and regulations must be submitted to FCIC for review and Board approval.

§ 400.711 Right of review, modification, and amendment.

At any time after approval, if sufficient material, documentation or cause arises, the Board may review any approved program, request additional information, and require appropriate amendments, revisions or program changes for purposes of actuarial soundness, program integrity or protection of the interests of producers.

Signed in Washington, DC, on July 12, 1999.

Kenneth D. Ackerman,

Manager, Federal Crop Insurance Corporation.

[FR Doc. 99–18263 Filed 7–16–99; 8:45 am]

BILLING CODE 3410–08–P

DEPARTMENT OF AGRICULTURE

Animal and Plant Health Inspection Service

9 CFR Parts 1, 2, and 3

[Docket No. 97–018–4]

RIN 0579–AA95

Licensing Requirements for Dogs and Cats

AGENCY: Animal and Plant Health Inspection Service, USDA.

ACTION: Decision and policy statement.

SUMMARY: This document announces our response to a petition submitted to us by the Doris Day Animal League. The petition requested that we amend the definition of ''retail pet store'' to include only nonresidential business establishments and that we regulate dealers of hunting, breeding, and security dogs in the same manner as dealers of other types of dogs.

We have decided to retain our current definition of ''retail pet store.'' Based on our experience enforcing the regulations, we have determined that the current definition is sufficient to ensure the humane handling, care, and treatment of dogs and cats and is consistent with the congressional intent of the Animal Welfare Act.

We have also decided to begin regulating wholesale dealers of dogs intended for hunting, breeding, and security purposes. We will regulate these dealers under the same regulations currently in place for wholesale dealers of other dogs. We believe this action will help ensure the humane handling, care, and treatment of hunting, breeding, and security dogs.

EFFECTIVE DATE: July 19, 1999.

FOR FURTHER INFORMATION CONTACT: Dr. Bettye K. Walters, Staff Veterinarian, Animal Care, APHIS, 4700 River Road Unit 84, Riverdale, MD 20737–1234; (301) 734–7833.

SUPPLEMENTARY INFORMATION: Under the Animal Welfare Act (AWA) (7 U.S.C. 2131 *et seq.*), the Secretary of Agriculture is authorized to promulgate standards and other requirements regarding the humane handling, care, treatment, and transportation of certain animals by dealers, research facilities, exhibitors, and carriers and intermediate handlers. The Secretary has delegated responsibility for administering the AWA to the Animal and Plant Health Inspection Service (APHIS) of the U.S. Department of Agriculture (USDA). Regulations established under the AWA are contained in the Code of Federal Regulations (CFR) in title 9, parts 1, 2, and 3. Part 1 contains definitions for terms used in parts 2 and 3. Part 2 contains general requirements for regulated parties. Part 3 contains specific requirements for the care and handling of certain animals. Subpart A of part 3 contains the requirements applicable to dogs and cats.

On March 25, 1997, we published in the **Federal Register** (62 FR 14044–14047, Docket No. 97–018–1) a petition for rulemaking, sponsored by the Doris Day Animal League, that requested two changes to the regulations in parts 1 and 3. The requested changes were: (1) To redefine the term ''retail pet store'' in part 1 as ''a nonresidential business establishment used primarily for the sale of pets to the ultimate customer''; and (2) to regulate dealers of dogs intended for hunting, security, and breeding under the provisions applicable to dealers of other types of dogs in part 3.

Based on comments we received from the public on the petition and our review of the issues, on June 24, 1998, we published in the **Federal Register** (63 FR 34333–34335, Docket No. 97–018–2) an advance notice of proposed rulemaking to explain changes to the regulations that we were considering and to solicit public comments on the effect those changes could have on affected persons. Specifically, we were considering:

- Amending the definition of ''retail pet store'' to include only nonresidential, commercial retail stores;
- Increasing the total number of breeding female dogs and/or cats that a person may maintain on his or her premises and be exempt from licensing and inspection requirements; and
- Regulating dealers of hunting, breeding, and security dogs in the same manner as dealers of other types of dogs.

We solicited comments on the advance notice of proposed rulemaking for 60 days, ending August 24, 1998. However, on August 26, 1998, at the request of several commenters, we published in the **Federal Register** (63 FR 45417, Docket No. 97–018–3) a document to reopen and extend the comment period for 30 days, ending September 23, 1998. By September 23, 1998, we received approximately 11,472 comments. They were from dealers of dogs and cats, representatives of industry, members of animal protectionist organizations, and other interested persons.

