

2013 SUPPORTING STATEMENT

Mandatory Country of Origin Labeling of Muscle Cuts and Ground Beef, Lamb, Pork, Chicken, and Goat; Wild and Farm-raised Fish and Shellfish; Perishable Agricultural Commodities; Peanuts; Macadamia Nuts; Pecans; and Ginseng Under the Authority of the Agricultural Marketing Act of 1946

OMB NO. 0581-0250

A. Justification

- 1. EXPLAIN THE CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY. IDENTIFY ANY LEGAL OR ADMINISTRATIVE REQUIREMENTS THAT NECESSITATE THE COLLECTION.**

The 2002 (P.L. 107-171) and 2008 (P.L. 110-234) Farm Bills amended the Agricultural Marketing Act of 1946 to require retailers to notify their customers of the country of origin of muscle cuts and ground beef (including veal), lamb, pork, chicken, and goat; wild and farm-raised fish and shellfish; perishable agricultural commodities; peanuts, pecans, and macadamia nuts; and ginseng. An interim final rule for mandatory Country of Origin Labeling (COOL) for fish and shellfish became effective on April 4, 2005. An interim final rule for the remaining covered commodities became effective on September 30, 2008. On January 15, 2009, a final rule was published for all covered commodities which became effective March 16, 2009. Enforcement activities have been conducted since 2006 utilizing cooperative agreements established with State agencies. Covered commodities include muscle cuts of beef (including veal), lamb, chicken, goat, and pork; ground beef, ground lamb, ground chicken, ground goat, and ground pork; wild and farm-raised fish and shellfish; perishable agricultural commodities; macadamia nuts; pecans; ginseng; and peanuts.

- 2. INDICATE HOW, BY WHOM, AND FOR WHAT PURPOSE THE INFORMATION IS TO BE USED. EXCEPT FOR A NEW COLLECTION, INDICATE THE ACTUAL USE THE AGENCY HAS MADE OF THE INFORMATION RECEIVED FROM THE CURRENT COLLECTION.**

Individuals who supply covered commodities, whether directly to retailers or indirectly through other participants in the marketing chain, are required to establish and maintain country of origin and, if applicable, method of production information for the covered commodities and supply this information to retailers. As a result producers, handlers, manufacturers, wholesalers, importers, and retailers of covered commodities are affected. This public reporting burden is necessary to ensure accuracy of country of origin and method of production declarations relied upon at the point of sale at retail. The public reporting burden also assures that all parties involved in supplying covered commodities to retail stores maintain and convey accurate information as required.

- 3. DESCRIBE WHETHER, AND TO WHAT EXTENT, THE COLLECTION OF**

INFORMATION INVOLVES THE USE OF AUTOMATED, ELECTRONIC, MECHANICAL, OR OTHER TECHNOLOGICAL COLLECTION TECHNIQUES OR OTHER FORMS OF INFORMATION TECHNOLOGY, E.G. PERMITTING ELECTRONIC SUBMISSION OF RESPONSES, AND THE BASIS FOR THE DECISION FOR ADOPTING THIS MEANS OF COLLECTION. ALSO DESCRIBE ANY CONSIDERATION OF USING INFORMATION TECHNOLOGY TO REDUCE BURDEN.

There are no submission requirements associated with this mandatory program per se. Upon request by USDA representatives, suppliers, and retailers subject to this subpart shall make available to USDA representatives, records maintained in the normal course of business that verify an origin claim. Such records shall be provided within 5 business days of the request and may be maintained in any location. These records may be in any form that is auditable and verifiable, which would include those records maintained electronically.

4. DESCRIBE EFFORTS TO IDENTIFY DUPLICATION. SHOW SPECIFICALLY WHY ANY SIMILAR INFORMATION ALREADY AVAILABLE CANNOT BE USED OR MODIFIED FOR USE FOR THE PURPOSE(S) DESCRIBED IN ITEM 2 ABOVE.

This collection is not prescriptive as to the form that records must take. Further, records maintained in the normal course of business are acceptable for verifying origin claims. In addition, the law prohibits the Secretary from requiring the creation of new records.

