issuance**

■ For the reasons set forth in the preamble and under authority of 7 U.S.C. 1625, AMS is amending 7 CFR Chapter I as follows:

PART 55—[REMOVED]

■ 1. Remove 7 CFR part 55.

Done at Washington, DC, on: January 2, 2004.

A.J. Yates,

Administrator, Agricultural Marketing Service.

9 CFR CHAPTER III—FOOD SAFETY AND INSPECTION SERVICE

■ For the reasons set forth in the preamble, FSIS amends 9 CFR Chapter III as follows:

■ 2. Revise part 592 by removing §§ 592.1 through 592.4 and by adding new §§ 592.1 through 592.650. As revised, part 592 reads as follows:

PART 592—VOLUNTARY INSPECTION OF EGG PRODUCTS**Definition**

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Authority: 7 U.S.C. 1621-1627.

Definitions**§ 592.1 Meaning of words.**

Under the regulations in this part words in the singular shall be deemed to import the plural and vice versa, as the case may demand.

§ 592.2 Terms defined.

For the purpose of the regulations in this part, unless the context otherwise requires, the following terms shall be construed, respectively:

Act means the applicable provisions of the Agricultural Marketing Act of 1946 (60 Stat. 1087; 7 U.S.C. 1621 *et seq.*), or any other Act of Congress conferring like authority.

Administrator means the Administrator of the Food Safety and Inspection Service (FSIS) of the Department or any other officer or employee of the Department to whom there has been delegated, or to whom there may be delegated the authority to act in the Administrator's stead.

Applicant means any interested party who requests any inspection service, or

appeal inspection, with respect to any product.

Class means any subdivision of a product based on essential physical characteristics that differentiate between major groups of the same kind, species, or method of processing.

Condition means any condition (including, but not being limited to, the state of preservation, cleanliness, soundness, wholesomeness, or fitness for human food) of any product which affects its merchantability; or any condition, including, but not being limited to, the processing, or packaging which affects such product.

Department means the United States Department of Agriculture.

District Manager means the manager in charge of a district, which is a designated geographical area.

Eggs of Current Production means shell eggs that have moved through the usual marketing channels since the date of lay and are not in excess of 60 days old.

Holiday or Legal holiday means the legal public holidays specified by the Congress in paragraph (a) of section 6103, Title 5, of the United States Code.

Inspection means the act by inspection program personnel of:

- (1) Determining, according to these regulations, the class, quality, quantity, or condition of any product by examining each unit thereof or a representative sample drawn by inspection program personnel;
- (2) Issuing a certificate; or
- (3) Identifying, when requested by the applicant, any product by means of official identification pursuant to the Act and this part.

Inspection certificate or certificate means a statement, either written or printed, issued by inspection program personnel pursuant to the Act and this part, relative to the class, quality, quantity, and condition of products.

Inspection program personnel (employee) means employees of the Department authorized by the Secretary to investigate and certify, in accordance with the Act and this part, to shippers of products and other interested parties the class, quality, quantity, and condition of such products.

Interested party means any person financially interested in a transaction involving any inspection or appeal inspection of any product.

Official plant means any plant in which the facilities and methods of operation therein have been found by the Administrator to be suitable and adequate for inspection in accordance with this part and in which such service is carried on.

Person means any individual, partnership, association, business trust, corporation, or any organized group of persons, whether incorporated or not.

Product or products means eggs (whether liquid, frozen, or dried), egg products, and any food product that is prepared or manufactured and contains eggs as an ingredient.

Program employee means any person employed by the Department or any cooperating agency who is authorized by the Secretary to do any work or perform any duty in connection with the program.

Quality means the inherent properties of any product that determine its relative degree of excellence.

Regulations mean the provisions in this part.

Sampling means the act of taking samples of any product for inspection.

Secretary means the Secretary of the Department or any other officer or employee of the Department to whom there has heretofore been delegated, or to whom there may hereafter be delegated, the authority to act in the Secretary's stead.

