the acreage will be the harvested production, or our reappraisal if the crop is not harvested; and

(2) All harvested production from the insurable acreage.

(e) Mature production of smooth green and yellow peas, lentils, and seed peas that do not qualify as contract seed peas under the policy terms, and that are not deliverable under the contract or are sold under the contract for less than the contract price, may be adjusted for quality deficiencies. No adjustment for quality deficiencies will be allowed for Austrian Winter Peas.

(1) Production will be eligible for quality adjustment if:

(i) Deficiencies in quality, in accordance with the United States Standards for Whole Dry Peas, Split Peas, and Lentils, result in production grading U.S. No. 2 or worse because of defects, color, skinned production (lentils only), odor, material weathering, or distinctly low quality; or

(ii) Substances or conditions are present that are identified by the Food and Drug Administration or other public health organizations of the United States as being injurious to human or animal health.

(2) Quality will be a factor in determining your loss only if:

(i) The deficiencies, substances, or conditions resulted from a cause of loss against which insurance is provided under these Crop Provisions and which occurs within the insurance period;

(ii) The deficiencies, substances, or conditions result in a net price for the damaged production that is less than the local market price;

(iii) All determinations of these deficiencies, substances, or conditions are made using samples of the production obtained by us or by a disinterested third party approved by us; and

(iv) The samples are analyzed by a grader licensed to grade dry peas under the authority of the United States Agricultural Marketing Act or the United States Warehouse Act with regard to deficiencies in quality, or by a laboratory approved by us with regard to substances or conditions injurious to human or animal health. Test weight for quality adjustment purposes may be determined by our loss adjuster.

(3) Dry Pea production that is eligible for quality adjustment, as specified in sections 12(e) (1) and (2), will be reduced as follows:

(i) The highest local market price for the qualifying damaged production will be determined on the earlier of the date such damaged production is sold or the date of final inspection for the unit. The highest local market price for the qualifying damaged production will be determined in the local area to the extent feasible. We may obtain prices from any buyer of our choice. If we obtain prices from one or more buyers located outside your local market area, we will reduce such prices by the additional costs required to deliver the dry peas to those buyers. Discounts used to establish the net value of the damaged production will be limited to those that are usual, customary, and reasonable.

The value will not be reduced for:

(A) Moisture content;

(B) Damage due to uninsured causes; or

(C) Drying, handling, processing, or any other costs associated with normal harvesting, handling, and marketing of the dry peas; except, if the value of the damaged production can be increased by conditioning, we may reduce the value of the production after it has been conditioned by the cost of conditioning but not lower than the value of the production before conditioning;

(ii) The value per pound of the damaged or conditioned production will be divided by the local market price to determine the quality adjustment factor;

(iii) The number of pounds of the damaged or conditioned production will then be multiplied by the quality adjustment factor to determine the production count to be included in section 12(d); and

(iv) Any production harvested from plants growing in the insured crop may be counted as production of the insured crop on a weight basis.

13. Prevented Planting.

Your prevented planting coverage will be 60 percent of your production guarantee for timely planted acreage. If you have limited or additional levels of coverage as specified in 7 CFR part 400, subpart T, and pay an additional premium, you may increase your prevented planting coverage to a level specified in the actuarial documents.

Signed in Washington, D.C., on December 9, 1997.

Kenneth D. Ackerman,

Manager, Federal Crop Insurance Corporation.

[FR Doc. 97–32619 Filed 12–15–97; 8:45 am]

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DEPARTMENT OF AGRICULTURE

Animal and Plant Health Inspection Service

9 CFR Part 94

[Docket No. 97–034–3]

Change in Disease Status of The Netherlands Because of BSE

AGENCY: Animal and Plant Health Inspection Service, USDA.

ACTION: Affirmation of interim rule as final rule.

SUMMARY: We are adopting as a final rule, without change, an interim rule that added The Netherlands to the list of countries where bovine spongiform encephalopathy (BSE) exists. We took this action because BSE was detected in a cow in The Netherlands. The effect of the interim rule was to prohibit or restrict the importation of live ruminants and certain fresh, chilled, and frozen meat, and certain other animal products and animal byproducts from ruminants which have been in The Netherlands. The interim rule was necessary to reduce the risk that BSE could be introduced into the United States.