5. IF THE COLLECTION OF INFORMATION IMPACTS SMALL BUSINESSES OR OTHER SMALL ENTITIES (ITEM 5 OF THE OMB FORM 83-1), DESCRIBE THE METHODS USED TO MINIMIZE BURDEN.

The Small Business Administration defines, in 13 CFR part 121, small agricultural producers as those having annual receipts of no more than \$750,000 and small agricultural service firms (domestic manufacturers and importers) as those having annual receipts of no more than \$7 million. Under these definitions, the majority of manufacturers and importers that would be affected are considered small entities. We have estimated the number of respondents for this collection is 1,384,833 and we estimate that 1,090,809 are considered small businesses.

Information collection requirements have been reduced to the minimum requirements of the Order. The primary sources of information used to complete the required forms are readily available from normal business records maintained by manufacturers and importers. Such information can be supplied without data processing equipment or outside technical expertise.

Thus, the information collection and reporting burden is relatively small, and requiring the same reporting requirements for all manufacturers and importers does not

significantly disadvantage any manufacturer or importer that is smaller than the industry average.

6. DESCRIBE THE CONSEQUENCE TO FEDERAL PROGRAM OR POLICY ACTIVITIES IF THE COLLECTION IS NOT CONDUCTED OR IS CONDUCTED LESS FREQUENTLY, AS WELL AS ANY TECHNICAL OR LEGAL OBSTACLES TO REDUCING BURDEN.

The law requires the Agency to establish a program that requires retailers to label covered commodities with country of origin information. If such products are not produced under a system that ensures that their source of origin is maintained, it will not be possible for retailers to accurately label covered commodities, and consumers will not be able to purchase such products by their country of origin with any degree of confidence.

In addition, the 2008 Farm Bill contained a number of amendments to the COOL provisions of the Act, which further reduce the burden on regulated entities. Therefore, any further reduction in the burden imposed by this mandatory program would result in a program that would not achieve the objective of the authorizing legislation and could result in a program that would provide unverifiable and even misleading information to consumers.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES THAT WOULD CAUSE AN INFORMATION COLLECTION TO BE CONDUCTED IN A MANNER:

- **REQUIRING RESPONDENTS TO REPORT INFORMATION TO THE AGENCY MORE OFTEN THAN QUARTERLY;**
- **REQUIRING RESPONDENTS TO PREPARE A WRITTEN RESPONSE TO A COLLECTION OF INFORMATION IN FEWER THAN 30 DAYS AFTER RECEIPT OF IT;**
- **REQUIRING RESPONDENTS TO SUBMIT MORE THAN AN ORIGINAL AND TWO COPIES OF ANY DOCUMENT;**
- **REQUIRING RESPONDENTS TO RETAIN RECORDS, OTHER THAN HEALTH, MEDICAL, GOVERNMENT CONTRACT, GRANT-IN-AID, OR TAX RECORDS FOR MORE THAN 3 YEARS;**
- **IN CONNECTION WITH A STATISTICAL SURVEY, THAT IS NOT DESIGNED TO PRODUCE VALID AND RELIABLE RESULTS THAT CAN BE GENERALIZED TO THE UNIVERSE OF STUDY;**
- **REQUIRING THE USE OF A STATISTICAL DATA CLASSIFICATION THAT HAS NOT BEEN REVIEWED AND APPROVED BY OMB;**
- **THAT INCLUDES A PLEDGE OF CONFIDENTIALITY THAT IS NOT SUPPORTED BY AUTHORITY ESTABLISHED IN STATUE OR**

**REGULATION, THAT IS NOT SUPPORTED BY
DISCLOSURE AND DATA SECURITY POLICIES THAT ARE
CONSISTENT WITH THE PLEDGE, OR WHICH
UNNECESSARILY IMPEDES SHARING OF DATA WITH OTHER
AGENCIES FOR COMPATIBLE CONFIDENTIAL USE; OR
- REQUIRING RESPONDENTS TO SUBMIT PROPRIETARY TRADE
SECRET, OR OTHER CONFIDENTIAL INFORMATION UNLESS
THE AGENCY CAN DEMONSTRATE THAT IT HAS INSTITUTED
PROCEDURES TO PROTECT THE INFORMATION'S
CONFIDENTIALITY TO THE EXTENT
PERMITTED BY LAW.**

There are no special circumstances. The collection of information is conducted in a manner consistent with the guidelines in 5 CFR 1320.6.

