

permanently reduced to the average amount entered during those five years. These provisions are intended to provide a strong incentive for companies with historical licenses to utilize their licenses.

The current regulation permitted the Secretary of Agriculture to suspend the historical license reduction provisions applicable prior to 1999. In 1998, the Secretary published a notice in the **Federal Register** suspending these provisions for five years, thereby delaying their implementation until 2004. The provisions were suspended in order to "provide adequate time for historical licensees of European Union (EU) cheeses to adjust to changing market conditions; to find alternative suppliers of cheese in the EU; and to develop new markets to enable importers to fully utilize their historical licenses for EU cheese." FAS also noted: "The suspension is consistent with the intent of the U.S.-EU Uruguay Round bilateral agreement on maximizing utilization of U.S. licenses for EU cheese."

However, current market conditions have again prompted the need for a temporary suspension of the historical license reduction provisions. The production of certain cheeses in the EU, particularly Swiss cheese, has declined primarily due to a reduction in subsidies. Other cheeses, particularly processed Gruyere cheese, have declined in production primarily due to a change in consumer preferences and market demand. And finally, production of industrial grade low-fat cheeses has declined precipitously due to a switch to more profitable, consumer-oriented cheeses. Additionally, the expansion of the EU from 15 to 27 countries has diminished the availability of milk for cheese production and reduced availability of cheese for export.

This temporary suspension is intended to improve program administration and reflect changes in the markets for cheese and other dairy products subject to import licensing requirements. The historical licenses provide for orderly importation of a wide variety of cheeses and permit companies to invest in market development with some assurance of future ability to provide specific types of cheese.

List of Subjects in 7 CFR Part 6

Agricultural commodities, Cheese, Dairy products, Imports, Reporting and recordkeeping requirements.

For the reasons described in the preamble, the Department of Agriculture proposes to amend 7 CFR part 6 as follows:

PART 6—IMPORT QUOTAS AND FEES

1. The authority citation for part 6 continues to read as follows:

Authority: Sec. 8, 65 Stat. 75; 19 U.S.C. 1365.

2. Section 6.25 is amended by revising paragraphs (b)(1)(i) and (ii) to read as follows:

§ 6.25 Allocation of Licenses

* * * * *

(b) * * *

(1) * * *

(i) Beginning with the 2012 quota year, a person who has surrendered more than 50 percent of such historical license in each of the prior three quota years will thereafter be issued a license in an amount equal to the average annual quantity entered during those three quota years; and

(ii) Beginning with the 2014 quota year, a person who has surrendered more than 50 percent of such historical license in at least three of the prior five quota years will thereafter be issued a license in an amount equal to the average annual quantity entered during those five quota years.

* * * * *

Dated: September 14, 2007.

Michael W. Yost,

Administrator, Foreign Agricultural Service.

[FR Doc. 07-4780 Filed 10-1-07; 2:37 pm]

BILLING CODE 3410-10-M

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 962

[Docket No. AMS-FV-07-0090; FV07-962-1 AN]

Handling Regulations for Leafy Greens Under the Agricultural Marketing Agreement Act of 1937

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Advance notice of proposed rulemaking.

SUMMARY: The Agricultural Marketing Service (AMS) is issuing this advance notice of proposed rulemaking in response to industry interest in the establishment of a marketing program to address the handling of fresh and fresh-cut leafy green vegetables. The program would allow packers, processors, shippers, and marketers (collectively referred to as handlers) to maintain the quality of their products by reducing the risk of pathogenic contamination during the production and handling of leafy

greens. Authorities and regulations under the program would not supplant those of the Food and Drug Administration (FDA), which is responsible for ensuring that foods are safe, wholesome, and sanitary. Comments are being sought from the public, particularly from growers, handlers, buyers, and sellers of leafy green commodities, regarding whether to issue such regulations under an AMS marketing program and if so, the possible substance and implementation of the program.

DATES: Comments must be received by December 3, 2007.

