

Option three: Minimum prior notice timeframe of 8 hours; electronic submission of information; any change in information requires resubmission.

Option three is to allow the minimum timeframe for prior notices, as dictated by the statute, to take effect. Comments indicated that Canadian and Mexican produce growers and seafood processors are concerned that the longer the minimum time required for the prior notice, the less fresh their products will be when they reach customers. Less-than-optimal fresh (i.e., lower quality) products would result in a lower price paid for the imported produce or seafood shipments, or possibly even the loss of a customer's business to a domestic producer. For importers of perishable products such as seafood and produce, the 8-hour minimum time for prior notice might change business practices in the industry. These changes in business practices would be in addition to the costs of learning about the proposed regulation, submitting forms, and the FDA IT costs outlined in option two.

How much importer, produce grower, and seafood processor business practices will be affected by prior notice requirements again will depend on how early the orders were received compared with how early prior notice must be

submitted. If the order for the product was placed more than 8 hours before the truckload is scheduled to arrive at the border, then there should be no delay in the importation of the product.

What is more likely to cause a wait before crossing the border is if the information on the prior notice changes after the prior notice was submitted. For example, if the prior notice is submitted just a few hours before loading the truck, unforeseen factors, including composition of the actual shipment, may cause the prior notice information submitted to not match the actual shipment on the truck. This is just one example of how information on a prior notice submission might change after the prior notice has already been submitted to FDA, thus requiring a cancellation of the prior notice and a resubmission of the corrected information.

Having to resubmit a prior notice to FDA may not cause any delay of the shipment if the original submission was placed early enough. However, it is likely that the necessary corrected prior notice information will be resubmitted not long before the articles start heading for the border. Therefore it is likely that some shipments may have to wait several hours and possibly the full 8-hour minimum for the resubmitted prior notice to be accepted by FDA.

If the prior notice time for submission is 8 hours instead of 4 hours, the probability of having to adjust and resubmit prior notice information will be higher. Now, instead of 20 percent of the importers of perishable products from Canada and Mexico having to resubmit their notices, we will assume that the 8-hour submission timetable means that 25 percent will have to resubmit their notices. We do not expect the number of resubmissions to increase greatly as the minimum timeframe for prior notice is still minimal and FDA expects most orders to be placed well in advance of the 8-hour timeframe. We assume that as the minimum notice time increases, the likelihood of a resubmission also increases, but less than proportionally to the change in minimum notice time.

Carriers of these products may not be able to cross the border for 8 hours instead of 4 hours, which affects 4.8 percent of the produce life span (8 hours out of 168 hours) and 16.7 percent of the seafood life span (8 hours out of 48 hours).

Table 10 shows the loss in value caused by the resubmitted prior notice information for the 25 percent of imported Mexican and Canadian fresh seafood and produce affected.

TABLE 10.—LOSS IN VALUE CAUSED BY RESUBMITTED PRIOR NOTICE UNDER OPTION 3

Perishable Produce	
2001 Imported Mexican Produce Total Retail Value	\$3,458,525,000
4.8% reduction in value for 25% of Mexican produce	\$41,502,300
2001 Imported Canadian Produce Total Retail Value	\$401,826,000
4.8% reduction in value for 25% of Canadian produce	\$4,821,912
Perishable Seafood	
2001 Imported Mexican Seafood Total Retail Value	\$112,277,406
16.7% reduction in value for 25% of Mexican seafood	\$4,687,582
2001 Imported Canadian Seafood Total Retail Value	\$1,863,217,894
16.7% reduction in value for 25% of Canadian seafood	\$77,789,347

Table 11 presents a summary of the costs associated with option 3. Also presented in table 11 is the present value of the costs associated with this option using the OMB-recommended discount rate of 7 percent.

TABLE 11.—SUMMARY OF COSTS FOR OPTION 3

Research costs	\$4,908,509
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TABLE 11.—SUMMARY OF COSTS FOR OPTION 3—Continued

Computer acquisition costs	\$8,315,755
Annual costs to fill out prior notice screens (including updates and amendments)	\$59,689,990

TABLE 11.—SUMMARY OF COSTS FOR OPTION 3—Continued

FDA prior notice system cost	\$4,421,176
Lost value for Mexican produce	\$41,502,300
Lost value for Canadian produce	\$4,821,912