Service means: (1) Any inspection, in accordance with the Agriculture Marketing Act and the regulations in this part, of any product,

(2) Supervision, in any official plant, of the processing, packaging and identification, or

(3) Any appeal inspection of any previously inspected product.

Shell eggs mean the shell eggs of the domesticated chicken, turkey, duck, goose, and guinea.

§ 592.5 Designation of official certificates, memoranda, marks, other identifications, and devices for purposes of the Agricultural Marketing Act.

Subsection 203(h) of the Agricultural Marketing Act of 1946, as amended by Public Law 272, 84th Congress, provides criminal penalties for various specified offenses relating to official certificates, memoranda, marks or other identifications, and devices for making such marks or identifications, issued or authorized under section 203 of said Act, and certain misrepresentations concerning the inspection of agricultural products under said section. For the purposes of said subsection and the provisions in this part, the terms listed below shall have the respective meanings specified:

(a) *Official certificate* means any form of certification, either written or printed, used under this part to certify with respect to the sampling, inspection, class, quality, quantity, or condition of products (including the compliance of products with applicable specifications).

(b) *Official memorandum* means any initial record of findings made by an authorized person in the process of inspecting, or sampling pursuant to this part, any processing or plant-operation report made by an authorized person in connection with inspecting, or sampling under this part and any report made by an authorized person of services performed pursuant to this part.

(c) *Official mark* means the inspection mark, and any other mark or symbol formulated pursuant to the regulations in this part, stating that the product was inspected, or for the purpose of maintaining the identity of the product.

(d) *Official identification* means any United States (U.S.) standard designation of class, quality, quantity, or condition specified in this part or any symbol, stamp, label, or seal indicating that the product has been officially inspected or indicating the class, quality, quantity, or condition of the product approved by the Administrator and authorized to be affixed to any product, or affixed to or printed on the packaging material of any product.

(e) *Official device* means a printed label, or other method as approved by the Secretary for the purpose of applying any official mark or other identification to any product of the packaging material thereof.

Administration

§ 592.10 Authority.

The Administrator shall perform, for and under the supervision of the Secretary, such duties as the Secretary may require in the enforcement or administration of the provisions of the Act and this part. The Administrator is authorized to waive for a limited period any particular provisions of the regulations in this part to permit experimentation so that new procedures, equipment, and processing techniques may be tested to facilitate definite improvements and at the same time to determine full compliance with the spirit and intent of the regulations in this part. The Food Safety Inspection Service and its officers and employees shall not be liable in damages through acts of commission or omission in the administration of this part.

General

§ 592.20 Kinds of services available.

The regulations in this part provide for the following kinds of services:

- (a) Inspection of the processing in official plants of products containing eggs;
- (b) Sampling of products; and
- (c) Quantity and condition inspection of products.

§ 592.22 Where service is offered.

Any product may be inspected wherever inspection program personnel are available and the facilities and the conditions are satisfactory for the conduct of the service.

§ 592.24 Basis of service.

(a) Products shall be inspected in accordance with such standards, methods, and instructions as may be issued or approved by the Administrator. All service shall be subject to supervision at all times by the applicable FSIS designated supervisor. Whenever the supervisor of an inspection program person has evidence that such inspection program employee incorrectly inspected a product, such supervisor shall take such action as is necessary to correct the inspection and to cause any improper official identification that appears on the product or containers thereof to be corrected prior to shipment of the product from the place of the initial inspection.

(b) Whenever service is performed on a sample basis, such sample shall be drawn in accordance with the instructions as issued by the Administrator.

Performance of Services**§ 592.70 Identification.**

All inspection program personnel and supervisors shall have in their possession at all times while on duty and present upon request the means of identification furnished by the Department to such person.

§ 592.80 Political activity.

