

TABLE 15.—COMPARISON OF OPTION FOUR WITH OPTION FIVE—Continued

Perishable Canadian Produce Value loss	
Savings with amendment and update	\$11,170,762
Perishable Mexican Seafood Value loss	
Option 4—12 hour minimum notice	\$11,227,741
Option 5—12 hour notice with changes	\$235,783
Savings with amendment and update	\$10,991,985
Perishable Canadian Seafood Value Loss	
Option 4—12 hour minimum notice	\$186,321,789
Option 5—12 hour notice with changes	\$3,912,758
Savings with amendment and update	\$182,409,031

Table 16 presents a summary of the costs associated with option 5. Also presented in table 16 is the present value of the costs associated with this option using the OMB-recommended discount rate of 7 percent.

TABLE 16.—SUMMARY OF COSTS FOR OPTION 5

Research costs	\$4,908,509
Computer acquisition costs	\$8,315,755

TABLE 16.—SUMMARY OF COSTS FOR OPTION 5—Continued

Annual costs to fill out prior notice screens (including updates and amendments)	\$59,689,990
FDA prior notice system cost	\$4,421,176
Lost value for Mexican produce	\$2,075,115
Lost value for Canadian produce	\$241,096

TABLE 16.—SUMMARY OF COSTS FOR OPTION 5—Continued

Lost value for Mexican seafood	\$235,783
Lost value for Canadian seafood	\$3,912,758
Total Costs for Option 5	\$83,800,182
Present value of costs	\$962,713,183

Summary of Options

Table 17 gives a summary of the costs associated with the prior notice rule for each option presented.

TABLE 17.—SUMMARY OF COSTS ASSOCIATED WITH EACH OPTION

Costs	Option 1	Option 2	Option 3	Option 4	Option 5
Research Costs	\$0	\$4,908,509	\$4,908,509	\$4,908,509	\$4,908,509
Costs of acquiring electronic capacity	\$0	\$8,315,755	\$8,315,755	\$8,315,755	\$8,315,755
FDA prior notice system cost	\$0	\$4,421,176	\$4,421,176	\$4,421,176	\$4,421,176
Total annual cost to submit prior notice forms	\$0	\$59,689,990	\$59,689,990	\$59,689,990	\$59,689,990
Lost value for perishable foods	\$0	\$51,322,907	\$128,801,141	\$307,183,498	\$6,464,752
First year cost of each option	\$0	\$128,658,000	\$206,137,000	\$384,519,000	\$83,800,000
Annual cost of each option	\$0	\$114,656,000	\$192,134,000	\$370,517,000	\$69,798,000
Present value total cost of each option	\$0	\$1,603,544,000	\$2,710,376,000	\$5,258,695,000	\$962,713,000

Sensitivity Analysis

We estimate that the social costs of the proposed rule (option 5) would be about \$84 million in the first year and \$70 million in later years. At a 7 percent discount rate, the present value of the costs of the proposed rule, discounted indefinitely into the future, would be about \$963 million. These estimates rely on several important assumptions:

- In option 4, forty percent of prior notices will need to be changed if the notice must be submitted by noon on the calendar day prior to entry. (Option 4 is the base for option 5 before amendment.)

- Five percent of prior notices will still need to be changed even when the amendment option is available.

- The amendment option will eliminate all but 1.2 percent of the lost value of imported fresh produce and all but 4.2 percent of the lost value of imported fresh seafood.

- The amendment or update time is two hours before entry.

- The retail value of imported fresh seafood and produce is 100 percent higher than its wholesale value.