PART 1849—TERMINATION OF CONTRACTS

Subpart 1849.1—[Amended]


PART 1850—EXTRAORDINARY CONTRACTUAL ACTIONS

10. Amend Part 1850 by—
   (a) Removing Subparts 1850.2 and 1850.3;
   (b) In section 1850.403—1, redesignating paragraph (a) as paragraph (b) and adding a new paragraph (a); and
   (c) Removing sections 1850.403–2 and 1850.470.

The new paragraph (a) to section 1850.403–1 reads as follows:

1850.403–1 Indemnification requests.
   (a) Contractor indemnification requests must be submitted to the cognizant contracting officer for the contract for which the indemnification clause is requested. Contractors shall submit a single request and shall ensure that duplicate requests are not submitted by associate divisions, subsidiaries, or central offices of the contractor.

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PART 1851—USE OF GOVERNMENT SOURCES BY CONTRACTORS

11. Amend Part 1851 by removing section 1851.102, paragraph (c) of section 1851.102–70, and section 1851.202.

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DEPARTMENT OF THE INTERIOR
Fish and Wildlife Service

50 CFR PART 14

RIN 1018–AT59

Conferring Designated Port Status on
Houston, Texas; Louisville, Kentucky; and Memphis, Tennessee

AGENCY: Fish and Wildlife Service, Interior.

ACTION: Proposed rule; notice of hearings.

SUMMARY: We, the U.S. Fish and Wildlife Service, propose to make Houston, Texas; Louisville, Kentucky; and Memphis, Tennessee, designated ports under section 9(f) of the Endangered Species Act of 1973 (ESA). This action would allow the direct importation and exportation of wildlife and wildlife products through these growing international ports. We are proposing to amend the regulations in 50 CFR Part 14 to reflect this designation. We will hold public hearings to collect comments on this change. We also seek written comments from the public.

DATES: Submit comments on or before May 24, 2004. See the Supplementary Information section for information on the public hearing dates and the dates by which you must request approval to participate in these hearings.

ADDRESSES: Comments and materials concerning this proposed rule should be sent to: Special Agent in Charge, Branch of Investigations, U.S. Fish and Wildlife Service, Office of Law Enforcement, 4401 North Fairfax Drive, MS 3000, Arlington, Virginia 22203. Comments and materials may be hand-delivered to the U.S. Fish and Wildlife Service, 4501 North Fairfax Drive, Suite 3000, Arlington, Virginia, between the hours of 8 a.m. and 4 p.m., Monday through Friday. For the locations of the public hearings and information on presenting oral or written comments, see the Supplementary Information section.


SUPPLEMENTARY INFORMATION:

Background

The ESA requires that all fish and wildlife, with only limited exceptions, be imported and exported through designated ports. Designated ports facilitate U.S. efforts to monitor wildlife trade and enforce wildlife protection laws and regulations by funneling wildlife shipments through a limited number of locations. The Secretary of the Interior, with approval of the Secretary of the Treasury, designates ports for wildlife trade by regulation after holding a public hearing and collecting and considering public comments. The Service selects designated ports based upon numerous criteria, such as volume of wildlife shipments, geographic diversity, frequency of requests for designated port exception permits, and the proximity to existing ports of entry. The Service presently has 14 designated ports of entry for the importation and exportation of wildlife and wildlife products: Anchorage, Alaska; Atlanta, Georgia; Baltimore, Maryland; Boston, Massachusetts; Chicago, Illinois; Dallas/Fort Worth, Texas; Honolulu, Hawaii; Los Angeles, California; Miami, Florida; New Orleans, Louisiana; New York,
New York; Portland, Oregon; San Francisco, California; and Seattle, Washington. The Service maintains a staff of wildlife inspectors at each designated port to inspect and clear wildlife shipments.