All inspection program personnel are forbidden during the period of their respective appointments, to take an active part in political management or in political campaigns. Political activity in city, county, State, or national elections, whether primary or regular, or in behalf of any party or candidate is prohibited, except as authorized by law or regulation of the Department. This applies to all appointees, including, but not being limited to, temporary and cooperative employees and employees on leave of absence with or without pay. Willful violation of this section will constitute grounds for dismissal.

§ 592.90 Authority and duties of inspection program personnel performing service.

(a) Inspection program personnel are authorized:

(1) To make such observations and inspections as they deem necessary to enable them to certify that products have been prepared, processed, stored,

and otherwise handled in conformity with the regulations in this part;

(2) To supervise the marking of packages containing products that are eligible to be identified with official identification;

(3) To retain in their custody, or under their supervision, labels with official identification, marking devices, samples, certificates, seals, and reports of inspection program personnel;

(4) To deface or remove, or cause to be defaced or removed under their personal supervision, any official identification from any package containing products whenever the program employee determines that such products were not processed in accordance with the regulations in this part or are not fit for human food;

(5) To issue a certificate upon request on any product processed in the official plant; and

(6) To use retention tags or other devices and methods as may be approved by the Administrator for the identification and control of products that are not in compliance with the regulations in this part or are held for further examination, and any equipment, utensils, rooms or compartments that are found to be unclean or otherwise in violation of any of the regulations in this part. No product, equipment, utensil, room, or compartment shall be released for use until it has been made acceptable. Such identification shall not be removed by anyone other than inspection program personnel.

(b) Inspection program personnel shall prepare such reports and records as may be prescribed by the Administrator.

§ 592.95 Facilities and equipment to be furnished for use of inspection program personnel in performing service.

(a) Facilities and equipment for proper sampling, weighing, examination of products, and monitoring processing procedures shall be furnished by the official plant for use by inspection program personnel. Such facilities and equipment shall include but not be limited to a room or area suitable for sampling product and stationary or adequately secured storage box or cage (capable of being locked only by inspection program personnel) for holding official samples.

(b) Acceptable furnished office space and equipment, including but not being limited to, a desk, lockers or cabinets (equipped with a satisfactory locking device) suitable for the protection and storage of supplies, and with facilities for inspection program personnel to change clothing.

§ 592.96 Schedule of operation of official plants.

Inspection operating schedules for services performed pursuant to this part shall be requested in writing and approved by the appropriate District Office. Normal operating schedules for a full-week consist of a continuous 8-hour period per day (excluding but not to exceed 1 hour for lunch), 5 consecutive days per week, within the administrative workweek, Sunday through Saturday, for each shift required. Less than 8-hour schedules may be requested and will be approved if inspection program personnel are available. Clock hours of daily operations need not be specified in the request, although as a condition of continued approval, the hours of operation shall consist of a continuous 10-hour period per day (excluding but not to exceed 1 hour for lunch), 4 consecutive days per week, within the administrative workweek, Sunday through Saturday for each full shift required. Inspection program personnel are to be given reasonable advance notice by management of any change in the hours the inspection service is requested.

Application for Service**§ 592.100 Who may obtain service.**

(a) An application for service may be made by any interested person, including, but not being limited to, the United States, any State, county, municipality, or common carrier, and any authorized agent of the foregoing.

(b) Where service is offered: Any product may be inspected, wherever an inspection program employee is available and the facilities and the conditions are satisfactory for the conduct of the service.

(c) The applicant must have a tax identification number for billing purposes.

§ 592.120 Authority of applicant.

Proof of the authority of any person applying for any service may be required at the discretion of the Administrator.

§ 592.130 How application for service may be made.

(a) On a fee basis. An application for service may be made with any inspection program personnel at or nearest the place where the service is desired. Such application for service may be made orally (in person or by telephone), in writing or by transmission. If an application for inspection service is made orally, the inspection program personnel with whom such application is made, or the

Administrator, may require that the application be confirmed in writing.

(b) Form of application. Each application for inspection of a specified lot of any product shall include such information as may be required by the Administrator in regard to the product and the premises where such product is to be inspected.

