Sanitary Transportation of Human and Animal Food

Analysis of Economic Impacts
Economic Analysis Overview

• Cost to industry:
  – $149.1 million in the first year ($1,784 per covered firm)
  – $30.08 million in following years ($360 per covered firm)

• Administrative costs ($118.9 million, first year only)
• Written specifications, sanitary requirements ($1.3 million)
• Precooling of refrigerated trucks ($22.7 million)
• Training ($2.4 million)
Economic Analysis Overview

• Public health benefits:
  – Data is not available that would allow quantification of benefits of the proposed rule
  – Uniform sanitation practices could reduce:
    • Risk of future recalls
    • Adverse health effects related to contamination during transport
    • Adverse health effects related to contamination introduced before the transportation process but amplified during shipping
Primary Data Sources

• Department of Transportation Motor Carrier Identification database (2012)
• Commodity Flow Survey (2007)
• Association of American Railroads (2013)
• Railinc (2012)
• Related FSMA proposed regulations
Small Business Provisions

• Any carrier, shipper or receiver with annual revenues of less than $500,000 are not covered by this proposed rule

• 2 year compliance period for motor carriers with less than $25.5 million in annual revenue, and any firm with less than 500 employees
Impact on Industry

- $30.08 million annually
- 83,609 carriers, shippers, and receivers affected
  - Human and Animal Food Facilities (24,917)
  - USDA-inspected establishments (2,412)
  - Trucking carriers (55,717)
  - Rail carriers (563)
Primary Components of Cost

- Administrative costs ($118.9 million, first year only)
- Requirements for shippers ($2.7 million annually)
- Requirements for carriers ($24.8 million annually)
- Training ($2.5 million annually)
Public Health Benefits

• Benefits = $P_E \times N_{loads} \times D_{per\ E} \times R_{H\%}$
  – $P_E$ - Probability of an adverse health event, per shipment
  – $N_{loads}$ - Number of shipments
  – $D_{per\ E}$ - Est. value of the adverse health effect
  – $R_{H\%}$ - Percent reduction of probability of adverse health effects
Some Areas for Comments

- Data on current industry practices
- Intrastate carriers
- Benefits methodology, data
- Efficacy of proposed requirements
- Costs to comply with the rule