

changes—all of which would have a favorable impact on any affected entities—are discussed individually in the paragraphs that follow.

Adding Provisions for Removing Fields or Areas From the List of Regulated Areas

The current regulations do not contain criteria for the removal of fields or areas from the list of regulated areas, although we have removed some fields or areas from regulation in the past on a case-by-case basis. This proposed rule would establish uniform criteria for the removal of fields or areas from regulation.

Under the current regulations, even wheat testing Karnal bunt-negative is not eligible for a phytosanitary certificate with an additional declaration if it was grown in fields that previously tested Karnal bunt-positive—a situation that adversely impacts the wheat's marketability and value.¹ By allowing wheat from those fields to become eligible for such a certificate (if certain conditions are met), the proposed rule would yield potential—and in some cases immediate—economic benefits for affected producers.

In San Saba and McCulloch Counties, TX, there are approximately 28 producers with fields that previously tested positive for Karnal bunt—including about 8 that would be immediately eligible for deregulation since they have already satisfied the proposed conditions for release. It is estimated that these 28 producers would have received, collectively, at least about \$295,000 more for their wheat this past crop season if it had been eligible for export—an average of about \$10,500 per producer. These dollar estimates are based on a price differential of at least \$1.80 per bushel between uncertified wheat sold for animal feed and certified wheat in Texas sold for the export market.²

This proposed rule also has the potential to enable the approximately 25 producers in 4 north Texas counties (Young, Throckmorton, Archer, and Baylor) with fields in a regulated area to recover lost revenues. Based on their estimated production capacity of about 81,000 bushels of wheat per crop season, the proposed rule, by allowing

the 25 growers to obtain the phytosanitary certificate with the additional declaration needed to market their wheat for export, has the potential to enable them to recover \$145,000 or more in annual revenues, based on current prices.³

Growers in Arizona and California would also benefit. The proposed rule would enable the approximately 67 producers in Arizona with fields that previously tested Karnal bunt-positive, to recover, collectively, revenues estimated at about \$1,433,000 per year. The four producers in California with fields that previously tested positive would stand to recover, collectively, about \$210,000 per year in lost revenues.⁴

Modifying Seed Planting Requirements

Under the current regulations, wheat seed grown in regulated areas cannot be planted outside those areas. Under the proposed rule, such seed would be eligible for planting outside the regulated areas if it were tested and found free of both bunted kernels and spores.

Seed producers in regulated areas would benefit because they would be able to sell their seed outside those areas, recapturing markets that they had previously lost. Furthermore, by removing a disincentive for certified seed producers to operate in regulated areas, the proposed rule also has the potential to benefit owners of seed conditioning equipment who operate in those areas.

Even producers who do not sell seed outside the regulated area stand to benefit. In Texas, for example, it is not uncommon for producers to hold back a quantity of grain for use as seed in the next planting season. With the proposed changes in effect, producers in regulated areas would be able to use their grain as seed in fields that they operate outside the regulated area—instead of having to purchase higher-priced commercial seed for use in those fields. In San Saba and McCulloch Counties, TX, it is estimated that 14 producers would have saved a total of about \$60,000 this past crop season if they had been able to use their grain as seed in fields that they operated outside the regulated area.⁵ It is estimated that about half of the approximately 450 wheat producers in the regulated areas of northern Texas

would benefit to at least some extent from this aspect of the proposed rule.

Removing Animal Manure From the List of Regulated Articles

Currently, manure from animals that have fed on untreated or raw wheat is a regulated article under § 301.89–2. Although not set forth in the regulations, it has been our practice to require a 5-day “clean-out” period for livestock that have been fed untreated or raw wheat before the animals can be moved from the regulated area. During the clean-out period, livestock can be fed only Karnal bunt-negative wheat or a non-host crop. The proposal would remove animal manure from the list of regulated articles in § 301.89–2, effectively eliminating the clean-out requirement.

This aspect of the proposed rule would benefit livestock producers, since the clean-out requirement may compel them to switch their animals to an alternative, but less desirable, feed crop during the 5-day period. A change in feeding rations during the clean-out period can adversely impact weight gain, which, in turn, can adversely affect animal prices. In northern Texas, where this proposed rule has the potential to have the most impact, it has been estimated that cattle can lose up to 20 percent of their weight in the first week following a feed-crop change. For a single head of cattle weighing 700 lbs. before clean out, therefore, the clean-out requirement can translate into a loss of up to \$109 (based on the current price of about \$0.78/lb).

Livestock producers would further benefit because clean-out can also involve gathering the animals and transporting them to a new location, such as a new pasture, during the 5-day period. The time and expense associated with gathering and transporting cattle to a new location for clean-out would vary among individual livestock producers, depending on such factors as the distance to the new location, the cost for the use of the new location, and the equipment needed for transport to the new location.

To date in northern Texas, only a few cattle producers have had to clean out their animals, since most moved their animals before the wheat reached the soft dough stage. However, there are at least 500 cattle producers in northern Texas who would potentially benefit from this aspect of the proposed rule, including some who move up to about 25,000 head annually.⁶

¹ Major foreign importers will not accept wheat from the United States that does not have such an additional declaration. Furthermore, many U.S. elevators will not commingle wheat from previously tested positive fields with wheat destined for the export market.

² Source: George Nash (APHIS). Approximately 70 percent of the wheat produced in Texas is exported.

³ Source: Barte Smith (APHIS).

⁴ Dollar estimates are derived from data provided by Michael Hennessey and Cindy Umbdenstock (APHIS). Dollar estimates assume a price differential of \$1.80/bushel between uncertified and certified wheat.

⁵ George Nash (APHIS).

⁶ Source: Barte Smith (APHIS).