§ 592.140 Application for inspection in official plants; approval.

Any person desiring to process products under inspection service must receive approval of such plant and facilities as an official plant prior to the installation of such service. The initial survey, drawings, and specifications to be submitted, changes and revisions in the official plant, and final survey and procedure for plant approval shall be in accordance with and conform to the applicable provisions of Part 590 of this chapter.

§ 592.150 When an application may be rejected.

(a) Any application for service may be rejected by the Administrator:

(1) Whenever the applicant fails to meet the requirements of the regulations in this part prescribing the conditions under which the service is made available;

(2) Whenever the product is owned by or located on the premises of a person currently denied the benefits of the Act;

(3) Where any individual holding office or a responsible position with or having a substantial financial interest or share in the applicant is currently denied the benefits of the Act or was responsible in whole or in part for the current denial of the benefits of the Act to any person;

(4) Where the Administrator determines that the application is an attempt on the part of a person currently denied the benefits of the Act to obtain service;

(5) Whenever the applicant, after an initial survey has been made in accordance with Part 590, fails to bring the plant, facilities, and operating procedures into compliance with the regulations in this part within a reasonable period of time;

(6) Notwithstanding any prior approval whenever, before inauguration of service, the applicant fails to fulfill commitments concerning the inauguration of the service;

(7) When it appears that to perform the services specified in this part would not be to the best interests of the public welfare or of the Government; or

(8) When it appears to the Administrator that prior commitments of the Department necessitate rejection of the application.

(b) Each such applicant shall be promptly notified by registered mail of the reasons for the rejection. A written petition for reconsideration of such rejection may be filed by the applicant with the Administrator if postmarked or delivered within 10 days after receipt of notice of the rejection. Such petition shall state specifically the errors alleged to have been made by the Administrator in rejecting the application. Within 20 days following the receipt of such a petition for reconsideration, the Administrator shall approve the application or notify the applicant by registered mail of the reasons for the rejection thereof.

§ 592.160 When an application may be withdrawn.

An application for service may be withdrawn by the applicant at any time before the service is performed upon payment, by the applicant, of all expenses incurred by the Agency in connection with such application.

§ 592.170 Order of service.

Service shall be performed, insofar as practicable, in the order in which applications therefor are made except that precedence may be given to any application for an appeal.

§ 592.180 Suspension of plant approval.

(a) Any plant approval pursuant to the regulations in this part may be suspended for:

(1) Failure to maintain plant and equipment in a satisfactory state of repairs;

(2) The use of operating procedures that are not in accordance with the regulations in this part; or

(3) Alterations of buildings, facilities, or equipment that cannot be approved in accordance with the regulations in this part.

(b) During such period of suspension, inspection service shall not be rendered. However, the other provisions of the regulations in this part pertaining to providing service will remain in effect unless service is terminated in accordance with the terms thereof. If the plant facilities or methods of operation are not brought into compliance within a reasonable period of time to be specified by the Administrator, the application and service shall be terminated. Upon termination of service in an official plant pursuant to the regulations in this part, the plant approval shall also become terminated, and all labels, seals, tags, or packaging material bearing official identification shall, under the supervision of a person designated by the Administrator, either be destroyed, or if to be used at another

location, modified in a manner acceptable to the Agency.

Denial of Service

§ 592.200 Debarment.

(a) The following acts or practices or the causing thereof may be deemed sufficient cause for the debarment by the Administrator of any person, including any agents, officers, subsidiaries, or affiliates of such person, from any or all benefits of the Act for a specified period.

(1) Misrepresentation, or deceptive or fraudulent act or practice. Any willful misrepresentation or any deceptive or fraudulent act or practice found to be made or committed by any person in connection with:

(i) The making or filing of an application for any service or appeal;

(ii) The making of the product accessible for sampling or inspection;

(iii) The making, issuing, or using, or attempting to issue or use, any certificate, symbol, stamp, label, seal, or identification authorized pursuant to the regulations in this part;

(iv) The use of the terms "United States," "U.S.," "U.S. Inspected," "Government Inspected," or terms of similar import in the labeling or advertising of any product;

(v) The use of any official stamp, symbol, label, seal, or identification in the labeling or advertising of any product.

