

(2) The lender generally will discontinue interest accrual on the defaulted loan at the time the estimated loss claim is paid by the Agency. The following exceptions apply:

(i) If the lender estimates that there will be no loss after considering the costs of liquidation, interest accrual will cease 90 days after the decision to liquidate,

(ii) In the case of a Chapter 7 bankruptcy, in cases where the lender filed an estimated loss claim, the Agency will pay the lender interest which accrues during and up to 45 days after the date of discharge on the portion of the chattel only secured debt that was estimated to be secured but upon final liquidation was found to be unsecured, and up to 90 days after the date of discharge on the portion of real estate secured debt that was estimated to be secured but was found to be unsecured upon final disposition,

(iii) The Agency will pay the lender interest which accrues during and up to 90 days after the time period the lender is unable to dispose of acquired property due to state imposed redemption rights on any unsecured portion of the loan during the redemption period, if an estimated loss claim was paid by the Agency during the liquidation action.

\* \* \* \* \*

Signed at Washington, DC, on July 18, 2006.

**Teresa C. Lasseter,**

*Administrator, Farm Service Agency.*

[FR Doc. E6-12503 Filed 8-2-06; 8:45 am]

BILLING CODE 3410-05-P

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## DEPARTMENT OF AGRICULTURE

### Food Safety and Inspection Service

#### 9 CFR Parts 327 and 381

[Docket No. 03-033F; FDMS Docket Number FSIS-2005-0026]

RIN 0583-AD08

#### Frequency of Foreign Inspection System Supervisory Visits to Certified Foreign Establishments

**AGENCY:** Food Safety and Inspection Service, USDA.

**ACTION:** Final rule.

**SUMMARY:** The Food Safety and Inspection Service (FSIS) FSIS is amending 9 CFR parts 327 and 381 to bring the frequency with which foreign inspection systems are required to make supervisory visits to certified establishments into agreement with the

frequency with which the Agency makes supervisory visits to domestic establishments. This final rule does not affect in-plant inspection requirements. FSIS is deleting the requirement that supervisory visits take place “not less frequent[ly] than one such visit per month.” Instead, FSIS will require foreign inspection systems to make “periodic supervisory visits” to certified establishments to ensure that establishments meet FSIS requirements for certification to export meat and poultry to the United States.

**DATES:** *Effective Date:* September 5, 2006.

**FOR FURTHER INFORMATION CONTACT:** Ms. Sally White, Director, International Equivalence Staff, FSIS Office of International Affairs; (202) 720-6400; [sally.white@fsis.usda.gov](mailto:sally.white@fsis.usda.gov).

**SUPPLEMENTARY INFORMATION:**

**Background**

On August 18, 2004, FSIS published a proposal in the **Federal Register** (69 FR 51194-51196) to amend 9 CFR 327.2(a)(2)(iv)(A) and 9 CFR 381.196(a)(2)(iv)(A) to provide that supervisory visits by a representative of the foreign inspection system are to occur at periodic intervals to ensure that establishments and products meet the requirements for certification to the United States on an ongoing basis. This change would make the Agency’s requirements for foreign inspection programs as consistent as possible with the FSIS domestic inspection program. It would also allow foreign countries flexibility in structuring their programs.

Upon the effective date of this final rule, FSIS will send an official letter to each eligible country announcing: The change from the monthly requirement and requesting, in writing, formal notice of the eligible country’s projected frequency of supervisory visits; an explanation of why the proposed frequency will ensure that the eligible country’s system produces safe, wholesome, unadulterated, and properly labeled and packaged product on an ongoing basis; and an explanation of how the system will ensure that any immediate need for supervisory intervention will be recognized and met. The frequency of periodic supervisory visits will be evaluated for adequacy by FSIS through its annual audit process, in which the ongoing eligibility of an exporting country is reviewed.

**Comments**

FSIS received four comments on the proposed rule. One comment supported the proposal. Three comments raised concerns, with one calling for the

proposal to be withdrawn. The concerns expressed in these three comments are summarized and answered below.

*Equivalence With U.S. Domestic Inspection System Culture*

Two comments noted that FSIS has stated that there are continual contacts between its inspectors in domestic plants and supervisors through means other than personal visits and questioned whether such intensive interaction exists within exporting countries that would no longer be held to monthly supervisory visits.

