

substantial number of entities. The \$9 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 \$9 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 will apply for all animals covered by a single certificate.

This final rule will 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 \$9 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 \$9 INCREASE IN USER FEES

	Average value per animal (\$)	\$9 user fee increase as a percentage of the average value
Not Purebred Cattle:		
Exported to Mexico	464	2.0
Exported to Canada	504	1.8

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 impact of the 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.⁷ Based on this average number of cattle per certificate, the \$9 user fee increase would account for only 0.002 percent of the total value of livestock included in a single health certificate.⁸

Impact on Small Entities

The Regulatory Flexibility Act requires agencies to consider the economic impact of their rules on small entities, such as small businesses, organizations, and governmental jurisdictions. This final rule could 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.⁹ In 1997, there were 651,542 cattle farms and 29,790 sheep and goat farms. Of those entities, 99 percent of cattle farms (656,181) and 99 percent of sheep and

goat farms (29,938) are small entities under the SBA's standards.¹⁰

Cattle feedlots are considered small under the SBA's standards if their annual sales are \$1.5 million or less.¹¹ Over 97 percent of feedlots (95,000 of 97,091) have capacities of fewer than 1,000 head, and average annual sales of about 420 head.¹² Assuming each head sold for \$1,000, fewer-than-1,000 head capacity feedlots would generate, on average, \$420,000 in sales. Clearly, most feedlots that export ruminants to Mexico or Canada are small entities under the SBA's standards.

The \$9 increase in user fees for the endorsement of ruminant export health certificates that do not require verification of testing or vaccination, except for ruminants exported from Mexico or Canada, will not have a significant economic impact on a substantial number of entities, large or small, given the value, and number, of animals usually listed on a single health certificate. Although the majority of entities affected by this final rule are small entities, and the majority of cattle, sheep, and goats exported by the United States do not require testing or vaccination, the user fee increase is small compared to the average total value of livestock normally included on a single health certificate.

Under these circumstances, the Administrator of the Animal and Plant Health Inspection Service has determined that this action will not have a significant economic impact on a substantial number of small entities.

Executive Order 12372

This program/activity is listed in the Catalog of Federal Domestic Assistance under No. 10.025 and is subject to Executive Order 12372, which requires intergovernmental consultation with State and local officials. (See 7 CFR part 3015, subpart V.)

Executive Order 12988

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

Paperwork Reduction Act

This final rule contains no information collection or recordkeeping requirements under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

List of Subjects

7 CFR Part 354

Exports, Government employees, Imports, Plant diseases and pests, Quarantine, Reporting and recordkeeping requirements, Travel and transportation expenses.

9 CFR Part 97

Exports, Government employees, Imports, Livestock, Poultry and poultry products, Travel and transportation expenses.

9 CFR Part 130

Animals, Birds, Diagnostic reagents, Exports, Imports, Poultry and poultry products, Quarantine, Reporting and recordkeeping requirements, Tests.

⁷ Calculated from data obtained from APHIS CEAH.

⁸ Average total value of feeder cattle exported to Canada, for each health certificate, is \$402,192: (\$9 divided by \$402,192) multiplied by 100 = 0.002 percent.

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

¹⁰ 1997 Census of Agriculture, USDA National Agricultural Statistics Service (NASS). Sales information for these farms identifies a data break at annual sales of \$500,000, not at \$750,000.

¹¹ Cattle feedlots, NAICS 112112.

¹² "Cattle on Feed," NASS, February 2001.