

purposes of these regulations. This additional time would be required to modify existing recordkeeping systems to incorporate any added information needed to substantiate country of origin claims. Although not all farm products ultimately will be sold at retail establishments covered by this proposed rule, USDA assumes that virtually all producers will wish to keep their marketing options as flexible as possible. Thus, USDA assumes that all producers of covered commodities or livestock (in the case of the covered meat commodities) will establish recordkeeping systems sufficient to substantiate country of origin claims. USDA also recognizes that some operations will require substantially more than 4 hours to establish their recordkeeping systems. In particular, USDA believes that livestock backgrounders, stockers, and feeders will face a greater burden in establishing recordkeeping systems. These types of operations will need to track country of origin information for animals brought into the operation as well as for animals sold from the operation, increasing the burden of substantiating country of origin claims. Conversely, operations such as fruit and vegetable farms that produce only U.S. products likely will require little if any change to their existing recordkeeping systems in order to substantiate country of origin claims. Overall, USDA believes that 4 hours represents a reasonable estimate of the average additional time that will be required across all types of producers.

For producers, USDA assumes that the added work needed to initially set up a recordkeeping system for country of origin information is primarily a bookkeeping task. This task may be performed by independent bookkeepers, or in the case of operations that perform their own bookkeeping, will require equivalent skills. The Bureau of Labor Statistics (BLS) (Ref. 40) publishes wage rates for bookkeepers, accounting, and auditing clerks. USDA assumes that this wage rate represents the cost for producers to hire an independent bookkeeper. In the case of producers who currently perform their own bookkeeping, USDA assumes that this wage rate represents the opportunity cost of the producers' time for performing these tasks. The January 2001 wage rate, the most recent data available, is estimated at \$11.94 per hour. For this analysis, an additional 25.4 percent is added to the wage rate to account for total benefits which includes social security, unemployment insurance, workers compensation, etc. The estimate of this additional cost to

employers is published by the BLS (Ref. 40). At 4 hours per firm and a cost of \$14.97 per hour, initial recordkeeping costs to producers are estimated at approximately \$78 million to modify existing recordkeeping systems in order to substantiate country of origin claims.

The recordkeeping burden on handlers, processors, wholesalers, and retailers is expected to be more complex than the burden most producers face. These operations will need to maintain country of origin information on the covered commodities purchased and subsequently furnish that information to the next participant in the supply chain. This will require adding additional information to a firm's bills of lading, invoices, or other records associated with movement of covered commodities from purchase to sale. Similar to producers, however, USDA believes that most of these operations already maintain many of the types of necessary records in their existing systems. Thus, USDA assumes that country of origin information will require only modification of existing recordkeeping systems rather than development of entirely new systems.

The Label Cost Model Developed for FDA by RTI International (Refs. 41 and 42) is used to estimate the cost of including additional country of origin information to an operation's records. USDA assumes a limited information, one-color redesign of a paper document will be sufficient to comply with the proposed rule's recordkeeping requirements. The number of hours required to complete the redesign is estimated to be 29 with an estimated cost at \$1,309 per firm. While the cost will be much higher for some firms and lower for others, USDA believes that \$1,309 represents a reasonable average cost for all firms. Based on this, USDA estimates that the initial recordkeeping costs to intermediaries such as handlers, processors, and wholesalers (importers are included with wholesalers) will be approximately \$40 million, and initial recordkeeping costs at retail will be approximately \$6 million.

The total initial recordkeeping costs for all firms are thus estimated at approximately \$124 million.

In addition to these one-time costs to establish recordkeeping systems, enterprises will incur additional recordkeeping costs associated with storing and maintaining records. These costs are referred to as maintenance costs in Table 11. Again, the marginal cost for producers to maintain and store any additional information needed to substantiate country of origin claims is expected to be relatively small.

For wild fish harvesters, fruit and vegetable producers, and peanut producers, country of origin generally is established at the time that the product is harvested, and thus there is no need to track country of origin information throughout the production lifecycle of the product. This group of producers is estimated to require an additional 4 hours a year, or 1 hour per quarter, to maintain country of origin information.

Compared to wild fish harvesters, fruit and vegetable producers, and peanut producers, USDA expects that fish farmers and livestock producers will incur higher costs to maintain country of origin information. Wild fish, fruits, vegetables, and peanuts are generally harvested once and then shipped by the producer to the first handler. In contrast, farm-raised fish and livestock can and often do move through several geographically dispersed operations prior to final sale for processing or slaughter. Cattle, for example, typically change ownership between 2 to 3 times before they are slaughtered and processed. Fish and livestock may be acquired from other countries by U.S. producers, complicating the task of tracking country of origin information. Because animals are frequently sorted and regrouped at various stages of production and may change ownership several times prior to slaughter, country of origin information will need to be maintained on animals as they move through their lifecycle. Thus, USDA expects that the recordkeeping burden for fish farmers and livestock producers will be higher than it will be for producers of other covered commodities. USDA estimates that these producers will require an additional 12 hours a year, or 1 hour per month, to maintain country of origin records. Again, this is an average for all enterprises. Some will require substantially more time, while others will require little additional time to maintain country of origin information.

USDA assumes that farm labor will primarily be responsible for maintaining country of origin information at producers' enterprises. NASS data (Ref. 43) are used to estimate average farm wage rates—\$8.62 per hour for livestock workers and \$8.24 per hour for other crops workers. Applying the rate of 25.4 percent to account for benefits results in an hourly rate of \$10.81 for livestock workers and \$10.33 for other crops workers. (Wage rates for fish workers were unavailable, so the average wage rate for livestock workers is used.) Assuming 12 hours of labor per year for livestock and farmed fish operations and 4 hours per year for all other