*FSIS Response*

The Agency notes that the inspection system of a country requesting eligibility to export meat and poultry products to the United States is thoroughly investigated during the equivalence evaluation process described at length in the proposal to this final rule. A key part of the evaluation is an assessment of in-plant implementation of inspection system procedures, which includes an examination of the appropriate level of supervisory oversight for certified establishments. An applying country must demonstrate that its inspection system, as implemented, includes features equivalent to those of the U.S. system before the country can be found equivalent.

As stated above, upon the effective date of this final rule, FSIS will send an official letter to each eligible country announcing the change from the monthly requirement. FSIS will request formal notice in writing of the eligible country’s projected frequency of supervisory visits and an explanation of why the proposed frequency will ensure that the eligible country’s system produces safe and wholesome product on an ongoing basis. Each eligible country will also be asked to describe, in writing, how its system will ensure that any immediate need for supervisory intervention will be recognized and met. The frequency of periodic supervisory visits will be evaluated for adequacy by FSIS in its annual audits reviewing the ongoing eligibility of an exporting country.

*Equivalence With Domestic State Inspection Systems*

Another comment noted that the 28 State inspection systems are required to be “at least equal to” the Federal inspection system, and that many federally-inspected plants have reported supervisory visits more frequently than the monthly requirement that will be eliminated for eligible exporting countries by the final rule.

### *FSIS Response*

The Agency notes that, as it does not set a mandatory frequency for itself, it does not require a set frequency of supervisory visits from the "equal to" State inspection systems. Thus, there is no compelling reason for the Agency to require exporting countries to meet a specific frequency that is not mandatory for any domestic program. Supervisory visits in domestic establishments under Federal inspection occur at the frequency required by local conditions and by Agency concerns regarding the situation at a given plant. Thus the frequency of visits varies from plant to plant, but overall such visits occur less frequently than once a month.

### *Definition of "Periodic"*

One comment asked if the Agency will define "periodic" and require uniformity among countries eligible to export meat and poultry products to the United States.

### *FSIS Response*

As there is no domestic requirement for a specific frequency of supervisory visits to plants, "periodic" will mean a frequency determined by exporting countries as adequate to ensure that certified establishments continually meet FSIS equivalency requirements, as evaluated and verified by the Agency. As stated above, upon the effective date of this final rule, FSIS will send an official letter to each eligible country announcing the change from the monthly requirement and will request formal notice, in writing, of the eligible country's projected frequency of supervisory visits.

### *Timely Information*

One comment asked whether the Agency has a mechanism for staying current with regulatory or procedural changes in exporting countries.

### *FSIS Response*

The Agency has long maintained a system of exchanging official letters with trading partners to provide notice of any relevant changes in both regulations and inspection procedures. FSIS, furthermore, conducts an ongoing system of equivalence verification to update the original equivalence evaluation. One key element of this verification system is a recurring document analysis of the laws, regulations, and implementing policies of the foreign food regulatory system to ensure that an equivalent infrastructure is in place, and that timely notification of any relevant changes has been made through the system of official letters. As stated above, upon the effective date of

this final rule, FSIS will send official letters to all eligible countries informing them of the change from the monthly requirement and requesting formal notice of their projected frequency of supervisory visits.

The second key element of the equivalence verification process is the annual on-site food regulatory system audit conducted by FSIS technical specialists in every country that exports meat or poultry products to the United States. During these annual system audits, FSIS seeks evidence that the exporting country has instituted sanitary measures adequate to provide the same level of protection that is ensured by our domestic system. The system audit focuses on two essential components of safe food production, industry process control and government regulatory control. The frequency of periodic supervisory visits would be evaluated for adequacy by FSIS in the annual audits.

The third component of equivalence verification is port-of-entry reinspection, where FSIS randomly samples meat and poultry products as they enter the United States to ensure that exporting country certificates are authentic and accurate, and that products meet all U.S. standards pertaining to safe, wholesome, unadulterated, and properly labeled and packaged product. Although records are maintained on each certified establishment, reinspection is designed to verify effectiveness of the foreign inspection system. Port-of-entry reinspection is directed by the Automated Import Information System (AIIS), a centralized computer database that stores daily reinspection results from all ports of entry for each country and for each establishment. When a shipment is presented for reinspection, the AIIS scans its existing records to determine whether the foreign country, the establishment, and the product are eligible for export to the United States. The shipment is refused entry if any component of eligibility is absent.