EFFECTIVE DATE: The interim rule was effective on March 21, 1997.

FOR FURTHER INFORMATION CONTACT: Dr. John Cougill, Staff Veterinarian, Animal Products Program, National Center for Import and Export, VS, APHIS, 4700 River Road Unit 40, Riverdale, MD 20737–1231, (301) 734–3399; or e-mail: jcougill@aphis.usda.gov.

SUPPLEMENTARY INFORMATION:

Background

In an interim rule effective April 10, 1997, and published in the **Federal Register** on April 15, 1997 (62 FR 18263–18264, Docket No. 97–034–1), we amended our regulations by adding The Netherlands to the list of countries where BSE exists. We took this action because BSE was detected in a cow born in The Netherlands. We also published another interim rule in the **Federal Register** on May 7, 1997 (62 FR 24802, Docket No. 97–034–2), that changed the effective date of the April 1997 interim rule from April 10, 1997, to March 21, 1997. The change in effective date was necessary to ensure that the prohibitions and restrictions established by the April 1997 interim rule applied to animal products and byproducts that were shipped to the United States from The Netherlands between March 21, 1997, when BSE was detected in The Netherlands, and April 10, 1997, when the first interim rule was signed.

Comments on the interim rule were required to be received on or before June 16, 1997. We received two comments by that date. They were from a company that imports cattle semen and an importer of meat and meat byproducts. They are discussed below.

The commenters did not oppose adding The Netherlands to the list of countries where BSE exists. However, one comment expressed concerns about Animal and Plant Health Inspection Service regulations that restrict the importation of veal from countries where BSE is known to exist. The other comment concerned the trade protocols of the United States and other countries for importing cattle semen from countries where BSE exists. Both comments are outside the scope of the interim rule. However, we continually review and update our regulations to make them consistent with current scientific data. We will consider these comments as we review our regulations. If we decide to make any changes to our regulations in response to these comments, we will publish a proposed rule in the **Federal Register**.

Therefore, based on the rationale set forth in the April 1997 interim rule, we are affirming the provisions of the interim rule without change.

This action also affirms the information contained in the interim rule concerning Executive Orders 12866 and 12988 and the Paperwork Reduction Act.

Further, for this action, the Office of Management and Budget has waived the review process required by Executive Order 12866.

Regulatory Flexibility Act

This rule affirms an interim rule that amended our regulations by adding The Netherlands to the list of countries where BSE exists. We took this action because BSE was detected in a cow in that country. The effect of the interim rule was to prohibit or restrict the importation of certain fresh, chilled, and frozen meat, and certain other animal products and animal byproducts from ruminants which have been in The Netherlands. The interim rule was necessary to reduce the risk that BSE could be introduced into the United States.

BSE is a slowly progressing fatal degenerative disease that affects the central nervous system of cattle. The disease was first diagnosed in 1986 in Great Britain, where it is sometimes called ''mad cow disease.'' Infected animals may display changes in temperament, abnormal posture, incoordination and difficulty in rising, decreased milk production, and loss of body condition despite continued appetite. The causative agent of BSE is not completely characterized, and there is no treatment for the disease. At the current time, the disease is not known to exist in the United States. There is no vaccine to prevent BSE nor is there a test to detect the disease in live animals. Given those factors, the import restrictions imposed by the interim rule are the most effective means available for ensuring that BSE does not enter the United States from The Netherlands.

Preventing the introduction of BSE into the United States is critical. In addition to the potential threat to public health, BSE also has the potential to cause severe economic hardship for the U.S. livestock industry. Great Britain's experience with the disease provides an insight into how damaging BSE can be to livestock. Between November 1986 (when BSE was first diagnosed in Great Britain) and May 1996, an estimated 160,540 head of cattle in approximately 33,455 herds were diagnosed with BSE in Great Britain. The epidemic peaked there in January 1993, with almost 1,000 new cases per week. All of the animals in Great Britain showing signs of BSE, most of which were dairy cows between 3 and 5 years of age, were destroyed.

