

Response: Whether the domestic potato industry will buy and use the true potato seed imported from Chile will be the decision of the domestic potato industry. APHIS is concerned with plant pest risk; marketing risks would be the concern of the true potato seed's producers, exporters, and importers.

Comment: The economic well-being of pre-nuclear seed potato producers and their associated industries may be jeopardized by allowing cheaper foreign material to enter the market.

Response: As discussed in the Regulatory Flexibility analysis in the proposed rule and in this final rule, we expect that it will take several years before true potato seed imported into the United States from Chile and its products will be in a position to capture any significant market share. Thus, its potential impact on price and competition in the potato seed market remains uncertain. If consumer response is favorable and true potato seed imported from Chile becomes competitive with the seed potatoes currently available in the United States, the price of seed potatoes may be driven down. However, because U.S. seed potato prices are influenced more by domestic production and market conditions than by imports, it is likely that any economic impact on domestic seed potato producers will be small.

Addition of New Virus

In addition to the comments discussed above, a representative of the Food Production and Inspection Branch of Agriculture and Agri-Food Canada informed APHIS of recent research that indicated the presence of Potato Yellowing Virus (PYV) in Chile. Because PYV can be transmitted through true potato seed, SAG informed APHIS that it will include PYV testing in its pre-export virus testing. Therefore, we have added PYV as a virus of concern in the listings for *Solanum* spp. and *Solanum* spp. true seed in § 319.37-2(a), and we have added PYV to the list in § 319.37-5(o)(3) of viruses for which the samples of *Solanum tuberosum* tubers, plants, and true seed must be tested.

Miscellaneous

In addition to those changes discussed above, we have also made two nonsubstantive changes to the paragraph designations in § 319.37-5. First, the regulatory text that we had proposed to add to the section as paragraph § 319.37-5(h) are added in this final rule as paragraph § 319.37-5(o). Second, the subordinate paragraphs in that same paragraph were

incorrectly designated in the proposed rule as (i), (ii), and (iii); they are now correctly designated as (1), (2), and (3).

Therefore, based on the rationale set forth in the proposed rule and in this document, we are adopting the provisions of the proposal as a final rule with the changes discussed above.

Executive Order 12866 and Regulatory Flexibility Act

This rule has been reviewed under Executive Order 12866. The rule has been determined to be not significant for the purposes of Executive Order 12866 and, therefore, has not been reviewed by the Office of Management and Budget.

This rule will allow, under certain conditions, the importation of true potato seed from Chile. True potato seed imported from Chile under this rule will originate from certified virus-free plantlets from the United States, will be grown under the supervision of Chilean plant protection authorities, and a sample of the plants, tubers, and true potato seeds will be tested for seedborne viruses prior to the true potato seed being offered for entry into the United States. Allowing the importation of true potato seed from Chile will give potato producers in the United States another means of producing disease-free tubers.

The United States produced approximately 2,880 million pounds of seed potatoes in 1992 (U.S. Department of Agriculture [USDA], Economic Research Service). During that same period, the United States imported approximately 128 million pounds of seed potatoes, which represents about 4.4 percent of U.S. production. Because imports represent such a small portion of the domestic seed potato supply, fluctuations in import levels and prices do not appear to have a significant effect on domestic seed potato prices.

For example, U.S. imports of seed potatoes declined by more than a third between 1990 and 1992, dropping from 201 million pounds in 1990 to 128 million pounds in 1992. This decline in imports did not, however, result in an increase in U.S. grower or retail prices for seed potatoes. In fact, the price of imported seed potatoes also fell by more than a third during that time, dropping from \$11 per 100 pounds in 1990 to \$7 per 100 pounds in 1992 (USDA, "Agricultural Statistics 1992," Table 371, page 239). Based on the decline in both import levels and price during the same 2-year period, it appears that domestic seed potato prices are influenced more by the volume of U.S. production.

The import levels and prices discussed above do not reflect any imports of true potato seed from

anywhere in the world, nor is there any record of true potato seed being imported into the United States. Our records indicate that true potato seed is a product that has not been commercially available in the United States. We expect that it will take several years before true potato seed imported into the United States from Chile and its products will be in a position to capture any significant market share. Thus, its potential impact on price and competition in the potato seed market remains uncertain.

We have identified domestic seed potato producers and seed potato importers as the entities potentially affected by this rule. According to the Small Business Administration's criteria, an agricultural producer with annual sales of less than \$500,000 is considered to be a small entity; an importer is considered to be a small entity if it employs fewer than 100 people. According to the U.S. Department of Commerce's "1987 Census of Agriculture," there were about 14,732 farms that produced potatoes in the United States, and about 96 percent of those farms reported sales of less than \$100,000. The exact percentage of those farms that produced only seed potatoes or a combination of seed potatoes and table potatoes is not known, but it is likely that the number is small, based on the total production of seed potatoes versus table potatoes (2,880 million pounds vs. 42,500 million pounds, respectively).

Information regarding the total number of seed potato importers and the percentage of those importers that would be considered small entities was unavailable. It is unlikely, however, that allowing the importation of true potato seed from Chile will have a significant impact on seed potato import levels. The true potato seed imported from Chile may be used by potato producers in the United States to produce potatoes of a different variety than those potatoes currently grown in the United States; the economic impact of the imported true potato seed will thus be affected by consumer response to the new variety of potatoes. If consumer response is favorable and true potato seed imported from Chile becomes competitive with the seed potatoes currently available in the United States, the price of seed potatoes may be driven down. However, because U.S. seed potato prices are influenced more by domestic production and market conditions than by imports, it is likely that any economic impact on domestic seed potato producers will be small. Any slight negative impact will likely be offset by the positive impact on