Given these well-established mechanisms, and the additional FSIS request for notice of an exporting country's projected frequency of periodic supervisory visits, the Agency is confident that it will quickly become aware of any changes in an exporting country's regulatory system and practice.

### *Terrorism*

One comment stated that eliminating the requirement for monthly supervisory visits could undercut the war on terrorism by loosening control of

products destined for export to the United States.

### *FSIS Response*

As described above, the inspection system of a country requesting eligibility to export meat and poultry products to the United States is analyzed intensively during the equivalence evaluation process, which includes a review of in-plant implementation of inspection system procedures. A country applying for eligibility must demonstrate that its inspection system, as implemented, includes features equivalent to those of the U.S. system before the country can be found equivalent.

As stated above, upon the effective date of this final rule, FSIS will send an official letter to each eligible country announcing the change from the monthly requirement and requesting formal notice in writing of the eligible country's projected frequency of supervisory visits. FSIS will also request that each country explain why the proposed frequency will ensure that its system produces safe and wholesome product on an ongoing basis, and describe how the system will ensure that any immediate need for supervisory intervention will be recognized and met.

To verify the continuing equivalence of an eligible exporting country, FSIS maintains a comprehensive system of import inspection controls as described above, which includes recurring document analysis of a foreign country's inspection system, annual on-site audits, and port-of-entry reinspection. During the Agency's annual audits of those foreign countries exporting meat, poultry, and egg products to the United States, information is provided to the exporting countries on the FSIS security guidelines for food processors and for the transportation and distribution of meat, poultry, and egg products. FSIS auditors also report to the appropriate inspection officials any potential threats that they observe during the audit. In these annual equivalence/verification audits, FSIS will evaluate the frequency of periodic supervisory visits for adequacy.

FSIS has also developed strong internal resources for food defense that provide an extra margin of protection against potential terrorism involving the food supply. These resources include the Office of Food Defense and Emergency Response (OFDER), a dedicated, full-time staff whose sole responsibility is food security, and Import Surveillance Liaison Officers who are stationed around the country to augment the efforts of traditional FSIS inspectors assigned to import houses.

The Agency, furthermore, participates in the Federal International Trade Data System (ITDS), a multi-department, multi-agency initiative establishing a single, automated system for sharing data on the inspection and certification of products moving in foreign commerce.

With these notification and auditing mechanisms and other initiatives in place, FSIS believes it can verify that countries eligible to export meat and poultry products to the United States maintain, among other things, food defense procedures and practices that are equivalent to those of the United States.

#### **Executive Order 12866 and Regulatory Flexibility Act**

This rule has been reviewed under Executive Order 12866. It has been determined to be not significant for purposes of E.O. 12866 by the Office of Management and Budget (OMB).

The main effect of this action is to give eligible countries the flexibility to structure their own supervisory programs as they deem necessary so as to ensure that establishments continue to meet the requirements for certification to export to the United States. This action will enable the United States to meet its obligation as a signatory to the World Trade Organization (WTO) "Agreement on the Application of Sanitary and Phytosanitary Measures" not to impose import requirements on inspection systems or establishments in an exporting country that are more stringent than those applied domestically. No costs should ensue from this final action.

#### **Executive Order 12988**

This final rule has been reviewed under Executive Order 12988, Civil Justice Reform. When this final 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.

#### **Effect on Small Entities**

This action affects only how foreign countries perform inspection and will not have any effect on domestic establishments. Therefore, the Administrator, FSIS, has made a determination that this final rule will not have a significant impact on a substantial number of small entities, as defined by the Regulatory Flexibility Act (5 U.S.C. 601).

#### **Expected Effect on FSIS, Other Federal Agencies, State and Local Governments and Foreign Countries**

This final action is expected to have no effect upon FSIS or other Federal agencies. It is likely to have only minimal effects on foreign countries. The action will not affect State and local governments.

#### **Expected Environmental Effects**

Amending 9 CFR parts 327 and 381 to bring the frequency with which foreign inspection systems are required to make supervisory visits to certified establishments into agreement with the frequency with which the Agency makes supervisory visits to domestic establishments is an activity that will not have a significant individual or cumulative effect on the human environment. Therefore, this action is appropriately subject to the categorical exclusion from the preparation of an environmental assessment or environmental impact statement provided under 7 CFR 1b.4(6) of the U.S. Department of Agriculture regulations.