(2) Use of facsimile forms. Using or attempting to use a form that simulates in whole or in part any certificate, symbol, stamp, label, seal, or identification authorized to be issued or used under the regulations in this part.

(3) Willful violation of the regulations. Any willful violation of the regulations in this part or of the Act.

(4) Interfering with inspection program personnel or program employee of the Agency. Any interference with or obstruction or any attempted interference or obstruction of or assault upon any inspection program personnel or program employee of the Agency in the performance of their duties. The giving or offering, directly or indirectly, of any money, loan, gift, or anything of value to a program employee of the Agency, or the making or offering of any contribution to or in any way supplementing the salary, compensation or expenses of a program employee of the Agency, or the offering or entering into a private contract or agreement with a program employee of the Agency for any services to be rendered while employed by the Agency.

(5) Miscellaneous. The existence of any of the conditions set forth in

§ 592.150 constituting the basis for the rejection of an application for inspection service.

§ 592.220 Other applicable regulations.

Compliance with the regulations in this part shall not excuse failure to comply with any other Federal or any State or municipal applicable laws or regulations.

§ 592.240 Report of violations.

Each inspection program employee shall report, in the manner prescribed by the Administrator, all violations and noncompliance under the Act and this part of which such inspection program employee has knowledge.

§ 592.260 Reuse of containers bearing official identification prohibited.

The reuse, by any person, of containers bearing official identification is prohibited unless such identification is applicable in all respects to product being packed therein. In such instances, the container and label may be used provided the packaging is accomplished under the supervision of inspection program personnel or program employee, and the container is in clean, sound condition and lined with a suitable inner liner.

Identifying and Marking Products

§ 592.300 Approval of official identification.

Labeling procedures, required information on labels, and method of label approval, shall be in accordance with and conform to the applicable provisions of part 590 of this chapter.

§ 592.310 Form of official identification symbol and inspection mark.

(a) The shield set forth in Figure 1, containing the letters "USDA," shall be the official identification symbol for the purposes of this part and when used, imitated, or simulated in any manner in connection with a product shall be deemed to constitute a representation that the product has been officially inspected for the purpose of § 592.5.



FIGURE 1.

(b) The inspection marks that are permitted to be used on products shall be contained within the outline of a shield and with the wording and design set forth in Figure 2 of this section, except the plant number may be followed by the letter "G" in lieu of the word "plant." Alternatively, it may be omitted from the official shield if applied on the container's principal display panel or other prominent location and preceded by the word "Plant" or followed by the letter "G."



FIGURE 2.

§ 592.320 Products that may bear the inspection mark.

Products that are permitted to bear the inspection mark shall be processed in an official plant from edible shell eggs or other edible egg products eligible to bear the inspection mark and may contain other edible ingredients. The official mark, when used, shall be printed or lithographed and applied as a part of the principal display panel of the container, but shall not be applied to a detachable cover.

§ 592.330 Unauthorized use or disposition of approved labels.

(a) Containers or labels that bear official identification approved for use pursuant to § 592.300 shall be used only for the purpose for which approved. Any unauthorized use or disposition of approved containers or labels that bear any official identification may result in cancellation of the approval and denial of the use of containers or labels bearing official identification or denial of the benefits of the Act pursuant to the provisions of § 592.200;

(b) The use of simulations or imitations of any official identification by any person is prohibited;

(c) Upon termination of inspection service in an official plant pursuant to the regulations in this part, all labels or packaging material bearing official identification to be used to identify product packed by the plant shall either be destroyed, or have the official identification completely obliterated under the supervision of a USDA

representative, or, if to be used at another location, modified in a manner acceptable to the Agency.