After careful consideration of the experience we have gained from more than 30 years of implementing the AWA and careful review of the comments we received from the public, we have decided to:

- Retain our current definition of ''retail pet store'';
- Retain our current threshold for the total number of breeding female dogs and/or cats a person may maintain on his or her premises and be exempt from licensing and inspection requirements; and
- Require licensing and inspection for wholesale dealers of dogs intended primarily for hunting, breeding, and security purposes.

A discussion of each of these decisions follows.

Definition of Retail Pet Store

In accordance with the AWA, retail pet stores are exempt from the licensing and inspection requirements in part 2. Other retail dealers and wholesale pet dealers must be licensed and inspected in accordance with the regulations. The definition of retail pet store in 9 CFR part 1 was established to ensure that the appropriate retail facilities were exempt from licensing and inspection requirements.

We define ''retail pet store'' in 9 CFR part 1, § 1.1, as ''any outlet where only the following animals are sold or offered for sale, at retail, for use as pets: Dogs, cats, rabbits, guinea pigs, hamsters, gerbils, rats, mice, gophers, chinchilla, domestic ferrets, domestic farm animals, birds, and cold-blooded species.'' The definition of ''retail pet store'' goes on to describe certain establishments that do not qualify as retail pet stores, even if they sell animals at retail. Those establishments that do not qualify as retail pet stores are: (1) Establishments or persons who deal in dogs used for hunting, security, or breeding purposes; (2) establishments or persons exhibiting,

selling, or offering to exhibit or sell any wild or exotic or other nonpet species of warm-blooded animals (except birds), such as skunks, raccoons, nonhuman primates, squirrels, ocelots, foxes, coyotes, etc.; (3) establishments or persons selling warm-blooded animals (except birds, and laboratory rats and mice) for research or exhibition purposes; (4) establishments wholesaling any animals (except birds, rats, and mice); and (5) establishments exhibiting pet animals in a room that is separate from or adjacent to the retail pet store, or in an outside area, or anywhere off the retail pet store premises.

All retail facilities that meet the definition of retail pet store, even those that are not traditional retail pet stores, are exempt from licensing and inspection requirements.

As part of our continuing efforts to ensure that animals covered by the AWA receive humane handling, care, and treatment, we considered amending the definition of ''retail pet store'' to cover only traditional ''stores''—nonresidential, commercial retail businesses—that sell primarily pets and pet products. If this change had been adopted, many retail pet dealers would no longer have been considered retail pet stores, and, unless otherwise exempt under the regulations, would have been required to be licensed and inspected in accordance with part 2.

However, after careful consideration of comments we received from the public and further review of this issue, we have decided to retain the current definition of ''retail pet store.'' We based this decision on our experience enforcing the regulations, specifically the several factors discussed below.

First, we believe that our current definition of ''retail pet store'' conforms with Congress' intention that the AWA focus primarily on dealers who sell wholesale. During congressional revisions to the AWA, Congress has not challenged our definition of ''retail pet store.'' Therefore, we are confident that our current definition accurately reflects the original and continuing intent of Congress.

Further, we believe our implementation of the AWA has significantly improved the well-being of animals owned by the wholesale dealers we regulate, as well as that of the animals owned by retail dealers. Many retail outlets have improved the living standards of their animals in order to meet the standards of their wholesale counterparts.

Second, we have determined that retail dealers, especially those who sell from their homes, are already subject to a degree of self-regulation and oversight by persons who purchase animals from the retailers' homes, as well as by breed and registry organizations. Breed and registry organizations, such as kennel clubs, require their registrants to meet certain guidelines related to the health and genetic makeup of animals bred and to the education of the registrants. These organizations also monitor the conditions under which animals are bred and raised. Wholesale dealers typically do not have this type of oversight from the public.

Third, we have determined that amending the definition of ''retail pet store'' to include only nonresidential, commercial retail businesses would not offer us the regulatory flexibility we need to concentrate our resources on those facilities that present the greatest risk of noncompliance with the regulations. If we were to amend the definition of ''retail pet store,'' it is conceivable that a significant portion of our annual personnel and financial resources would be used to regulate a very small fraction of the animals covered under our regulations. This disproportionate expenditure of funds would not be in the best interest of animal welfare.