- 8. IF APPLICABLE, PROVIDE A COPY AND IDENTIFY THE DATE AND PAGE NUMBER OF PUBLICATION IN THE FEDERAL REGISTER OF THE AGENCY'S NOTICE, REQUIRED BY 5 CFR 1320.8(d), SOLICITING COMMENTS ON THE INFORMATION COLLECTION PRIOR TO SUBMISSION TO OMB. SUMMARIZE PUBLIC COMMENTS RECEIVED IN RESPONSE TO THAT NOTICE AND DESCRIBE ACTIONS TAKEN BY THE AGENCY IN RESPONSE TO THESE COMMENTS. SPECIFICALLY ADDRESS COMMENTS RECEIVED ON COST AND HOUR BURDEN.**

On December 4, 2012, AMS published a notice and request for comments for its intention to request Office of Management and Budget (OMB) approval for an extension and revision to the currently approved information collection for the mandatory COOL covered commodities, "Mandatory Country of Origin Labeling of Covered Commodities: Notice of Request for Revision of a Currently Approved Information Collection." COOL received one comment via regular mail from the North American Meat Association (NAMA). NAMA represents 400 meat processing members. The commenter had several discussion points. First, COOL should be a voluntary program instead of mandatory as there is no compelling reason for COOL to be mandatory. Second, the AMS estimate for burden in terms of time and cost are inadequate and not explained as the data calculations for the burden estimations were not provided in the Federal Register Notice. Third, the COOL regulations have burdened many establishments with a monetary loss. Finally, natural disasters have impacted the supply and demand of certain agricultural products making retailer requests for USA only products difficult to meet especially when there has been little evidence of any benefit of COOL labeling in consumer perspective.

First, the commenter argued that COOL should be a voluntary program as there is no compelling reason for the program to be mandatory. This argument is outside the scope of the purpose of the information collection rule. The COOL regulations are mandatory as outlined in the Statute and Regulations.

Second, the commenter argued that the AMS estimate for the burden in terms of time and cost are inadequate and not explained as the data calculations were not provided in the Federal Register Notice. AMS did provide for data calculations and used an economist to provide the data analysis. This information was provided in the documentation provided to OMB.

Third, the commenter argued that COOL regulations have burdened many establishments with a monetary loss. The concept that due to the COOL regulations establishments are suffering financially is outside the scope of the purpose of the information collection rule.

The final comment is two-fold. The commenter noted that natural disasters have impacted the supply and demand of certain agricultural products making retailer requests for USA only products difficult to meet. This is outside the scope of the purpose of the information collection rule as COOL has no control over supply and demand of products given the unpredictable nature of natural disasters. The second part asserts that there is little evidence of the benefit of COOL labeling. This is a mandatory program instituted by Congressional action. Questioning the benefit of the law is outside the purpose of the scope of the information collection rule.

- **DESCRIBE EFFORTS TO CONSULT WITH PERSONS OUTSIDE THE AGENCY TO OBTAIN THEIR VIEWS ON THE AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, THE CLARITY OF INSTRUCTIONS AND RECORDKEEPING, DISCLOSURE, REPORTING FORMAT (IF ANY), AND ON THE DATA ELEMENTS TO BE RECORDED, DISCLOSED, OR REPORTED.**

- **CONSULTATION WITH REPRESENTATIVES OF THOSE FROM WHOM INFORMATION IS TO BE OBTAINED OR THOSE WHO MUST COMPILE RECORDS SHOULD OCCUR AT LEAST ONCE EVERY 3 YEARS -- EVEN IF THE COLLECTION OF INFORMATION ACTIVITY IS THE SAME AS IN PRIOR PERIODS. THERE MAY BE CIRCUMSTANCES THAT MAY PRECLUDE CONSULTATION IN A SPECIFIC SITUATION. THESE CIRCUMSTANCES SHOULD BE EXPLAINED.**

The Agency is in continual contact with the following companies to gain better understanding of how retailers, suppliers, and producers handle and feel about the record requirements.