§ 592.340 Supervision of marking and packaging.

(a) Evidence of label approval. Inspection program personnel shall authorize the use of official identification on any inspected product when they have evidence that such official identification or packaging material bearing such official identification has been approved in accordance with the provisions of § 592.300.

(b) Affixing of official identification. No official identification may be affixed to or placed on or caused to be affixed to or placed on any product or container thereof except by an inspection program employee or under the supervision of an inspection program employee or other person authorized by the Administrator. All such products shall have been inspected in accordance with the regulations in this part. Inspection program personnel shall have supervision over the use and handling of all material bearing any official identification.

(c) Labels for products sold under Government contract. Inspectors-in-charge may approve labels for containers of product sold under a contract specification to governmental agencies when such product is not offered for resale to the general public: Provided, that the contract specifications include complete specific requirements with respect to labeling, and are made available to inspection program personnel.

§ 592.350 Accessibility of product.

Each product for which service is requested shall be so placed as to disclose fully its class, quality, quantity, and condition as the circumstances may warrant.

§ 592.360 Certificates.

Certificates (including appeal certificates) shall be issued on forms approved by the Administrator.

§ 592.370 Certificate issuance.

When performing inspection service at locations other than an official establishment, inspection program personnel shall issue a certificate covering each product inspected. An applicant may request issuance of a certificate for each production lot inspected.

§ 592.380 Disposition of certificates.

The original and a copy of each certificate issued pursuant to § 592.370, and not to exceed two additional copies

thereof if requested by the applicant prior to issuance, shall, immediately upon issuance, be delivered or mailed to the applicant or designee. Other copies shall be filed and retained in accordance with the disposition schedule for inspection program records.

§ 592.390 Advance information.

Upon request of an applicant, all or part of the contents of any certificate issued to such applicant may be telephoned or transmitted to the applicant or designee, at the applicant's expense.

Appeals

§ 592.400 Who may request an appeal inspection or review of an inspection program employee's decision.

An appeal inspection may be requested by any interested party who is dissatisfied with the determination by an inspection program employee of the class, quality, quantity, or condition of any product, as evidenced by the USDA inspection mark and accompanying label, or as stated on a certificate and a review may be requested by the operator of an official plant with respect to a inspection program personnel decision or on any other matter related to inspection in the official plant.

§ 592.410 Where to file an appeal.

(a) Appeal of inspection program personnel decision in an official plant. Any interested party who is not satisfied with the determination of the class, quality, quantity, or condition of product that was inspected by inspection program personnel in an official plant and has not left such plant, and the operator of any official plant who is not satisfied with a decision by inspection program personnel on any other matter relating to inspection in such plant, may request an appeal inspection or review of the decision by the inspection program employee by filing such request with the inspection program employee's immediate supervisor.

(b) All other appeal requests. Any interested party who is not satisfied with the determination of the class, quality, quantity, or condition of product that has left the official plant where it was inspected or inspected other than in an official plant may request an appeal inspection by filing such request with the District Manager in the district where the product is located.

§ 592.420 How to file an appeal.

The request for an appeal inspection or review of a inspection program employee's decision may be made orally

or in writing. If made orally, written confirmation may be required. The applicant shall clearly state the identity of the product, the decision which is questioned, and the reasons for requesting the appeal service. If such appeal request is based on the results stated on an official certificate, the original and all copies of the certificate available at the appeal inspection site shall be provided to the appeal inspection program employee assigned to make the appeal inspection.

§ 592.430 When an application for an appeal inspection may be refused.

When it appears to the official with whom an appeal request is filed that the reasons given in the request are frivolous or not substantial, class, quality, quantity, or that the condition of the product has undergone a material change since the original inspection, or that the original lot has changed in some manner, or the Act or the regulations in this part have not been complied with, the applicant's request for the appeal inspection may be refused. In such case, the applicant shall be promptly notified of the reason(s) for refusal.

