

Loss of one-half of U.S. beef export markets other than Canada and Mexico and redirection of the beef to the U.S. market would result in annual net welfare losses of about \$54.7 million and \$63.8 million, for beef prices of \$3.00 and \$3.50 per pound, respectively. The associated declines in price would be 3.6 cents and 4.2 cents per pound. The effects if all U.S. beef export markets other than Canada and Mexico were to close would be annual net welfare losses of about \$88.5 million and \$103.2 million for the two beef price levels, with decreases in price of 7.2 cents and 8.4 cents per pound. As explained, these effects would occur only if the proposed rule is adopted as final and the countries to which the United States exports beef decided to refuse its entry as a result.

The main industries that would be affected by the proposed rule, such as livestock producers, slaughtering establishments, and meat processors, are composed predominantly of small entities. As indicated above, since May of this year, U.S. producers/suppliers of ruminants and ruminant products have benefited from high price levels at least partly attributable to the ban on imports from Canada. By the same token, buyers of slaughter cattle, feeder cattle, and beef would benefit from price declines (slaughter cattle, 1.7 percent; feeder cattle, 0.9 percent; and beef, less than 2 percent) resulting from the reestablishment of these imports.

Effects from the possible loss of U.S. export markets and subsequent industry contractions, if this proposed rule is adopted as final and other countries were to refuse entry of our beef as a result, would harm small as well as large entities. This outcome could occur, even though BSE has never been discovered in the United States, if, as described above, countries importing U.S. beef do not agree that the factors the United States would consider justify the categorization of a region as one of minimal risk, and do not agree that the proposed age restrictions and other measures provide an adequate safeguard against the risk of BSE introduction from such a region.

Alternatives to the proposed rule would be to (1) leave the regulations unchanged—that is, continue to prohibit entry of ruminants and most ruminant products from regions of minimal BSE risk (other than products allowed entry under permit), or (2) allow the commodities to enter from such regions without the age restrictions or other measures set forth in the proposed rule. Because Canada is the only country we are proposing to list as a BSE minimal-

risk region at this time, the alternatives are discussed in terms of Canada.

By maintaining current import restrictions, estimated benefits of reestablishing slaughter cattle, feeder cattle, and beef imports from Canada would not be realized. Continuation of the status quo would also eliminate any possibility of adverse effects for U.S. exports.

Concerning the second alternative, the proposed age requirements and other measures are based on the known epidemiology of BSE. Without these mitigations, we believe importation of ruminants and ruminant products (other than those allowed entry by permit) would expose the United States to greater risk of BSE introduction.

A BSE discovery in the United States would have economic consequences similar to those that have occurred in Canada and elsewhere. Losses would take the form of lowered demand, closed export markets, animal depopulations, and increased government expenditures for disease management and compensation for depopulated livestock. Tens of thousands of jobs with total earnings in the hundreds of millions of dollars could be threatened by the loss of export markets due to a discovery of BSE.

Because BSE has been linked to variant Creutzfeldt-Jakob disease, one of the most significant impacts of a BSE occurrence in the United States would be the potential loss of consumer confidence in the safety of the U.S. beef supply. An incidence of BSE could result in a downward shift in demand for beef, leading to lowered prices and production.

APHIS acknowledges a theoretical increased risk of BSE introduction into the United States because of this rule. However, we conclude in the risk analysis used as a basis for this rule that, with the proposed mitigation measures, this risk is extremely small. If an introduction occurred, few, if any, additional animals would be infected. It is highly unlikely that such an introduction would pose a major animal health or public health threat in the United States; regulations and practices in the United States are robust and would militate against human exposure or disease spread.

The proposed rule is considered preferable to either continuing to prohibit the entry of ruminants and certain ruminant products from a BSE minimal-risk region or allowing their entry unconditionally. We believe the factors considered in listing a region as one of minimal risk and the mitigations required for the entry of ruminants and ruminant products would make the

likelihood of the introduction of even one animal or product containing infectious levels of the BSE agent extremely small. We also believe that listing Canada as a BSE minimal-risk region, together with the risk-mitigation measures that would be required, is a balanced, science-based response to Canada's request that ruminants and certain ruminant product imports by the United States from Canada be allowed to resume.

Executive Order 12988

This proposed rule has been reviewed under Executive Order 12988, Civil Justice Reform. If this proposed rule is adopted: (1) All State and local laws and regulations that are inconsistent with this rule will be preempted; (2) no retroactive effect will be given to this rule; and (3) administrative proceedings will not be required before parties may file suit in court challenging this rule.

National Environmental Policy Act

We have prepared an environmental assessment regarding the potential impact on the quality of the human environment due to the importation of ruminants and ruminant products and byproducts from Canada under the conditions specified in this proposed rule. APHIS' review and analysis of the potential environmental impacts associated with these proposed importations are documented in an environmental assessment titled "Proposed Rulemaking to Establish Criteria for the Importation of Designated Ruminants and Ruminant Products from Canada into the United States, Environmental Assessment (October 2003)." We are making this environmental assessment available to the public for review and comment. We will consider all comments that we receive on or before the date listed under the heading **DATES** at the beginning of this notice.

Copies of the environmental assessment are available for public inspection in our reading room (information on the location and hours of the reading room is provided under the heading **ADDRESSES** at the beginning of this proposed rule). In addition, copies may be obtained by writing to the individual listed under **FOR FURTHER INFORMATION CONTACT**. The environmental assessment may also be viewed on the Internet at <http://www.aphis.usda.gov/ppd/es/vsdocs.html>.

The environmental assessment was prepared in accordance with: (1) The National Environmental Policy Act of 1969 (NEPA), as amended (42 U.S.C. 4321 *et seq.*), (2) regulations of the