Food Marketing Institute
2345 Crystal Drive, #800
Arlington, Virginia 22202
(202) 452-8444

American Meat Institute
1150 Connecticut Avenue, NW.
12th Floor
Washington, D.C. 20036

Produce Marketing Association
P.O. Box 6036
Newark, Delaware 19714
(302) 738-7100

9. EXPLAIN ANY DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS, OTHER THAN REMUNERATION OF CONTRACTORS OR GRANTEES.

No payments or gifts are provided to respondents.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS AND THE BASIS FOR THE ASSURANCE IN STATUTE, REGULATION, OR AGENCY POLICY.

There are no assurances of confidentiality being provided to respondents under this program.

11. PROVIDE ADDITIONAL JUSTIFICATION FOR ANY QUESTIONS OF A SENSITIVE NATURE, SUCH AS SEXUAL BEHAVIOR AND ATTITUDES, RELIGIOUS BELIEFS, AND OTHER MATTERS THAT ARE COMMONLY CONSIDERED PRIVATE. THIS JUSTIFICATION SHOULD INCLUDE THE REASONS WHY THE AGENCY CONSIDERS THE QUESTIONS NECESSARY, THE SPECIFIC USES TO BE MADE OF THE INFORMATION, THE

EXPLANATION TO BE GIVEN TO PERSONS FROM WHOM THE INFORMATION IS REQUESTED, AND ANY STEPS TO BE TAKEN TO OBTAIN THEIR CONSENT.

There are no questions of a sensitive nature in this information collection.

12. PROVIDE ESTIMATES OF THE HOUR BURDEN OF THE COLLECTION OF INFORMATION. THE STATEMENT SHOULD:

- **INDICATE THE NUMBER OF RESPONDENTS, FREQUENCY OF RESPONSE, ANNUAL HOUR BURDEN, AND AN EXPLANATION HOW THE BURDEN WAS ESTIMATED. UNLESS DIRECTED TO SO, AGENCIES SHOULD NOT CONDUCT SPECIAL SURVEYS TO OBTAIN INFORMATION ON WHICH TO BASE HOUR BURDEN ESTIMATES. CONSULTATION WITH A SAMPLE OF POTENTIAL RESPONDENTS IS DESIRABLE. IF THE HOUR BURDEN ON RESPONDENTS IS EXPECTED TO VARY WIDELY BECAUSE OF DIFFERENCE IN ACTIVITY, SIZE, OR COMPLEXITY, SHOW THE RANGE OF ESTIMATED HOUR BURDEN, AND EXPLAIN THE REASONS**

**FOR THE VARIANCE. GENERALLY, ESTIMATES
INCLUDE BURDEN HOURS FOR CUSTOMARY AND
BUSINESS PRACTICES.**

**SHOULD NOT
USUAL**

- **IF THIS REQUEST FOR APPROVAL COVERS MORE THAN ONE
FORM, PROVIDE SEPARATE HOUR BURDEN ESTIMATES FOR
EACH FORM AND AGGREGATE THE HOUR BURDENS IN
ITEM 13 OF OMB FORM 83-I.**

Estimates of the recordkeeping burden have been summarized on the AMS-71 forms.

- **PROVIDE ESTIMATES OF ANNUALIZED COST TO RESPONDENTS
FOR THE HOUR BURDENS FOR COLLECTIONS OF
INFORMATION, IDENTIFYING AND USING APPROPRIATE WAGE
RATE CATEGORIES.**

In general, the supply chain for each of the covered commodities includes agricultural producers or fish harvesters, processors, wholesalers, importers, and retailers. Imported products may be introduced at any level of the supply chain. Other intermediaries, such as auction markets, may be involved in transferring products from one stage of production to the next. The paperwork burden will be incurred by the number and types of firms and establishments listed in Table 9, which follows.

