

proposed rule, because of the large change in business practices. According to the comments, the importer, depending upon its size, will have at least two trained filers for CBP and FDA-related entries. Commenters also stated that it is quite likely that an entire brokerage staff, including supervisors, will need to understand the FDA prior notice system.

Some comments suggested that the estimated 1 and 2 hour learning time for the rule would in fact be an all day training event. Comments recalled having a daylong seminar to learn about OASIS when it was introduced. In

response to the information these comments submitted, in this final analysis, FDA assumes that one manager and two subordinates from each importing business will attend an 8-hour training session on the prior notice regulation.

FDA used wage rates from the Bureau of Labor Statistics National Compensation Survey (Ref. 3), doubled to include overhead costs, to estimate the cost of the time to learn the prior notice requirement. For an administrative worker, the cost per hour is \$25.10; for a manager, \$56.74. FDA assumes that two administrative

workers and one manager will be trained for 8 hours each on the prior notice requirements. As shown in table 1B of this document, total costs of this learning activity are about \$66 million for the first year.

Given the 10 percent turnover in business reported by the Small Business Administration, FDA expects 10 percent of the total search costs to be incurred in each subsequent year after prior notice is in effect as new firms enter the industry. This cost is also shown in table 1B of this document.

TABLE 1B.—COST TO LEARN ABOUT THE PRIOR NOTICE REQUIREMENTS

	Manager cost	Administrative worker cost (two workers)
Number of firms	77,427	77,427
Wage rate per hour for manager and administrator Worker (including overhead)	\$56.74	\$25.10
1-day learning seminar	*8	*8
First year one time learning costs	\$35,145,664	\$31,094,684
Total first year learning costs		\$66,240,000
Annual learning costs for new entrants		\$6,624,000

*Hours.

(2) *Computer acquisition costs.* Both the Produce Marketing Association (PMA) and the National Food Processors Association (NFPA) submitted comments to FDA before FDA published the proposed rule that indicated that about 96 percent of the food industry has readily available Internet access. The American Feed Industry Association, which represents animal food manufacturers, also agreed with NFPA's estimate that 96 percent of the food industry has electronic transmitting capacity.

Since all prior notices must be submitted electronically, we estimate that there are 3,097 responsible parties

without Internet access (4 percent of the 77,427 importers). These persons will have to purchase a computer and gain Internet access to transmit the information via a prior notice screen. This one-time computer cost and a recurring Internet access cost for these facilities are shown in table 2 of this document.

Again, given a 10 percent turnover rate for businesses in the import industry, we expect there to be new businesses in the future that may need to purchase electronic transmitting capabilities. With the passage of time, persons will likely purchase this computer equipment in the ordinary

course of business, not solely to comply with prior notice. We include an estimate of this cost for new entrants to ensure that we do not underestimate the costs of electronic transmitting capacity.

A few comments indicated that they did not agree with the estimated cost for Internet access; they stated that the cost would be higher. Since FDA will be receiving most prior notices through ABI/ACS, which is an electronic submission system, and since the FDA PN System Interface will be used for mail and other non-ABI/ACS transmissions and is Web-based, FDA does not agree that Internet access rates should be estimated at a higher rate.

TABLE 2.—FACILITIES AND RESPONSIBLE PARTIES WITHOUT INITIAL INTERNET ACCESS

Number of facilities	3,097
Computer equipment cost per facility	\$2,000
Annual cost of Internet access (\$20 per month × 12)	\$240
Search costs for equipment and access (\$25.10 × 8 hours)	\$201
Total First Year One Time Cost of Electronic Transmitting Capacity	\$7,559,777
Annual one time cost of electronic transmitting capacity for firms entering industry in subsequent years	\$755,978

(3) *Annual costs to submit prior notice entry lines.* FDA used OASIS information to determine that about 5.2 million entry lines of food were imported into the United States in fiscal year 2002, including formal mail and express carrier (e.g., Federal Express) entries. An "entry line" is an FDA term used by OASIS, which refers to a line on an invoice that reflects a certain

article specific to manufacturer/processor or packaging: e.g., 100 cases containing 48, 6-oz cans of tuna.

Comments on the proposed rule were concerned that the FDA fiscal year 2001 OASIS entry line estimate (4.7 million lines) was too low. Some comments said that not all the food categories that will need to submit prior notice were included in the count; other comments

said that the prior notice requirement would, because of the information required, increase the number of lines per entry by a significant amount.

According to FDA OASIS codes, all formal entries for human and animal food were included in the OASIS line count. This count included all food contact substances, including the bulk chemicals and polymers used to