

the swine they produce. Although the contract information will not identify which packers have specific contract terms available, producers will know that specific terms are available at a plant in identified regions.

Additionally, the monthly reports will provide producers with information on the number of contracted swine by region for the upcoming 6- and 12-month periods. Producers could use this information, in combination with data such as current inventories of swine on feed from the National Agricultural Statistics Service and projections of slaughter from land grant college extension services and other sources, to estimate the percentage of the region's swine slaughter requirements for the next 6 and 12 months that are being met by contracted swine. This will help producers to determine how many sows to breed, whether to search out packers in regions with lower volumes of swine already contracted, and to make other decisions related to the production and marketing of their swine. For example, knowledge of the volume of swine already contracted for delivery 12 months into the future will better enable producers to adjust their production plans to avoid situations such as occurred during a prolonged period in late 1998. During that period, extremely large supplies of swine for slaughter were out of balance with aggregate industry slaughter capacity and producers suffered losses in the billions of dollars.

By lowering the search costs for producers and increasing the amount of available information, information made available from example contracts and the monthly reports will alleviate much of the current imbalance in information available to producers relative to packers. The benefits are difficult, if not impossible, to quantify, but available evidence indicates the benefits will be substantial. We believe that benefits to producers, from the availability of contract terms and packers' estimates of future deliveries, will include better planning for their marketing decisions.

We envision that the primary means of access to information from the example contracts and monthly reports will be through the GIPSA Web site on the Internet. The information will also be available in hard copy in our regional office located in Des Moines, Iowa. We believe that many producers have access to the Internet; for those who do not, we have coordinated with other USDA agencies with officers at the local level to provide Internet access, or producers could use public libraries with Internet service available, as many across the country do. Therefore, this method of

providing the information will make it available to the widest possible audience in the most efficient way. We believe that many producer organizations and private news and information services will copy and redistribute these reports at no direct cost to producers as part of the services they already provide to producers.

Although packers will bear the compliance costs of the regulations, packers are not the primary beneficiaries of the contract library. The chief benefit to the packers will be from improved knowledge about aggregate supply based on information provided in the monthly reports of aggregate future supplies of swine contracted for slaughter and knowledge of contract terms being made available by other packers.

In conclusion, the benefits to producers and other interested persons are not quantifiable and, therefore, difficult to compare to the costs that packers and GIPSA will incur to implement the swine contract library requirements of the amendments to the P&S Act. The total annual cost for GIPSA to implement the contract library and monthly reports is \$400,000. The total first-year costs for packers choosing to utilize electronic submission methods is estimated to be \$330 per plant with an annual recurring costs thereafter of an estimated \$290 per plant; the total first-year cost for packers choosing to use manual submission methods is estimated to be \$710 with an annual recurring cost thereafter estimated at \$530 per plant. We believe all packers required to report have the capability to use electronic methods. However, we do not have an estimate for how many packers will choose to use electronic versus manual methods. Thus, for purposes of comparing costs and benefits, we are conservatively using the highest cost, which is based on all packers using manual methods to submit example contracts and monthly reports. Using this conservative estimate, the total first-year cost to the industry is \$37,630 and annual recurring cost thereafter is \$28,090. We requested comments on these estimates and on the likelihood that packers will use electronic methods; none of the commenters provided this information. Additionally, the benefits to the producer will be an increase in the knowledge about supply and contract terms that could result in better marketing decisions. These benefits are difficult, if not impossible, to quantify. We requested commenters to provide additional information on the benefits of this regulation and the quantification of

those benefits; none of the commenters provided any additional information.

Effects on Small Entities

The Small Business Administration (SBA) classifies producers' swine production enterprises as small businesses if they have annual sales of \$500,000 or less. There were approximately 92,000 producers that would be classified as small businesses by this definition, or 90 percent of all producers reporting sales of swine in the 1997 Census of Agriculture. The rule will not impose any reporting requirement or other burden on producers of any size. We believe the rule will provide significant benefits for all producers, as discussed in the section on Summary of Benefits above, and especially to small producers.

According to the SBA size standard, a company that owns and operates a packing plant, including a swine processing plant, would be classified as a small business if the company has less than 500 employees in total. It is common in the red meat industry for larger companies to own several plants. A packer that owns and operates one or more plants would be considered as a small business under the SBA definition only if the packer, at all plants combined, had fewer than 500 employees.

The regulation will require a total of 33 pork packing companies (packers) to report for 53 plants that have the slaughtering capacity specified in the definition of "packer" in section 206.1. We have minimized the number of small entities that would have been required to comply with the swine contract library regulations as proposed by limiting the packers to those that purchase at least 100,000 swine per year. Based on the SBA size standard, approximately 15 of the packers that will be required to report, are considered small businesses. These small packers will bear some costs of compliance with the regulation. The costs, as described above in Summary of Costs, arise from the reporting and recordkeeping requirements for the packers that are required to report. The same requirements will be imposed on large and small packers that are required to report. However, we believe the burden of these requirements will be less on the packers classified as small businesses, as explained below.

Projected Reporting Burden on Small Entities

The rule requires packers to report two types of information regarding contracts for the purchase of swine for slaughter. The first type is an example