Table 9. Estimated Costs Associated with Paperwork Burden					
Type	Firms	Initial Costs	Establishments	Maintenanc e Costs	Total Costs
Producers					
Cattle and Calves	919,880	84,886,526	919,880	150,786,730	235,673,256
Sheep, Lambs, & Goats	81,000	7,474,680	81,000	13,277,520	20,752,200
Hogs & Pigs	69,100	6,376,548	69,100	11,326,872	17,703,420
Chicken	38	3,507	30,452	1,663,897	1,667,404
Farm-Raised Fish & Shellfish	6,409	591,423	6,409	1,050,563	1,641,986
Fishing	76,485	7,058,036	76,499	4,179,905	11,237,941
Fruits & Vegetables	113,867	10,507,647	113,867	6,353,779	16,861,426
Ginseng	1,150	106,122	1,150	64,170	170,292
Peanuts	6,182	570,475	6,182	344,956	915,431
Pecans	21,856	2,016,872	21,856	1,219,565	3,236,437
Macadamia	225	20,763	225	12,555	33,318
Handlers, Processors, & Wholesalers					
Stockyards, Dealers, & Market Agencies	6,900	9,032,100	6,900	7,968,948	17,001,048
Livestock Processing & Slaughtering	2,466	3,227,994	2,730	63,058,632	66,286,626
Meat & Meat Product Wholesalers	2,328	3,047,352	2,525	2,916,173	5,963,525
Chicken Processors & Wholesalers	523	684,607	577	666,389	1,350,996
Fresh & Frozen Seafood Processing	578	756,602	652	753,008	1,509,610
Fish & Seafood Wholesale	2,821	3,692,689	2,897	3,345,803	7,038,492
Frozen Fruit, Juice & Vegetable Mfg.	125	163,625	217	250,618	414,243
Fresh Fruit & Vegetable Wholesalers	4,712	6,168,008	5,074	5,860,064	12,028,072

Peanut, Pecans, & Macadamia Nut Wholesalers	83	108,647	83	95,858	204,505
General Line Grocery Wholesalers	2,148	2,811,732	2,547	2,941,581	5,753,313
Retailers	4,512	5,906,208	34,011	36,804,191	42,710,399
Totals:					
Producers	1,296,192	119,612,599	1,326,620	190,280,512	309,893,111
Handlers, Processors, & Wholesalers	22,684	29,693,356	24,202	87,857,074	117,550,430
Retailers	4,512	5,906,208	34,011	36,804,191	42,710,399
Grand Total	1,323,388	155,212,163	1,384,833	314,941,777	470,153,940

The affected firms will broadly incur two types of costs. First, newly established firms will incur initial or start-up costs to comply with the rule establishing a record keeping system. Initial costs will be borne by each firm, even though a single firm may operate more than one establishment. Second, firms will incur additional recordkeeping costs associated with storing and maintaining records on an ongoing basis. These activities will take place in each establishment operated by each affected business.

There are approximately 271,000 firms yearly that are subject to COOL and would need to establish a record collection system. Since the information collection requirement for the COOL regulations was part of the initial rule, established firms should not have any additional fees establishing a system record keeping system.

Initial Recordkeeping Costs

With respect to initial recordkeeping costs, it is believed that most producers currently maintain many of the types of records that would be needed to substantiate country of origin and, if applicable, method of production claims. However, producers do not typically record or pass along country of origin information and, if applicable, method of production information to subsequent purchasers. Therefore, producers will incur some additional incremental costs to record, maintain, and transfer country of origin and, if applicable, method of production information to substantiate required claims made at retail. Because much of the necessary recordkeeping has already been developed during typical farm, ranch, and fishing operations, it is estimated that the incremental costs for producers to supplement existing records with country of origin and, if applicable, method of production information will be relatively small per firm. Examples of initial or start-up costs would be any additional recordkeeping burden needed to record the

required country of origin and, if applicable, method of production information and transfer this information to handlers, processors, wholesalers, or retailers via records used in the normal course of business.