Regulatory exceptions allow certain types of wildlife shipments to enter or leave the country through ports which are not designated. Under certain conditions, importers and exporters can obtain a permit from the Service, called a designated port exception permit, that allows their use of non-designated ports. The importer or exporter will be responsible for additional fees associated with the designated port exception permit ($25) and the inspection of their wildlife shipment at a non-designated port.

**Need for Proposed Rulemaking**

Existing and projected increases in air and express cargo, along with substantial growth in the number of airline international visitors, and hunters seeking clearance of wildlife imports and exports, justify the proposed designation of the ports of Houston, Louisville, and Memphis. The designation of these ports will improve service, while reducing costs, for international air and ocean cargo and mail carriers, small businesses, and the public, while maintaining effective monitoring and regulation of the U.S. wildlife trade.

In the Fiscal Year 2004 budget appropriation for the Service’s Office of Law Enforcement, monies were appropriated by Congress in the amount of $700,000 each for the purpose of establishing the designated ports of Louisville and Memphis. The Service has not received an appropriation from Congress to designate the port of Houston. However, the designation of Houston has been under discussion for some time. At present, the Service has three wildlife inspectors on duty in Houston, which fulfills the staffing requirement that the Service has established for a designated port in funding and staffing models. Therefore, the designation of Houston would amount to changing the status of an existing Service port and would not require start-up costs as would be the case in Louisville and Memphis.

Houston is one of the fastest growing ports of entry in the nation in both international airfreight and shipping. The three airports comprising the Houston Airport System handled 42,016,609 passengers and 330,701 tons of cargo in 2002. International air cargo tonnage at Conner’s Intercontinental increased by more than 62 percent in the past 10 years with a 10 percent per year increase in the past 5 years. Houston is the primary air cargo gateway to and from Mexico, and the Houston sea port handles 81 steamship lines with 6,414 vessel calls, hauling 175,000,000 tons of cargo between Houston and 200 countries worldwide in 2002. The Port of Houston ranks first in the United States in tonnage imported, and third in tonnage exported. Houston also has an extensive designated Foreign Trade Zone.

Service records indicate that a wide variety of wildlife and wildlife products are imported and exported through Houston under designated port exception permits. These wildlife and wildlife products include game trophies, reptile leather goods, scientific and museum specimens, live tropical fish, and curios. The number of designated port exception permits issued for the port of Houston suggests that demand for the use of this port is high. In addition, the number of import/export licenses issued to companies in the State of Texas has nearly doubled since 2001. Doubtless, many of these companies are doing business in or near the Houston area and would benefit from the designation of this port.

At present, the designated ports of entry for wildlife and wildlife products nearest to Houston are Dallas/Fort Worth, Texas (approximately 239 miles) and New Orleans, Louisiana (approximately 347 miles). In the 2003 Fiscal Year, 4,434 wildlife shipments were processed in Dallas/Forth Worth and 659 wildlife shipments were processed in New Orleans. We estimate that a significant fraction of this volume will be shipped directly to Houston for Service inspection and clearance upon its designation, resulting in considerable savings in shipping time and costs. Currently, importations or exports of wildlife or wildlife products arriving in Louisville without Service clearance must be shipped in-bond, under CBP authority, to designated ports of entry for Service inspection and clearance, thereby creating delays and increased costs to businesses. Designated port exception permits for Louisville are issued on an extremely limited basis since the Service does not currently have staff at that location, and issuing these permits can only be done subject to the availability of Service staff from other ports to conduct inspections.

In Memphis, the presence of the Federal Express (FedEx) headquarters and Superhub makes Memphis International Airport the world’s largest processor of international airfreight, handling 2.63 million metric tons in 2001, more than Los Angeles or Hong Kong. FedEx’s global network spans over 210 countries, and 121,000 international shipments pass through the Memphis hub each day. More than 130 foreign-owned firms from 22 countries employing over 17,000 workers have relocated to Memphis in the past 20 years. In addition, Memphis is home to both rail and waterborne freight imports and exports, with a CBP port of entry for such cargo. In 2001, the International Port of Memphis handled 16,907,000 tons of cargo. Memphis is served by five Class 1 railroads, which operate approximately 220 freight trains daily through the city.