ADDRESSES: Interested persons are invited to submit written comments concerning the issues contained in this notice. Comments must be sent to the Docket Clerk, Marketing Order Administration Branch, Fruit and Vegetable Programs, AMS, USDA, 1400 Independence Avenue SW., STOP 0237, Washington, DC 20250-0237; Fax: (202) 720-8938 or Internet: <http://www.regulations.gov>. Comments should reference the docket number and the date and page number of this issue of the **Federal Register** and will be available for public inspection in the Office of the Docket Clerk during regular business hours, or can be viewed at: <http://www.regulations.gov>.

FOR FURTHER INFORMATION CONTACT:

Laurel May or Kathleen Finn, Marketing Order Administration Branch, Fruit and Vegetable Programs, AMS, USDA, 1400 Independence Avenue, SW., STOP 0237, Washington, DC 20250-0237; Telephone: (202) 720-2491, Fax: (202) 720-8938, or E-mail: laurel.may@usda.gov or kathy.finn@usda.gov.

SUPPLEMENTARY INFORMATION: This advance notice of proposed rulemaking invites comments on a potential regulatory program intended to maintain the quality of leafy green commodities by reducing the risk of pathogenic contamination during their production and handling. AMS is considering implementation of a marketing agreement (agreement) in response to heightened public and industry concern about the safe production and handling of leafy greens.

Under the program being considered, handlers could voluntarily enter into the agreement, but signatories would then be required to comply with the agreement's regulations, which would specify Best Practices for minimizing the risk of pathogenic contamination of leafy greens. The Best Practices could include commodity-specific production and handling guidelines that would be developed in cooperation with the

industry and based upon FDA's voluntary *Guide to Minimize Microbial Food Safety Hazards in Fresh Fruits and Vegetables*, *Guide to Minimize Microbial Food Safety Hazards in Fresh-cut Fruits and Vegetables*, and other FDA-issued guidance (<http://www.fda.gov>).

The agreement could include a compliance certification and verification program. For example, handlers could be required to certify that the leafy green products they handle are produced in accordance with the specified guidelines. Handlers would further certify that the shipping, processing, and packing of their leafy green products meet the agreement's specifications. Signatory handlers that meet the agreement's requirements may be authorized to affix an official certification mark to their leafy green products. Use of the mark would certify that the products bearing the mark have been grown, harvested, packed, shipped, processed, and/or handled in accordance with the agreement's regulations.

Verification audits would be conducted by the Federal or Federal-State Inspection Program to ensure that handlers have complied with the prescribed requirements. Violation of the requirements could disqualify a non-compliant handler from using the mark for a certain period of time.

In addition to handling regulations, the agreement could include consumer education, production research, generic promotion, or other programs, depending upon the industry's needs and goals.

Pursuant to the requirements set forth in the Regulatory Flexibility Act, the Department of Agriculture (USDA) would consider the economic impact that implementation of the proposed agreement would have on small entities and would prepare a regulatory flexibility analysis for inclusion in any subsequent rulemaking action. The informational impact of this action would also be considered under the Paperwork Reduction Act. Any action undertaken as a result of this advance notice would be reviewed by USDA under Executive Orders 12866 and 12988.

AMS is considering establishment of a marketing agreement rather than a marketing order (order), which is another regulatory program structure available through AMS. Below is a brief comparison of these two regulatory instruments, which is intended to allow interested persons a way to distinguish between an agreement and an order so they may better be able to provide comments to USDA.

Marketing Orders and Agreements

The Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601–674), hereinafter referred to as the “Act,” authorizes the implementation of Federal marketing orders and agreements designed to establish and maintain orderly marketing conditions for the regulated commodities. Orders and agreements are implemented by AMS following public notice and hearing at the request of industries that demonstrate interest in regulating the handling of commodities produced within specified geographic areas.

Orders may include the authority to regulate the grade, size, quality, packaging, inspection, and/or volume handled of certain agricultural commodities. Orders may also provide for production and marketing research, market development, and promotional activities. Once established, compliance with order regulations is mandatory for all handlers of the affected commodity within the production area. Orders must be approved by growers in referendum prior to implementation.