#### **Paperwork Requirements**

No new paperwork requirements are associated with this final rule. Foreign countries wanting to export meat and meat products to the United States are required to provide information to FSIS certifying that their inspection systems provide standards equivalent to those of the United States, and that the legal authority for the systems and their implementing regulations are equivalent to those of the United States, before they may start exporting such product to the United States. FSIS collects this information one time only. This information collection was approved under OMB number 0583-0094. The final rule contains no other paperwork requirements.

#### **Additional Public Notification**

Public awareness of all segments of rulemaking and policy development is important. Consequently, in an effort to ensure that the public and in particular minorities, women, and persons with disabilities, are aware of this final rule, FSIS will announce it on-line through the FSIS Web page located at [http://www.fsis.usda.gov/Regulations\\_Policies/2005\\_Interim\\_&\\_Final\\_Rules\\_Index/index.asp](http://www.fsis.usda.gov/Regulations_Policies/2005_Interim_&_Final_Rules_Index/index.asp).

The Regulations.gov Web site is the central online rulemaking portal of the United States Government. It is being offered as a public service to increase participation in the Federal Government's regulatory activities. FSIS participates in Regulations.gov and will

accept comments on documents published on the site. The site allows visitors to search by keyword or Department or Agency for rulemakings that allow for public comment. Each entry provides a quick link to a comment form so that visitors can type in their comments and submit them to FSIS. The Web site is located at <http://www.regulations.gov/>.

FSIS also will make copies of this **Federal Register** publication available through the FSIS Constituent Update, which is used to provide information regarding FSIS policies, procedures, regulations, **Federal Register** notices, FSIS public meetings, recalls, and other types of information that could affect or would be of interest to our constituents and stakeholders. The update is communicated via Listserv, a free e-mail subscription service consisting of industry, trade, and farm groups, consumer interest groups, allied health professionals, scientific professionals, and other individuals who have requested to be included. The update also is available on the FSIS Web page. Through Listserv and the Web page, FSIS is able to provide information to a much broader, more diverse audience.

In addition, FSIS offers an e-mail subscription service which provides automatic and customized access to selected food safety news and information. This service is available at [http://www.fsis.usda.gov/news\\_and\\_events/email\\_subscription/](http://www.fsis.usda.gov/news_and_events/email_subscription/). Options range from recalls to export information to regulations, directives and notices. Customers can add or delete subscriptions themselves and have the option to password protect their account.

#### **List of Subjects**

##### *9 CFR Part 327*

Imported products.

##### *9 CFR Part 381*

Imported poultry products, poultry inspection.

■ For the reasons discussed in the preamble, FSIS is amending 9 CFR parts 327 and 381, as follows:

#### **PART 327—IMPORTED PRODUCTS**

■ 1. The authority for part 327 continues to read as follows:

**Authority:** 21 U.S.C. 601-695; 7 CFR 2.18, 2.53.

■ 2. Section 327.2(a)(2)(iv)(A) is revised to read as follows:

**§ 327.2 Eligibility of foreign countries for importation of products into the United States.**

- (a) \* \* \*  
(2) \* \* \*  
(iv) \* \* \*

(A) Periodic supervisory visits by a representative of the foreign inspection system to each establishment certified in accordance with paragraph (a)(3) of this section to ensure that requirements referred to in paragraphs (a)(2)(ii)(A) through (H) of this section are being met: Provided, That such visits are not required with respect to any establishment during a period when the establishment is not operating or is not engaged in producing products for exportation to the United States;

\* \* \* \* \*

**PART 381—POULTRY PRODUCTS INSPECTION REGULATIONS**

■ 3. The authority for part 381 continues to read as follows:

**Authority:** 7 U.S.C. 138f, 450; 21 U.S.C. 451–470; 7 CFR 2.18, 2.53.

**Subpart T—Imported Poultry Products**

■ 4. Section 381.196(a)(2)(iv)(A) is revised to read as follows:

**§ 381.196 Eligibility of foreign countries for importation of products into the United States.**

- (a) \* \* \*  
(2) \* \* \*  
(iv) \* \* \*

(A) Periodic supervisory visits by a representative of the foreign inspection system to each establishment certified in accordance with paragraph (a)(3) of this section to ensure that requirements referred to in paragraphs (a)(2)(ii)(A) through (H) of this section are being met: Provided, That such visits are not required with respect to any establishment during a period when the establishment is not operating or is not engaged in producing products for exportation to the United States;

\* \* \* \* \*

Done at Washington, DC, on July 31, 2006.