At present, the designated ports of entry for wildlife and wildlife products nearest to Memphis are New Orleans, Louisiana (approximately 402 miles), Dallas, Texas (approximately 452 miles),
and Atlanta, Georgia (approximately 463 miles). In the 2003 Fiscal Year, 659 wildlife shipments were processed in New Orleans, 4,434 wildlife shipments were processed in Dallas, and 2,020 wildlife shipments were processed in Atlanta. In addition, 11,800 wildlife shipments were processed in Anchorage, which is the Pacific rim first port of landing for FedEx. We estimate that a significant percentage of this volume will be shipped directly to Memphis for Service inspection and clearance upon its designation, resulting in considerable savings in shipping time and costs. Currently, importations or exports of wildlife or wildlife products arriving in Memphis without Service clearance must be shipped in bond, under CBP authority, to designated ports of entry for Service inspection and clearance, thereby creating delays and increased costs to businesses. Designated port exception permits for Memphis are issued on an extremely limited basis since the Service has only one special agent at that location whose responsibilities extend far beyond the port. While there are 18 CBP inspectors and 10 U.S. Department of Agriculture Inspectors in Memphis, the absence of Service inspectors increases the likelihood that illegal wildlife shipments are imported or exported through Memphis impacting both the United States’ ability to fulfill treaty obligations under the Convention on International Trade in Endangered Species (CITES) and creating an avenue for the introduction of injurious or invasive species into the nation. Prior to September 11, 2001, CBP inspectors in Memphis initiated about 156 wildlife-related seizures per year, mostly consisting of reptile leather goods. The single Service agent stationed in Memphis is responsible for criminal investigations in all of West Tennessee and therefore has very little time to devote to import/export matters.

However, by spending minimal time at the FedEx air facility, he routinely makes about 40 seizures of illegally imported wildlife or wildlife products annually. Designated port status for Memphis will expedite the processing of wildlife shipments, which is financially advantageous for Memphis’ and the region’s carriers, importers, and exporters, while interdicting the illegal international import and export trade in wildlife and wildlife products.

In summary, the Service proposes that the ports of Houston, Louisville, and Memphis receive designated port status. The justification for this proposal is based primarily on past and projected increases in the import and export of wildlife or wildlife products through these ports. If this proposed rule is finalized, the result will be to ease the financial and administrative burden on companies and individuals seeking to import or export wildlife or wildlife products through the ports of Houston, Louisville and Memphis. If this proposed rule is finalized, the list of designated ports will be alphabetized by city name.

Notice of Public Hearings

Section 9(f) of the ESA, 16 U.S.C. 1538(f)(1), requires that the public be given an opportunity to comment at a public hearing before the Secretary of the Interior confirms designated port status on any port. Under the ESA, the Service has scheduled the following public hearings:

**Houston, Texas:** A public hearing will be held on June 10, 2004, at 6 p.m. The hearing will be held at the U.S. Fish and Wildlife Service conference room located at 16639 W. Hardy, Houston, Texas, 77060, telephone number (281) 876-1520. All interested persons wishing to present oral or written comments at this hearing should request approval in writing by May 24, 2004. The address for requesting approval is: Resident Agent in Charge, U.S. Fish and Wildlife Service, 16639 W. Hardy, Houston, Texas, 77060. If they desire, persons requesting approval may submit a written copy of their proposed oral comments.

**Louisville, Kentucky:** A public hearing will be held on July 6, 2004, at 3 p.m. The hearing will be held at: Louisville Bar Center, Seminar Room, 600 West Main Street, Louisville, Kentucky. Persons may enter this facility from both the Main Street and the 6th Street entrance. The Louisville Bar Association does not allow media coverage in their facility. All interested persons wishing to present oral or written comments at this hearing should request approval in writing by June 17, 2004. The address for requesting approval is: Resident Agent in Charge, U.S. Fish and Wildlife Service, 220 Great Circle Road, Suite 150, Nashville, Tennessee, 37228. If they desire, persons requesting approval may submit a written copy of their proposed oral comments.