§ 592.440 Who shall perform the appeal.

(a) An appeal inspection or review of a decision requested under § 592.410(a) shall be made by the inspection program employee's immediate supervisor or by an inspection program employee assigned by the immediate supervisor other than the inspection program employee whose inspection or decision is being appealed.

(b) Appeal inspections requested under § 592.410(b) shall be performed by an inspection program employee other than the inspection program employee who originally inspected the product.

(c) Whenever practical, an appeal inspection shall be conducted jointly by two inspection program employees. The assignment of the inspection program personnel who will make the appeal inspection under § 592.410(b) shall be made by the District Manager.

§ 592.450 Procedures for selecting appeal samples.

(a) Prohibition on movement of product. Products shall not have been moved from the place where the inspection being appealed was performed and must have been maintained under adequate refrigeration, when applicable.

(b) Laboratory analyses. The appeal sample shall consist of product taken from the original sample containers plus an equal number of containers selected at random. When the original sample

containers cannot be located, the appeal sample shall consist of product taken at random from double the number of original sample containers.

(c) Condition inspection. The appeal sample shall consist of product taken from the original sample containers plus an equal number of containers selected at random. A condition appeal cannot be made unless all originally sampled containers are available.

§ 592.460 Appeal certificates.

Immediately after an appeal inspection is completed, an appeal certificate shall be issued to show that the original inspection was sustained or was not sustained. Such certificate shall supersede any previously issued certificate for the product involved and shall clearly identify the number and date of the superseded certificate. The issuance of the appeal certificate may be withheld until any previously issued certificate and all copies have been returned when such action is deemed necessary to protect the interest of the Government. When the appeal inspection program employee assigns a different class to the lot or determines that a net weight shortage exists, the lot shall be retained pending correction of the labeling or approval of the product disposition by the District Office.

Fees and Charges

§ 592.500 Payment of fees and charges.

(a) Fees and charges for voluntary base time rate, overtime inspection service, and holiday inspection service shall be paid by the interested party making the application for such service, in accordance with the applicable provisions of this section and § 592.510 through § 592.530, both inclusive. If so required by the Inspection program personnel, such fees and charges shall be paid in advance.

(b) Fees and charges for any service shall, unless otherwise required pursuant to paragraph (c) of this section, be paid by check, draft, or money order payable to the Food Safety Inspection Service and remitted promptly to FSIS.

(c) Fees and charges for any service under a cooperative agreement with any State or person shall be paid in accordance with the terms of such cooperative agreement.

§ 592.510 Base time rate.

The base time rate for voluntary inspection services of egg products is \$43.64 per hour per program employee.

§ 592.520 Overtime inspection service.

When operations in an official plant require the services of inspection personnel beyond their regularly

assigned tour of duty on any day or on a day outside the established schedule, such services are considered as overtime work. The official plant must give reasonable advance notice to the inspection program personnel of any overtime service necessary and must pay the Agency for such overtime at an hourly rate of \$50.04.

§ 592.530 Holiday inspection service.

When an official plant requires inspection service on a holiday or a day designated in lieu of a holiday, such service is considered holiday work. The official plant must, in advance of such holiday work, request the inspector in charge to furnish inspection service during such period and must pay the Agency for such holiday work at an hourly rate of \$50.04.

Sanitary and Processing Requirements

§ 592.600 General.

Except as otherwise approved by the Administrator, the sanitary, processing, and facility requirements, as applicable, shall be the same for the product processed under this part as for egg products processed under part 590 of this chapter.

§ 592.650 Inspection.

