

Kingdom excluding East Anglia for the 2-year period 2001–2002.¹

Live swine have been prohibited entry into the United States from East Anglia since August 2000. During 1997–1999, the number of swine imported from the United Kingdom averaged 249 per year, and represented about 0.01 percent of average U.S. imports of 3.8 million swine per year. The average annual value of swine imported from the United Kingdom was about \$123,000, or about 0.05 percent of the average annual value of all swine imports (\$265 million). The average price of swine imported from the United Kingdom during the period 1997–1999 was much higher than the average price of all swine imports (\$567 per animal compared to \$72 per animal), reflecting their value as breeding stock rather than slaughter stock.²

During 2001–2002, there were no swine imports from the United Kingdom. If all swine imported from the United Kingdom during 1997–1999 came, in fact, from East Anglia, then a similar number, if not more, can be expected to be imported once East Anglia is again considered CSF-free. Total annual imports from all sources in 2001–2002 increased to over 5.5 million swine. While the effect of renewed swine imports from East Anglia will be small in terms of its percentage share of swine imported by the United States, the high average price during 1997–1999 suggests that future imports may again help serve breeding demands of U.S. swine operations.

A similar comparison of pork product imports from the United Kingdom over the two time periods can be used in considering the impact of renewed importation of these commodities from East Anglia. During 1997–1999, the quantity of pork products imported from the United Kingdom averaged about 3.5 million kilograms per year, and represented about 1.55 percent of average U.S. imports of 225 million kilograms per year. Their average annual value was about \$13 million, or about 2.76 percent of the average annual value of all product imports of \$476 million.

During 2001–2002, there was a significant decline in the quantity of pork products imported from the United

Kingdom, to about 509,400 kilograms per year, while total U.S. pork imports increased to 346 million kilograms per year. The United Kingdom's share of total imports fell to 0.15 percent, one-tenth of its share during 1997–1999. The average annual value was about \$1.8 million, or about 0.24 percent of the average annual value of all pork product imports of \$745 million (again, one-tenth of the United Kingdom's share during 1997–1999). The dramatic increase in annual pork product imports by the United States from the period 1997–1999 to the period 2001–2002—from 225 million kilograms to 346 million kilograms—contributed to the large percentage decline in imports from the United Kingdom.

If the decline in pork product imports from the United Kingdom was caused by the restrictions placed upon imports from East Anglia, then removal of those restrictions can be expected to result in a percentage share of U.S. imports for the United Kingdom similar to that acquired during 1997–1999, about 1.6 percent of total pork product imports by quantity and 2.8 percent by value. Based on the average annual level of total pork product imports during 2001–2002, these percentages represent about 5.4 million kilograms, valued at about \$21 million.

Imports of swine and pork products from the United Kingdom are likely to expand once East Anglia is again considered CSF-free. The expansion could be noteworthy for the United Kingdom if exports to the United States return to the levels seen during 1997–1999: Breeding swine exports in the hundreds of animals per year where currently there are none, and an increase in pork product exports by a factor of 10. The economic effects will not be significant for U.S. entities. As a percentage of overall U.S. imports, the United Kingdom's supply of swine and pork products during 1997–1999 was small. Similar export levels can be expected to result from this rule.

Swine and pork producers and pork product wholesalers are the U.S. entities that may be affected by this rule. The Small Business Administration (SBA) has established size standards for determining which entities can be considered small, using the North American Industrial Classification System (NAICS). The SBA defines small hog and pig farms (NAICS 112210, "Hog and pig farming") as those earning not more than \$750,000 in annual receipts. National Agricultural Statistics Service data on hog farm inventories include farm size categories, among others, with minimums of 2,000 and 5,000 head. Only those swine operations with

inventories well in excess of 3,000 animals would likely earn more than \$750,000 in annual sales.³ Over 95 percent of U.S. swine operations hold inventories of fewer than 2,000 head. Thus, most swine and pork producers can be considered small entities based on SBA standards.

In the same way, pork product wholesalers are also primarily small entities. The SBA defines pork product wholesalers (NAICS 424420, "Packaged frozen food merchant wholesalers," and NAICS 424470, "Meat and meat product merchant wholesalers") as small if they employ 100 or fewer employees. Information on the size distribution of meat wholesalers is not available, but the 1997 Economic Census indicates that the average number of employees per establishment that year was 14.⁴

Although the industries that may be affected by this final rule are largely composed of small entities, the economic effects of the rule will not be significant. While imports of swine and pork products from the United Kingdom are expected to increase as a result of this rule, their market shares of overall U.S. imports are expected to remain small.

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 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 in 9 CFR Part 94

Animal diseases, Imports, Livestock, Meat and meat products, Milk, Poultry

¹ All import statistics are from the World Trade Atlas, based on U.S. Census Bureau data.

² U.S. Census Bureau statistics indicate that 93 purebred breeding swine were imported from the United Kingdom in 1999, but that none were imported in 1997 or 1998. However, the average price paid for swine imported from the United Kingdom during the period 1997–1999 clearly suggests that animals classified as non-purebred breeding swine were imported for breeding purposes.

³ Assuming about a 6-month production cycle, one inventory unit would roughly represent two annual sale units. An average price of \$102 per head (230 pounds selling weight, at \$44.30 per cwt, the average of hog prices in 2001), implies a gross revenue of \$204 per head of inventory, yielding \$750,000/\$204 per head=3,676 head.

⁴ As reported in the 1997 Economic Census of the U.S. Census Bureau, there were 3,557 meat and meat product wholesale establishments that had a total of 50,256 paid employees.