**Memphis, Tennessee:** A public hearing will be held on July 1, 2004, at 6 p.m. The hearing will be held at: Memphis Regional Chamber, 22 North Front Street, Suite 200, Conference Room, Memphis, Tennessee. All interested persons wishing to present oral or written comments at this hearing should request approval in writing by June 10, 2004. The address for requesting approval is: Resident Agent in Charge, U.S. Fish and Wildlife Service, 220 Great Circle Road, Suite 150, Nashville, Tennessee, 37228. If they desire, persons requesting approval may submit a written copy of their proposed oral comments.

Public Comments Requested

We intend that any final action resulting from this proposed rule be as accurate and effective as possible. Therefore, we request comments or suggestions from the public, other concerned government agencies, the scientific community, industry, or any other interested party concerning this proposed rule.

Our practice is to make all comments, including names and home addresses of respondents, available for public review during regular business hours. Individual respondents may request that we withhold their home address from the rulemaking record, which we will honor to the extent allowable by law. In some circumstances, we would withhold from the rulemaking record a respondent’s identity, as allowable by law. If you wish for us to withhold your name and/or address, you must state this prominently at the beginning of your comments. However, we will not consider anonymous comments. We will make all submissions from organizations or businesses, and from individuals identifying themselves as representatives or officials of organizations or businesses, available for public inspection in their entirety.

Clarity of the Rule

Executive Order 12866 requires each agency to write regulations and notices that are easy to understand. We invite your comments on how to make proposed rules easier to understand, including answers to questions such as the following: (1) Are the requirements in the proposed rule clearly stated? (2) Does the proposed rule contain technical language or jargon that interferes with the clarity? (3) Does the format of the proposed rule (grouping and order of sections, use of headings, paragraphing, etc.) aid or reduce its clarity? (4) Is the description of the proposed rule in the “Supplementary Information” section of the preamble helpful in understanding the proposed rule? (5) What else could we do to make the proposed rule easier to understand? Send a copy of any comments that concern how we could make this proposed rule easier to understand to: Office of Regulatory Affairs, Department of the Interior, Room 7229, 1849 C Street, NW, Washington, DC 20240. You may e-mail your comments to this address: Execsec@ios.doi.gov.
Required Determinations

Executive Order 12866 (Regulatory Planning and Review)

This proposed rule has not been reviewed by the Office of Management and Budget (OMB) under Executive Order 12866. Under the criteria in Executive Order 12866, this proposed rule is not a significant regulatory action.

a. This proposed rule will not have an annual economic effect of $100 million or adversely affect an economic sector, productivity, jobs, the environment, or other units of government. A cost-benefit and economic analysis is not required.

b. This proposed rule does not create inconsistencies with other agencies’ actions.

The Service is the lead agency regulating wildlife trade through the declaration process, the issuance of permits to conduct activities affecting wildlife and their habitats, and carrying out the United States’ obligations under CITES. Therefore, this proposed rule has no effect on other agencies’ responsibilities and will not create inconsistencies with other agencies’ actions.

c. This proposed rule will not materially affect entitlements, grants, user fees, loan programs, or the rights and obligations of their recipients.

This proposed rule will not materially affect entitlements, grants, loan programs, or the rights and obligations of their recipients. This proposed rule will, however, affect user fees. User fees will be decreased or cancelled depending on whether the import or export of wildlife or wildlife products is for commercial purposes. For example, in establishing Houston as a designated port, which is currently staffed with three wildlife inspectors, commercial importers and exporters will save a minimum of $40 per shipment and noncommercial importers and exporters will save a minimum of $95 per shipment. In establishing Memphis and Louisville as designated ports, which are not currently staffed with wildlife inspectors, commercial importers and exporters will save all costs associated with inspections and clearance, such as travel, salary, and per diem, and noncommercial importers and exporters will save the $55 administrative fee plus all costs associated with inspections and clearance. In addition, establishing Houston, Louisville, and Memphis as designated ports will also save all importers and exporters the $25 designated port exception permit fee.

d. This proposed rule will not raise novel legal or policy issues.