Examinations of the ingredients, processing, and the product shall be made to ensure the production of a wholesome, unadulterated, and properly labeled product. Such examinations include, but are not being limited to:

- (a) Sanitation checks of plant premises, facilities, equipment, and processing operations.
- (b) Checks on ingredients and additives used in products to ensure that they are not adulterated, are fit for use as human food, and are stored, handled, and used in a sanitary manner.
- (c) Examination of the eggs or egg products used in the products to ensure they are wholesome, not adulterated, and comply with the temperature, pasteurization, or other applicable requirements.
- (d) Inspection during the processing and production of the product to determine compliance with any applicable standard or specification for such product.
- (e) Examination during processing of the product to ensure compliance with approved formulas and labeling.
- (f) Test weighing and organoleptic examinations of finished product.

Done at Washington, DC, on: December 23, 2003.

Garry L. McKee,

Administrator, Food Safety and Inspection Service.

[FR Doc. 04-403 Filed 1-9-04; 8:45 am]

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DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 1124

[Docket No. AO-368-A30; DA-01-08-PNW]

Milk in the Pacific Northwest Marketing Area; Interim Order Amending the Order

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Interim final rule.

SUMMARY: This order amends the *Producer milk* provision of the Pacific Northwest milk marketing order to eliminate the ability to simultaneously pool the same milk on the order and on a State-operated order that provides for marketwide pooling. More than the required number of producers on the Pacific Northwest order have approved the issuance of the interim order as amended.

EFFECTIVE DATE: February 1, 2004.

FOR FURTHER INFORMATION CONTACT: Gino M. Tosi, Marketing Specialist, Stop 0231, Room 2971, USDA/AMS/Dairy Programs, Order Formulation and Enforcement Branch, 1400 Independence Avenue, SW., Washington, DC 20250-0231, (202) 690-1366, e-mail address gino.tosi@usda.gov.

SUPPLEMENTARY INFORMATION: This administrative rule is governed by the provisions of sections 556 and 557 of title 5 of the United States Code and, therefore, is excluded from the requirements of Executive Order 12866.

This interim rule has been reviewed under Executive Order 12988, Civil Justice Reform. This rule is not intended to have retroactive effect. This rule will not preempt any State or local laws, regulations, or policies, unless they present an irreconcilable conflict with the rule.

The Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674), provides that administrative proceedings must be exhausted before parties may file suit in court. Under section 608c(15)(A) of the Act, any handler subject to an order may request modification or exemption from such order by filing with the

Department a petition stating that the order, any provision of the order, or any obligation imposed in connection with the order is not in accordance with the law. A handler is afforded the opportunity for a hearing on the petition. After a hearing, the Department would rule on the petition. The Act provides that the District Court of the United States in any district in which the handler is an inhabitant, or has its principal place of business, has jurisdiction in equity to review the Department's ruling on the petition, provided a bill in equity is filed not later than 20 days after the date of the entry of the ruling.

Small Business Consideration

In accordance with the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*), the Agricultural Marketing Service has considered the economic impact of this action on small entities and has certified that this interim rule will not have a significant economic impact on a substantial number of small entities. For the purpose of the Regulatory Flexibility Act, a dairy farm is considered a "small business" if it has an annual gross revenue of less than \$750,000, and a dairy products manufacturer is a "small business" if it has fewer than 500 employees.

For the purposes of determining which dairy farms are "small businesses", the \$750,000 per year criterion was used to establish a production guideline of 500,000 pounds per month. Although this guideline does not factor in additional monies that may be received by dairy producers, it should be an inclusive standard for most "small" dairy farmers. For purposes of determining a handler's size, if the plant is part of a larger company operating multiple plants that collectively exceed the 500-employee limit, the plant will be considered a large business even if the local plant has fewer than 500 employees.

In the Pacific Northwest Federal milk order, 805 of the 1,164 dairy producers (farmers), or about 69 percent, whose milk was pooled under the Pacific Northwest Federal milk order at the time of the hearing, April 2002, would meet the definition of small businesses. On the processing side, 9 of the 20 milk plants associated with the Pacific Northwest milk order during April 2002 would qualify as "small businesses," constituting about 45 percent of the total.

Based on these criteria, at least 69 percent of the producers in the order would be considered as small businesses. The adoption of the proposed pooling standard serves to