**Barbara J. Masters,**  
Administrator.

[FR Doc. E6–12565 Filed 8–2–06; 8:45 am]

**BILLING CODE 3410-DM-P**

**DEPARTMENT OF TRANSPORTATION**

**Federal Aviation Administration**

**14 CFR Part 39**

[Docket No. FAA–2006–24786; Directorate Identifier 2006–NM–087–AD; Amendment 39–14702; AD 2006–16–02]

**RIN 2120-AA64**

**Airworthiness Directives; McDonnell Douglas Model DC–9–81 (MD–81), DC–9–82 (MD–82), DC–9–83 (MD–83), DC–9–87 (MD–87), and MD–88 Airplanes**

**AGENCY:** Federal Aviation Administration (FAA), Department of Transportation (DOT).

**ACTION:** Final rule.

**SUMMARY:** The FAA is adopting a new airworthiness directive (AD) for certain McDonnell Douglas Model DC–9–81 (MD–81), DC–9–82 (MD–82), DC–9–83 (MD–83), DC–9–87 (MD–87), and MD–88 airplanes. This AD requires installing a clamp, a bonding jumper assembly, and attaching hardware to the refueling manifold in the right wing refueling station area. This AD results from fuel system reviews conducted by the manufacturer. We are issuing this AD to prevent arcing on the in-tank side of the fueling valve during a lightning strike, which could result in an ignition source that could ignite fuel vapor and cause a fuel tank explosion.

**DATES:** This AD becomes effective September 7, 2006.

The Director of the Federal Register approved the incorporation by reference of a certain publication listed in the AD as of September 7, 2006.

**ADDRESSES:** You may examine the AD docket on the Internet at <http://dms.dot.gov> or in person at the Docket Management Facility, U.S. Department of Transportation, 400 Seventh Street, SW., Nassif Building, Room PL–401, Washington, DC.

Contact Boeing Commercial Airplanes, Long Beach Division, 3855 Lakewood Boulevard, Long Beach, California 90846, Attention: Data and Service Management, Dept. C1–L5A (D800–0024), for service information identified in this AD.

**FOR FURTHER INFORMATION CONTACT:** William Bond, Aerospace Engineer, Propulsion Branch, ANM–140L, FAA, Los Angeles Aircraft Certification Office, 3960 Paramount Boulevard, Lakewood, California 90712–4137; telephone (562) 627–5253; fax (562) 627–5210.

**SUPPLEMENTARY INFORMATION:**

**Examining the Docket**

You may examine the airworthiness directive (AD) docket on the Internet at <http://dms.dot.gov> or in person at the Docket Management Facility office between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The Docket Management Facility office (telephone (800) 647–5227) is located on the plaza level of the Nassif Building at the street address stated in the **ADDRESSES** section.

**Discussion**

The FAA issued a notice of proposed rulemaking (NPRM) to amend 14 CFR part 39 to include an AD that would apply to certain McDonnell Douglas Model DC–9–81 (MD–81), DC–9–82 (MD–82), DC–9–83 (MD–83), DC–9–87 (MD–87), and MD–88 airplanes. That NPRM was published in the **Federal Register** on May 17, 2006 (71 FR 28626). That NPRM proposed to require installing a clamp, a bonding jumper assembly, and attaching hardware to the refueling manifold in the right wing refueling station area.

**Comments**

We provided the public the opportunity to participate in the development of this AD. We received no comments on the NPRM or on the determination of the cost to the public.

**Conclusion**

We have carefully reviewed the available data and determined that air safety and the public interest require adopting the AD as proposed.

**Costs of Compliance**

There are about 994 airplanes of the affected design in the worldwide fleet. This AD will affect about 573 airplanes of U.S. registry. The required actions will take about 2 work hours per airplane, at an average labor rate of \$80 per work hour. Required parts will cost about \$8 per airplane. Based on these figures, the estimated cost of this AD for U.S. operators is \$96,264, or \$168 per airplane.

**Authority for This Rulemaking**

Title 49 of the United States Code specifies the FAA's authority to issue rules on aviation safety. Subtitle I, Section 106, describes the authority of the FAA Administrator. Subtitle VII, Aviation Programs, describes in more detail the scope of the Agency's authority.

We are issuing this rulemaking under the authority described in Subtitle VII, Part A, Subpart III, Section 44701, "General requirements." Under that section, Congress charges the FAA with