Fourth, retail outlets are not unregulated. There are already many State and local laws and ordinances in place to monitor and respond to allegations of inhumane treatment of and inadequate housing for animals owned by private retail dealers. If we were to regulate these dealers along with State and local officials, it would clearly not be the most efficient use of our resources.

Fifth, our inspectors would have to enforce cleaning, sanitation, handling, and other regulatory requirements in private homes, because most small retail dealers operate from their homes. Many commenters stated that they would regard this as an unnecessary intrusion by the Federal Government and a serious invasion of privacy.

Based on these factors, we have determined that a change to the definition of ''retail pet store'' would not improve animal welfare in general or our current regulatory program. Therefore, we are retaining our current definition of ''retail pet store.''

Number of Breeding Females

In 9 CFR part 2, § 2.1, paragraph (a)(3) lists those persons who are exempt from licensing requirements. In addition to retail pet stores, those who are exempt from licensing requirements include any person who maintains a total of three or fewer breeding female dogs and/or cats and who sells the offspring of these dogs or cats, which were born and raised on his or her premises, for pets or exhibition, and who is not otherwise required to obtain a license (see § 2.1(a)(3)(iii)).

We considered raising this threshold so that fewer establishments would become subject to our licensing and inspection requirements if we amended the definition of retail pet store. The current threshold of three or fewer breeding female dogs and/or cats maintained on a premises is based on a determination that small facilities usually pose less risk to the welfare of animals than do large facilities. We still agree with that determination.

Further, if the threshold were increased, hundreds of wholesale dealers of dogs and cats who are currently required to be licensed would no longer have to be licensed. We do not think that exempting these wholesale dealers from regulatory requirements is in the best interest of animal welfare because, as discussed earlier, wholesale dealers typically do not have the same degree of oversight from potential customers, breed or registry organizations, or other members of the public as retail dealers. This means that, if the threshold were raised, many wholesale dealers of dogs and cats would go essentially unmonitored. Any decision to cease regulation of small wholesale dealers could lead to a significant drop in animal well-being at many of these premises. We believe that maintaining the current threshold will help ensure the continued humane care, treatment, and handling of dogs and cats.

For these reasons, we have decided to retain the current threshold of three for the number of breeding female dogs and/or cats a person may maintain on his or her premises and be exempt from licensing and inspection requirements.

Regulation of Dealers of Hunting, Breeding, and Security Dogs

The AWA defines a dealer as, among other things, a person who sells any dog for hunting, breeding, or security purposes (7 U.S.C. 2132). The AWA goes on to require that a dealer have a valid license to:

- Sell or offer to sell any animal to a research facility, or for exhibition or use as a pet; or
- Sell any animal to another dealer or exhibitor. (7 U.S.C. 2134).

Because hunting, breeding, and security dogs are sold for purposes other than research, exhibition, or use as a pet, dealers of hunting, breeding, and security dogs do not have to be licensed under the first set of conditions in 7 U.S.C. 2134. Therefore, the AWA

requires licensing of only wholesale dealers (i.e., those dealers who sell animals to other dealers) of hunting, breeding, and security dogs.

In accordance with the AWA, we will now require licensing and inspection for wholesale dealers of dogs intended primarily for hunting, breeding, and security purposes. We are instituting this policy to help ensure the humane handling, care, and treatment of hunting, breeding, and security dogs.

Although it has been our policy until now not to require dealers of hunting, breeding, and security dogs to be licensed and inspected, our regulations do. Specifically, the regulations at § 2.1 require that all dealers of dogs must be licensed and inspected. Our current definition of ''dealer'' in § 1.1 includes both wholesale and retail dealers of hunting, breeding, and security dogs. These dealers are not provided any exemption from licensing and inspection under the definition of ''retail pet store'' in § 1.1. Therefore, in the near future, we will publish a document in the **Federal Register** to propose changing the regulations to require only wholesale dealers of hunting, breeding, and security dogs to be licensed and inspected. This action will bring our regulations into accord with the AWA and with our new policy, now in effect, to regulate wholesale dealers of hunting, breeding, and security dogs. The proposal will also solicit public comment on the new policy.