Producers will need an estimated 4 hours to modify an established system for organizing records to carry out the purposes of this regulation. 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 rule, it is assumed that

virtually all producers will wish to keep their marketing options as flexible as possible. Thus, all producers of covered commodities will establish recordkeeping systems sufficient to substantiate country of origin claims. It is also recognized that some operations will require substantially more than 4 hours modifying their recordkeeping systems. In particular, it is believed that livestock operations, 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 via records used in the normal course of business, increasing the burden of substantiating country of origin claims. Conversely, operations such as fruit and vegetable farms that produce only United States products likely will require little if any change to their existing recordkeeping systems in order to substantiate country of origin claims. Overall, it is believed that 4 hours represents a reasonable estimate of the average additional time that will be required per year across all types of producers.

In estimating initial recordkeeping costs, May 2011 wage rates and benefits published by the Bureau of Labor statistics from the National Compensation Survey are used. For producers, it is assumed that the added work needed to initially adapt an existing recordkeeping system for country of origin and, if applicable, method of production information is primarily a bookkeeping task. This task may be performed by an independent bookkeeper, or in the case of operations that perform their own bookkeeping, an individual with equivalent skills. The Bureau of Labor Statistics (BLS) publishes wage rates for bookkeepers, accounting, and auditing clerks. It is assumed 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, it is assumed that this wage rate represents the opportunity cost of the producers' time for performing these tasks. The May 2011 wage rate is estimated at \$17.37 per hour. For this analysis, an additional 33 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. At 4 hours per firm and a cost of \$23.07 per hour, initial recordkeeping costs to producers are estimated at approximately \$24.5 million to modify existing recordkeeping systems in order to substantiate country of origin and, if applicable, method of production 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 and, if applicable, methods of production 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, it is believed that most of these operations already maintain many of the types of necessary records in their existing systems. Thus, it is assumed that country of origin and, if applicable, method of production 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 is used to estimate the cost of including additional country of origin and, if applicable, method of production

information to an operation's records. It is assumed that limited information, one-color redesign of a paper document will be sufficient to comply with the 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, it is believed that \$1,309 represents a reasonable estimate of average cost for all firms. Based on this, it is estimated that the initial recordkeeping costs to intermediaries such as handlers, processors, and wholesalers (importers are included with wholesalers) will be approximately \$6.3 million, and initial recordkeeping costs at retail will be approximately \$1.9 million. The recordkeeping cost to producers increases due to the inclusion of fish and shellfish.

The total initial recordkeeping costs for all new firms are thus estimated at approximately \$32.7 million. This decrease in the recordkeeping cost is due to the labeling requirement having been established and initial cost is now accrued for newly established firms.

Storage and Maintenance Costs

In addition to these one-time costs to modify recordkeeping systems, enterprises will incur additional recordkeeping costs associated with storing and maintaining records. Again, the marginal cost for producers to maintain and store any additional information needed to substantiate country of origin and, if applicable, method of production claims is expected to be relatively small.

For wild fish harvesters, fruit, vegetable, ginseng peanut, macadamia nut, and pecan producers, country of origin and, if applicable, method of production generally is established at the time that the product is harvested. Therefore, there is no need to track country of origin and, if applicable, method of production information throughout the production lifecycle of the product. This is also the case for many of the chicken products as the vast majority of chicken products sold by firms are from chickens that are born, raised, and harvested in a controlled environment in the United States. This group of producers is estimated to require an additional 4 hours a year, or 1 hour per quarter, to maintain country of origin and, if applicable, method of production information.

Compared to wild fish harvesters, chicken, fruit, vegetable, ginseng, peanut, macadamia nut, and pecan producers, it is expected that fish farmers and livestock producers will incur higher costs to maintain country of origin and, if applicable, method of production information. Wild fish, chicken, fruits, vegetables, ginseng, peanuts, and macadamia nuts 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 sale for processing or slaughter. Cattle, for example, typically change ownership between 2 to 3 times before they are slaughtered and processed. Farm-raised fish and livestock may be acquired from other countries by United States producers, which may complicate the task of tracking country of origin and, if applicable, method of production 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, it is expected that the recordkeeping burden for farm-raised fish farmers and livestock producers will be higher than for producers of other covered commodities. It is estimated that these producers on average will require an additional 12 hours a year, or 1 hour per month, to maintain country of origin and, if applicable, method of production records.

