

TABLE 2.—APPROXIMATE AVERAGE ANNUAL VALUES OF FEEDER CATTLE EXPORTS TO CANADA FROM THE STATES OF HAWAII, MONTANA, AND WASHINGTON, 1999–2001

Hawaii .....	\$2,383,000
Montana .....	84,999,000
Washington .....	8,821,000
Total .....	96,203,000

**Source:** Industry Canada, Trade Data Online, based on data obtained from Statistics Canada and the U.S. Census Bureau, U.S. Department of Commerce.

**Note:** Values are for Harmonized Schedule code 010290—Bovine, live—Not Pure-bred, which are predominantly feeder cattle, but may include other cattle. The values, therefore, are only approximate feeder cattle values.

Montana's livestock exporters, in particular, have benefitted from the Restricted Feeder Cattle Program. A total of 127,643 restricted feeder cattle were shipped to Canada from Montana during the 1999–2000 season. In the 2000–2001 season, Montana shipped 133,240 head.<sup>5</sup> The total value of feeder cattle exported from the three States to Canada, shown in Table 2 to be \$96 million, comprises two-thirds of the \$146 million shown in Table 1 for all not purebred cattle exported to Canada.

Statistics on other ruminants exported to Canada and affected by this proposed rule are not available. However, as mentioned above, exports of such ruminants, which include certain breeding stock, are not nearly as important as exports of not purebred cattle.

#### *The User Fee Increase and Ruminant Export Values*

The total value of ruminant exports that would be affected by this proposed rule and for which statistics are available is approximately \$140 million annually. This figure accounts for about 54 percent of cattle, sheep, and goats exported from the United States.<sup>6</sup> However, even though a sizable percentage of U.S. ruminant exports would be affected by the proposed user fee increase, we do not expect that this proposed rule would have a significant impact on a substantial number of entities. The \$10 proposed increase in user fees for the endorsement of certificates that do not require verification of tests or vaccinations for ruminants represents a small amount of

the average export value of cattle.

Furthermore, the \$10 proposed increase in user fees is small compared to the total value of livestock usually included on a single health certificate, as most health certificates are issued for more than one animal and the new user fee of \$33 would apply for any number of animals covered by a single certificate.

This proposed rule would have the largest effect on exporters of not purebred cattle intended for export to Mexico and Canada. Table 3 shows the average value for each animal for those ruminant categories. The proposed \$10 increase in user fees represents approximately 2 percent of the average value of not purebred cattle exported to Mexico and Canada from the United States.

TABLE 3.—AVERAGE VALUES OF NOT PUREBRED CATTLE EXPORTED TO MEXICO AND CANADA AND PERCENTAGES OF THE VALUES REPRESENTED BY THE PROPOSED \$10 INCREASE IN USER FEES

	Average value per animal	\$10 user fee increase as a percentage of the average value
Not Purebred Cattle:		
Exported to Mexico .....	\$464	2.2
Exported to Canada .....	504	2.0

**Source:** World Trade Atlas, based on U.S. Census Bureau data. Values are annual averages for 1999, 2000, and 2001.

However, these percentages overstate the potential impact of the proposed user fee increase, as numerous animals are usually exported using a single certificate. For example, from 1999 through 2001, the average number of feeder cattle exported to Canada per certificate numbered 798 head.<sup>7</sup> Based on this average number of cattle per certificate, the \$10 proposed user fee increase would account for only 0.002

percent of the total value of livestock included in a single health certificate.<sup>8</sup>

#### *Impact on Small Entities*

The Regulatory Flexibility Act require agencies to consider the economic impact of their rules on small entities, such as small businesses, organizations, and governmental jurisdictions. This proposed rule would affect livestock operations that export ruminants to Mexico or Canada, which include such

entities as cattle ranches and farms, sheep and goat farms, and cattle feedlots.

Under the standards established by the Small Business Administration (SBA), a business, firm, organization or other entity engaged in cattle ranching and farming, sheep farming, or goat farming is considered small if the entity has annual sales of \$750,000 or less.<sup>9</sup> In 1997, there were 651,542 cattle farms and 29,790 sheep and goat farms. Of

<sup>5</sup> Montana Department of Livestock.

<sup>6</sup> Feeder cattle exports to Canada from Hawaii, Montana, and Washington (\$96 million) + not purebred cattle exports to Mexico (\$44 million) = \$140 million. (Overcounting of affected cattle and smallstock shipments to Mexico is assumed to be balanced by undercounting of affected cattle and

smallstock shipments to Canada.) All U.S. exports total about \$260 million (Table 1).

<sup>7</sup> Calculated from data obtained from APHIS CEAH.

<sup>8</sup> Average total value of feeder cattle exported to Canada, for each health certificate, is \$402,192: (\$10

divided by \$402,192) multiplied by 100 = 0.002 percent.

<sup>9</sup> Cattle ranching and farming, North American Industry Classification System (NAICS) code 112120; sheep farming, NAICS 112410; and goat farming, NAICS 112420.