

Therefore, for the reasons given in the proposed rule and in this document, we are adopting our June 1999 proposed rule as a final rule, with the changes discussed in this document.

Effective Date

This is a substantive rule that relieves restrictions and, pursuant to the provisions of 5 U.S.C. 553, may be made effective less than 30 days after publication in the **Federal Register**.

This rule recognizes a region of the EU as one in which CSF does not exist. Additionally, it recognizes Greece and certain regions of Italy as areas in which SVD does not exist. Although restrictions on the importation of animals and animal products from these regions may continue because of other diseases, a number of restrictions due to CSF and SVD are no longer warranted for imports from the areas. Therefore, the Administrator of the Animal and Plant Health Inspection Service has determined that this rule should be effective upon publication in the **Federal Register**.

Executive Order 12866 and Regulatory Flexibility Act

This rule has been reviewed under Executive Order 12866. The rule has been determined to be significant for the purposes of Executive Order 12866 and, therefore, has been reviewed by the Office of Management and Budget.

This rule recognizes a region in the EU as one in which CSF is not known to exist, and from which breeding swine, swine semen, and pork and pork products may be imported into the United States under certain conditions. Additionally, it recognizes Greece and four Regions in Italy as free of SVD. These actions are based on a request from the EC's Directorate General for Agriculture and on our review of the supporting documentation supplied by the EC and individual EU Member States. These actions will relieve some restrictions on the importation into the United States of certain animals and animal products from those regions that are imposed because of CSF and SVD.

In considering this rulemaking, we considered three options. The first, which we could have applied to all the diseases addressed by this rule, was to retain the current regulations and make no changes. We did not consider this an acceptable option because it was not warranted by the disease situation in the regions in question and such inaction would have been contrary to U.S. obligations under international trade agreements. A second option, specific to CSF, was to allow free movement of swine, swine semen, and pork from the

region we are recognizing as one in which CSF does not exist. Based on our risk analysis, however, we concluded that adopting that option would lead to an unacceptable risk of introducing CSF into the United States. Therefore, we chose our third option, which was to adopt the provisions of this rule.

Below is a summary of the economic analysis prepared for this rule. The economic analysis provides a cost-benefit analysis as required by E.O. 12866 and an analysis of impacts on small entities as required by the Regulatory Flexibility Act. A copy of the full economic analysis is available by contacting the individual listed under **FOR FURTHER INFORMATION CONTACT**.

Recognition of an EU Region as One in Which CSF Does Not Exist

The analysis with regard to CSF examines the economic impact of the potential importation of fresh (chilled or frozen) pork, breeding swine, and swine semen from a region in the EU that this rule recognizes as one in which CSF is not known to exist.

This is in accordance with the policy of "regionalization," whereby import requirements are tailored to regions that are determined by science-based risk factors, rather than political boundaries.

Five EU Member States that are already recognized in the current regulations as being regions in which CSF is not known to exist are excluded from this analysis, because the regulations governing CSF do not currently restrict their pork, live swine, and swine semen exports to the United States.

Potential Importations of Pork

Potential exports to the United States from the seven EU Member States considered (Austria, Belgium, parts of Germany, Greece, parts of Italy, the Netherlands, and Portugal) constitute the trade volumes used in the analysis, assuming no risk of disease introduction. For pork, the import levels used in the analysis are based on the proportion of Denmark's global pork exports that are imported into the United States. It is assumed that a similar percentage of the global pork exports of each of the EU Member States will be exported to the United States. The total quantity of pork assumed is about 15,158 metric tons. For breeding swine and swine semen imports, the import levels used in the analysis are based on historical data and prior U.S. demand for EU swine genetic stock.

Current U.S. pork import levels suggest that imports resulting from this rule are likely to be minimal. The import levels used in the analysis allow

for an analysis of potential economic effects if market conditions were to change in favor of U.S. imports of EU swine and pork and pork products. Estimated effects on producers and consumers reflect the expected effects of these imports, assuming no disease risks.

Although we expect that the economic effect of this rule will be minimal, we used a net trade benefit model to evaluate what would happen should trade occur. Benefits to the United States of pork imports from the EU Member States considered are calculated as the net change in consumer surplus and producer surplus. Assuming an import volume of 15,158 metric tons of pork, the annual net trade benefit is estimated to be about \$228,000 (2001 dollars). Based on data on domestic pork production and prices for the period 1997 to 2001, the welfare changes in consumer surplus and producer surplus would reflect about a 0.1 percent decrease in U.S. pork production, a 0.1 percent increase in pork consumption, and a 0.1 percent decrease in the farmgate price of pork.

Potential Imports of Breeding Swine

The marginal benefit, in terms of productivity gains, from future imports of EU breeding swine is expected to be minimal, given the ready availability of improved genetic lines in both the United States and Canada. Over the 8-year period from 1994–2001, over 98 percent of breeding swine imports into the United States came from Canada, and only about 1.2 percent came from the European Union. The breeding swine that were imported from the EU came almost entirely from Denmark and the United Kingdom, countries that are unaffected by this rule. We used the number of breeding swine imported from Denmark and the United Kingdom to establish a recent average and a reasonable upper bound for potential imports from the EU Member States of concern. The average number of breeding swine imported annually from Denmark and the United Kingdom is 440. The minimum number imported was zero in 2001, and the maximum was 1,299 imported in 1997. It is assumed that 200 breeding swine per year may be imported from the newly recognized region in which CSF is not known to exist.²

APHIS does not record the percentages of imported breeding swine that are boars and gilts. For the purposes

² Although projected import quantities for breeding swine and swine semen used in this analysis were approximated independently of those used in the risk assessment, similar assumptions were followed in both analyses.