In comparison, agreements may be entered into by growers, handlers, processors, or others engaged in the handling of any agricultural commodity or its product. Signatories voluntarily agree to participate in the programs and comply with the regulations established by the agreements, which may include—but are not limited to—the types authorized for orders.

Violation of order regulations may result in the assessment of civil penalties. The violation of orders and agreements may result in enforcement actions filed in the United States District courts. Violation of agreements could also result in suspension of program privileges, such as use of the program's certification mark. Under the Perishable Agricultural Commodities Act, AMS is also authorized to investigate and prosecute alleged violations concerning misbranding or mislabeling of commodity containers, which would include misuse of a certification mark developed under the agreement. The FDA is responsible for determining whether a regulated product is causing an illness and may recall products or take other actions to halt the spread of that illness.

Orders and agreements offer flexibility in designing and modifying requirements to reflect changes in production and handling practices. Both are administered by committees of representatives that are nominated by the industries and selected by USDA. Committees plan annual program

activities and submit budgets of expenditures for approval by USDA. Programs are funded by assessments, which are levied on handlers and based on the volume of commodity they handle.

USDA provides oversight of marketing programs to make sure the orders and agreements operate in a manner consistent with the Act. AMS representatives attend committee meetings and provide guidance to program committees regarding implementation of regulations and conduct of committee business and program activities. Regulations are implemented following USDA approval through the public rulemaking process. The Federal or Federal-State Inspection Programs inspect commodities, audit handler procedures, and/or review handler records to verify compliance with mandatory regulations under marketing orders and agreements.

Background

In mid-September 2006, the FDA issued the first public alerts¹ of a multi-state *Escherichia coli* (*E. coli*) outbreak linked to fresh spinach grown in California's Salinas Valley. The resulting recall was the largest ever for leafy green products. The produce industry responded quickly to the recall in an effort to rebuild consumer confidence and minimize the risk of future outbreaks.

Investigations by the FDA and the California Department of Health Services, in cooperation with the Centers for Disease Control and Prevention and USDA's Animal and Plant Health Inspection Service,² concluded that the *E. coli* contamination might have been attributed to environmental factors in the production area. In response, members of the California industry initiated the establishment of a State marketing agreement for handlers of leafy greens (<http://www.caleafygreens.ca.gov/docs/resources.asp>), which became effective February 10, 2007. Signatories to the State agreement certify that the production, handling, shipment, and sale of leafy green products they handle are compliant with commodity-specific food safety guidelines adopted as Best Practices under the agreement. The Best Practices and its guidelines are designed

¹ FDA Warning on Serious Foodborne *E. coli* O157:H7 Outbreak; FDA News, September 14, 2006; <http://www.fda.gov/bbs/topics/NEWS/2006/NEW01450.html>.

² FDA Finalizes Report on 2006 Spinach Outbreak, FDA News, March 23, 2007; <http://www.fda.gov/bbs/topics/NEWS/2007/NEW01593.html>.

to minimize the risk of pathogenic contamination. Compliance with the Best Practices is verified by agricultural inspection agencies under contract with the administrative Board established under the agreement.

Although AMS has not received an official proposal, members of the leafy greens industry have expressed interest in the establishment of similar standards through a Federal marketing program. Industry discussions have focused on the need for a program with national scope. In response, AMS is considering the development of a marketing agreement as previously described in this document. AMS believes that an agreement, rather than an order, is more likely to meet the needs of the produce industry across the fifty States and the District of Columbia. Agreements offer greater flexibility in designing regulatory programs since the programs authorized for agreements are not limited to those specified for orders under the Act. Also, handlers voluntarily enter into agreements, giving individuals the opportunity to determine whether they want to participate, which may be more responsive to the needs of a nationwide industry.

As part of its review, AMS is seeking public comments and proposals regarding establishment of a nationwide agreement for the handling of leafy green products. If further development is warranted by response to this request, AMS would publish a notice of hearing on a proposed marketing agreement in the **Federal Register** in accordance with the provisions of sections 556 and 557 of title 5 of the United States Code and the applicable rules of practice and procedure governing the formulation of marketing agreements and orders (7 CFR part 900). Public hearings regarding the proposed agreement would be held throughout the country, and handler sign-ups would be conducted if the agreement was approved by USDA.