If BSE were introduced into the United States, livestock losses would likely be much greater than in Great Britain, because the United States raises more cattle. However, assuming the same number of cattle losses in the United States as in Great Britain (160,540), the introduction of BSE into the United States would cost U.S. livestock producers $177 million, based on the current price of $1,100 per head for dairy cows. The $177 million figure does not include higher production costs that would likely be incurred by U.S. producers, due to the presence of the disease.

U.S. export and consumer markets would also be affected. The United States currently restricts the importation of live ruminants and ruminant products from all countries where BSE is known to exist. Presumably, if BSE were introduced into the United States, other countries would adopt similar restrictions on the exportation of live ruminants and ruminant products from the United States. Such restrictions by other countries would be devastating economically. In 1993, for example, the dollar value of U.S. exports of both bovine animals and bovine animal meat totaled $2.1 billion. Those export sales could be lost in their entirety. Consumers would incur higher costs due to higher prices for ruminant products and increased prices for competitive products, such as poultry.

We expect that restricting the importation of live ruminants and ruminant products from The Netherlands will have little or no impact on U.S. consumers. This is because The Netherlands does not export live ruminants to the United States. Also, U.S. imports of ruminant products from The Netherlands are minimal when compared against total U.S. imports or overall U.S. supply (imported and domestically produced) of those commodities. In 1996, the volume of ruminant products imported from The Netherlands, categorized into seven broad product groups, was as follows: 149,906 kilograms (kg) of fresh or frozen beef with bone; 2,060 kg of prepared or preserved beef; 307,259 kg of variety meats; 458 cattle embryos; 3,016,847 kg of miscellaneous animal products; and 1,587,244 kg of animal feed. These seven product groups represent 40 subcategories of products imported from The Netherlands. For most subcategories, The Netherlands' share of the total U.S. imports of that product was 1 percent or less. The Netherlands' share exceeded 10 percent of the total U.S. imports in only 5 subcategories. However, even for those 5 product subcategories, The Netherlands' share of overall U.S. supply was not significant. Because The Netherlands is not a significant supply source for the U.S. market, restrictions on imports from The Netherlands should not have a significant effect on consumer prices in the United States.

The Regulatory Flexibility Act requires that agencies consider the economic impact of rule changes on small entities. We expect the interim rule will have little or no impact on small entities in the United States because imports of ruminants and ruminant products from The Netherlands affected by this interim rule have been minimal in the past. Small brokers, agents, and others in the United States who are directly involved in the importation and sale of ruminant products from The Netherlands should be able to obtain substitutes from alternative sources. We were unable to determine the number of small entities engaged in these activities.

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.

List of Subjects in 9 CFR Part 94

Animal diseases, Imports, Livestock, Meat and meat products, Milk, Poultry and poultry products, Reporting and recordkeeping requirements.

PART 94—RINDERPEST, FOOT-AND-MOUTH DISEASE, FOWL PEST (FOWL PLAGUE), EXOTIC NEWCASTLE DISEASE, AFRICAN SWINE FEVER, HOG CHOLERA, AND BOVINE SPONGIFORM ENCEPHALOPATHY: PROHIBITED AND RESTRICTED IMPORTATIONS

Accordingly, we are adopting as a final rule, without change, the interim rule that amended 9 CFR part 94 and that was published at 62 FR 18263–18264 on April 15, 1997.

Authority: 7 U.S.C. 147a, 150ee, 161, 162, and 450; 19 U.S.C. 1306, 21 U.S.C. 111, 114a, 134a, 134b, 134c, 134f, 136, and 136a; 31 U.S.C. 9701; 42 U.S.C. 4331 and 4332; 7 CFR 2.22, 2.80, and 371.2(d).

Done in Washington, DC, this 10th day of December 1997.

Craig A. Reed,

Acting Administrator, Animal and Plant Health Inspection Service.

[FR Doc. 97–32779 Filed 12–15–97; 8:45 am]

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