The AWA licensing requirements for animal dealers are contained in 9 CFR part 2, subpart A, and the care standards for dogs and cats are contained in 9 CFR part 3, subpart A. For information about becoming licensed as a dealer under the AWA, contact the person listed above under **FOR FURTHER INFORMATION CONTACT**.

Authority: 7 U.S.C. 2131–2159; 7 CFR 2.22, 2.80, and 371.2(g).

Done in Washington, DC, his 12th day of July 1999.

Charles P. Schwalbe,

Acting Administrator, Animal and Plant Health Inspection Service.

[FR Doc. 99–18319 Filed 7–16–99; 8:45 am]

BILLING CODE 3410–34–P

DEPARTMENT OF AGRICULTURE

Animal and Plant Health Inspection Service

9 CFR Part 94

[Docket No. 98–028–2]

Importation of Poultry Products

AGENCY: Animal and Plant Health Inspection Service, USDA.

ACTION: Final rule.

SUMMARY: We are amending the regulations for importing animal products to allow the importation of poultry carcasses and parts or products of poultry carcasses from regions where exotic Newcastle disease (END) is considered to exist if they originated in a region free of END and meet certain conditions with respect to processing and shipping. This action removes some restrictions on the importation of poultry products from regions where END is considered to exist. We believe the conditions for importation will continue to protect the United States from END.

EFFECTIVE DATE: July 19, 1999.

FOR FURTHER INFORMATION CONTACT: Dr. Michael David, Senior Staff Veterinarian, Animals and Germplasm Programs, National Center for Import and Export, VS, APHIS, 4700 River Road Unit 39, Riverdale, MD 20737; (301) 734–5034; or e-mail: michael.j.david@usda.gov.

SUPPLEMENTARY INFORMATION:

Background

The regulations in 9 CFR part 94 govern the importation of certain animals, birds, poultry, meat, animal products, animal byproducts, hay, and straw into the United States in order to prevent the introduction of communicable diseases of livestock and poultry. The regulations in § 94.6 (referred to below as the regulations) govern, among other things, the importation of poultry carcasses, parts, and products from regions where exotic Newcastle disease (END) is considered to exist.

Under the regulations in place when our proposed rule was published, poultry carcasses and parts or products of poultry carcasses could be imported into the United States from regions where END was considered to exist if certain conditions were met, such as the poultry carcasses were sent to an approved museum, were hermetically sealed and cooked, or were thoroughly cooked. The regulations were described in greater detail in the proposed rule.

On December 9, 1998, we published in the **Federal Register** (63 CFR 67809–67813, Docket No. 98–028–1) a proposal to amend § 94.6 to allow poultry carcasses and parts or products of poultry carcasses to be imported into the United States from regions where END is considered to exist if they originated in a region free of END and meet certain requirements with respect to processing and shipping.

We solicited comments concerning our proposal for 60 days ending February 8, 1999. We received six comments by that date. They were from representatives of State governments, trade associations, and the scientific community. Four commenters supported the proposed rule. Two commenters expressed concern that the proposed rule would have negative effects on the U.S. domestic poultry processing industry. Their concerns are addressed below.

Comment: The proposed ''system'' of poultry carcass export, processing, and reimportation cannot be assured to be risk free. There is no inspection or enforcement system strong enough to ensure that END will not be introduced into the United States.

Response: If zero tolerance for disease risk were the standard applied to international trade in agricultural commodities, it is quite likely that no country would ever be able to export a fresh animal product to any other country. There will always be some degree of disease risk associated with the movement of animal products; APHIS' goal is to reduce that risk to an insignificant level. For the reasons explained in the proposed rule, we believe that the safeguards contained in this final rule will reduce the disease risk associated with the importation of poultry carcasses and parts or products of poultry carcasses to an insignificant level.

Comment: The current import restrictions for Mexican poultry are consistent with the United States obligations under the North American Free Trade Agreement (NAFTA), Article 712.1, and do not require amendment.

Response: Article 712.1 of NAFTA states.

> Each [country] may, in accordance with this Section, adopt, maintain, or apply any sanitary or phytosanitary measure necessary for the protection of human, animal, or plant life or health in its territory, including a measure more stringent than an international standard, guideline, or recommendation.

While Article 712.1 allows a country to adopt measures more stringent than an international standard, we believe other NAFTA Articles, including