This proposed rule will not raise novel legal or policy issues because it is based upon specific language in the ESA and the Code of Federal Regulations which has been applied numerous times to various ports around the country.

Regulatory Flexibility Act (5 U.S.C. 601 et seq.)

The Department of the Interior has determined that this proposed rule will not have a significant economic effect on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 et seq.).

Most of the businesses that engage in commerce by importing or exporting wildlife or wildlife products would be considered small businesses as defined under the Regulatory Flexibility Act. This proposed rule is intended to ease the financial and administrative burden on companies and individuals seeking to import or export wildlife or wildlife products through the ports of Houston, Louisville, and Memphis. This burden will be eased through the reduction or elimination of user fees, and the elimination of the need for designated port exception permits. In addition, the designation of these ports will provide small entities with opportunities for additional brokerage, freight forwarding, and related services to accommodate the increased volume of imports and exports of wildlife and wildlife products through these ports.

e. This proposed rule will not increase costs for small entities. The ports of Houston, Louisville, and Memphis cannot currently clear imports when the shipper requests Service clearance at those ports but, these shipments must continue under CBP bond to a designated port. Upon the designation of Houston, Louisville and Memphis, the elimination of costs associated with shipping under CBP bond to a designated port should amount to a substantial savings for importers and exporters of wildlife or wildlife products. In addition, the designation of these ports will provide small entities with opportunities for additional brokerage, freight forwarding, and related services to accommodate the increased volume of imports and exports of wildlife and wildlife products through these ports.

f. This proposed rule will not cause a major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions.

This proposed rule is intended to ease the financial and administrative burden on companies and individuals seeking to import or export wildlife or wildlife products through the ports of Houston, Louisville, and Memphis, thereby decreasing costs or prices for consumers or individual businesses.

g. This proposed rule does not have significant negative effects on competition, employment, investment, productivity, innovation, or the ability of U.S.-based companies to compete with foreign-based companies.

This proposed rule is intended to ease the financial and administrative burden on companies and individuals seeking to import or export wildlife or wildlife products through the ports of Houston, Louisville, and Memphis, thereby promoting competition, employment, and investment, and increasing the ability of U.S.-based enterprises to compete with foreign-based enterprises.

Unfunded Mandates Reform Act (2 U.S.C. 1501 et seq.)

Under the Unfunded Mandates Reform Act (2 U.S.C. 1501 et seq.), this rule, as proposed, will not “significantly or uniquely” affect small governments.

a. This proposed rule will not significantly or uniquely affect small governments. A Small Government Agency Plan is not required.

We are the lead agency for carrying out regulations that govern and monitor the importation and exportation of wildlife and wildlife products.
Therefore this proposed rule has no effect on small government’s responsibilities.

b. This proposed rule will not produce a Federal requirement that may result in the combined expenditure by State, local, or tribal governments of $100 million or greater in any year, so it is not a “significant regulatory action” under the Unfunded Mandates Reform Act.

Executive Order 12630 (Takings)

Under Executive Order 12630, this proposed rule does not have significant takings implications. Under Executive Order 12630, this proposed rule does not affect any constitutionally protected property rights. This proposed rule will not result in the physical occupancy of property, the physical invasion of property, or the regulatory taking of any property. A takings implication assessment is not required. The purpose of this proposed rule is to confer designated port status on the ports of Houston, Louisville, and Memphis. The result will be easing the financial and administrative burden on the public by eliminating the need for non-designated port permits, and decreasing or eliminating the administrative fees associated with shipment inspections. Therefore, this proposed rule does not have significant takings implications.