Agency Request for Information

AMS is soliciting the views of growers, handlers, buyers, sellers, consumers, and other interested persons on a possible marketing agreement to regulate the handling of leafy green commodities. Additionally, AMS is interested in any information from industry organizations that could assist with the development of leafy green produce industry profiles. The agency will use information, comments, and proposals received to evaluate whether development of such an agreement for the fifty States and the District of Columbia should be pursued. In

particular, AMS invites responses to the following questions:

(1) Would the handling of leafy greens be better addressed through regulations under a voluntary marketing agreement signed by handlers, or under a mandatory marketing order regulating handlers and approved by a producer referendum?

(2) Would such a program be better implemented on a national or a regional basis?

(3) How should the United States be subdivided into smaller regions for the purposes of committee representation and program administration?

(4) How should committee membership be allocated to adequately represent the interests of industry throughout all regions of the United States?

(5) What process should the committee follow to recommend regulations appropriate to the various regions? For example, would regulations for handling leafy greens on the east coast differ from those on the west coast, and if so, how should the administrative committee address the differences while developing recommendations for regulations?

(6) What specific problems or issues should be addressed by such a marketing program?

(7) Would Best Practices based upon FDA guidelines be the best criteria for regulation of leafy green handling, or are there other criteria available that might better meet the industry's needs?

(8) Which specific leafy green commodities should be included under the program's handling regulations?

(9) What are potential obstacles to the implementation of such a marketing program? For example, would distance make it impractical for the committee to meet frequently? Might regional subcommittees be appointed to meet more frequently and consider local matters for presentation at annual national committee meetings?

(10) What are the potential costs associated with the implementation of such a program, including changes to current production and handling procedures, assessments, and audits?

(11) How would a marketing program complement, duplicate, or conflict with any other existing programs, such as state food safety regulations? and

(12) Are there other issues and/or suggestions about such a marketing program?

All views are solicited so that every aspect of this potential regulation may be studied prior to formulating a proposed rule, if warranted, by AMS. This request for public comment does not constitute notification that the

agreement described in this document is or will be proposed or adopted.

A 60-day comment period is provided to allow sufficient time for interested parties to comment on a possible leafy green marketing program. All timely written comments received will be considered before any subsequent rulemaking action is undertaken.

Authority: 7 U.S.C. 601-674.

Dated: October 1, 2007.

Lloyd C. Day,

Administrator, Agricultural Marketing Service.

[FR Doc. E7-19629 Filed 10-3-07; 8:45 am]

BILLING CODE 3410-02-P

FEDERAL RESERVE SYSTEM

12 CFR Part 233

[Regulation GG; Docket No. R-1298]

DEPARTMENT OF THE TREASURY

31 CFR Part 132

RIN 1505-AB78

Prohibition on Funding of Unlawful Internet Gambling

AGENCIES: Board of Governors of the Federal Reserve System and Departmental Offices, Department of the Treasury.

ACTION: Notice of joint proposed rulemaking.

SUMMARY: This notice is published jointly by the Departmental Offices of the Department of the Treasury (the "Treasury") and the Board of Governors of the Federal Reserve System (the "Board") (collectively, the "Agencies") and proposes rules to implement applicable provisions of the Unlawful Internet Gambling Enforcement Act of 2006 (the "Act"). In accordance with the requirements of the Act, the proposed rule designates certain payment systems that could be used in connection with unlawful Internet gambling transactions restricted by the Act. The proposed rule requires participants in designated payment systems to establish policies and procedures reasonably designed to identify and block or otherwise prevent or prohibit transactions in connection with unlawful Internet gambling. As required by the Act, the proposed rule also exempts certain participants in designated payment systems from the requirements to establish such policies and procedures because the Agencies believe it is not reasonably practical for those participants to identify and block, or otherwise prevent or prohibit,