Executive Order 13132 (Federalism)

Under Executive Order 13132, this proposed rule does not have significant Federalism effects. A Federalism evaluation is not required. This proposed rule will not have a substantial direct effect on the States, on the relationship between the Federal government and the States, or on the distribution of power and responsibilities among the various levels of government.

Executive Order 12988 (Civil Justice Reform)

Under Executive Order 12988, the Office of the Solicitor has determined that this proposed rule does not overly burden the judicial system and meets the requirements of sections 3(a) and 3(b)(2) of the Order. Specifically, this proposed rule has been reviewed to eliminate errors and ensure clarity, has been written to minimize lawsuits, provides a clear legal standard for affected actions, and specifies in clear language the effect on existing Federal law or regulation.

Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.)

This proposed rule does not contain any information collection requirements that require approval by the Office of Management and Budget under the Paperwork Reduction Act, 44 U.S.C. 3501 et seq.

National Environmental Policy Act

This proposed rule has been analyzed under the criteria of the National Environmental Policy Act and 318 DM 2.2 (g) and 6.3 (D). This proposed rule does not amount to a major Federal action significantly affecting the quality of the human environment. An environmental impact statement/evaluation is not required. This proposed rule is categorically excluded from further National Environmental Policy Act requirements, under part 516 of the Departmental Manual, Chapter 2, Appendix 1.10.

Executive Order 13175 (Tribal Consultation) and 512 DM 2 (Government-to-Government Relationship With Tribes)

Under the President’s memorandum of April 29, 1994, “Government-to-Government Relations with Native American Tribal Governments” (59 FR 22951), Executive Order 13175, and 512 DM 2, we have evaluated possible effects on Federally recognized Indian tribes and have determined that there are no effects. Individual tribal members are subject to the same regulatory requirements as other individuals who engage in the import and export of wildlife or wildlife products.

Executive Order 13211 (Energy Supply, Distribution, or Use)

On May 18, 2001, the President issued Executive Order 13211 on regulations that significantly affect energy supply, distribution, and use. Executive Order 13211 requires agencies to prepare Statements of Energy Effects when undertaking certain actions. The purpose of this proposed rule is to confer designated port status on the ports of Houston, Louisville, and Memphis. This proposed rule is not a significant regulatory action under Executive Order 12866 and it is not expected to significantly affect energy supplies, distribution, and use. Therefore, this action is not a significant energy action and no Statement of Energy Effects is required.

Endangered Species Act

A determination has been made under Section 7 of the ESA that the proposed revision of Part 14 will not affect federally listed species.

Author

The originator of this proposed rule is Mark Phillips, Office of Law Enforcement, U.S. Fish and Wildlife Service, Washington, D.C.

List of Subjects in 50 CFR Part 14


Proposed Regulation Promulgation

For the reasons described above, we propose to amend part 14, subchapter B of Chapter 1, title 50 of the Code of Federal Regulations as set forth below.

PART 14—IMPORTATION, EXPORTATION, AND TRANSPORTATION OF WILDLIFE

1. The authority citation for part 14 continues to read as follows:


2. Revise §14.12 to read as follows:

§14.12 Designated ports.

The following ports of entry are designated for the importation and exportation of wildlife and wildlife products and are referred to hereafter as “designated ports:”

(a) Anchorage, Alaska.
(b) Atlanta, Georgia.
(c) Baltimore, Maryland.
(d) Boston, Massachusetts.
(e) Chicago, Illinois.
(f) Dallas/Fort Worth, Texas.
(g) Honolulu, Hawaii.
(h) Houston, Texas.
(i) Los Angeles, California.
(j) Louisville, Kentucky.
(k) Memphis, Tennessee.
(l) Miami, Florida.
(m) New Orleans, Louisiana.
(n) New York, New York.
(o) Portland, Oregon.
(p) San Francisco, California.
(q) Seattle, Washington.


Craig Manson,
Assistant Secretary for Fish and Wildlife and Parks.

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