It is assumed that farm labor will primarily be responsible for maintaining country of origin information at producers' enterprises. NASS' 2010 Farm Labor data are used to estimate average farm wage rates--\$10.27 per hour for livestock workers and \$10.49 per hour for other crops workers. Applying the rate of 33 percent to account for benefits, the result is an hourly rate of \$13.66 for livestock workers and \$13.95 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 operations, the estimated total annual maintenance costs to producers is \$149 million, which is higher due to an increase in producers and wages.

It is expected that intermediaries such as handlers, processors, and wholesalers will face higher costs per enterprise to maintain country of origin and, if applicable, method of production information compared to costs faced by producers. Much of the added cost is attributed to the larger average size of these enterprises compared to the average producer enterprise. In addition, these intermediaries will need to track products both coming into and going out of their businesses.

With the exception of livestock processing and slaughtering establishments, the maintenance burden hours for country of origin and, if applicable, method of production recordkeeping is estimated to be 52 hours per year per establishment. For this part of the supply chain, the recordkeeping activities are on-going and are estimated to require an additional hour a week. It is expected, however, that livestock processing and slaughtering enterprises will experience a more intensive recordkeeping burden. These enterprises disassemble carcasses into many individual cuts, each of which must maintain its country of origin identity. In addition, businesses that produce ground beef, lamb, goat, and pork products may commingle product from multiple origins, which will require some monitoring and recordkeeping to ensure accurate labeling and to

substantiate the country of origin information provided to retailers. Maintenance of the recordkeeping system at these establishments is estimated to total 1,040 hours per establishment, or 20 hours per week.

Maintenance activities will include inputting, tracking, and storing country of origin and, if applicable, method of production information for each covered commodity. Since this is mostly an administrative task, the cost is estimated by using the May 2011 BLS wage rate from the National Compensation Survey for administrative support occupations (\$16.70 per hour with an additional 33 percent added to cover benefit costs for a total of \$22.21 per hour). This occupation category includes stock and inventory clerks and

record clerks. Coupled with the assumed hours per establishment, the resulting total annual maintenance costs to handlers, processors, and wholesalers and other intermediaries are estimated at approximately \$87.9 million.

Retailers will need to supply country of origin and, if applicable, method of production information for each covered commodity sold at each store. Therefore, additional recordkeeping maintenance costs are believed to affect each establishment. Because tracking of the covered commodities will be done daily, it is believed that an additional hour of recordkeeping activities for country of origin and, if applicable, method of production information will be incurred daily at each retail establishment. These additional activities result in an estimated 365 additional hours per year per establishment. Using the BLS wage rate for administrative support occupations (\$16.70 per hour with an additional 33 percent added to cover benefit costs for a total of \$22.21 per hour) results in total estimated annual maintenance costs to retailers of \$275.7 million.

The total maintenance recordkeeping costs for all enterprises are thus estimated at approximately \$512.6 million. The increase in the maintenance recordkeeping cost is increase in the number of establishments and an increase in wages.

13. PROVIDE AN ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS OR RECORDKEEPERS RESULTING FROM THE COLLECTION OF INFORMATION. (DO NOT INCLUDE THE COST OF ANY HOUR BURDEN SHOWN IN ITEMS 12 AND 14).

- THE COST ESTIMATE SHOULD BE SPLIT INTO TWO COMPONENTS: (a) A TOTAL CAPITAL AND START-UP COST COMPONENT (ANNUALIZED OVER ITS EXPECTED USEFUL LIFE); MAINTENANCE AND COMPONENT. THE ESTIMATES SHOULD COSTS ASSOCIATED WITH GENERATING, DISCLOSING OR PROVIDING THE INCLUDE DESCRIPTIONS OF METHODS USED TO MAJOR COST FACTORS INCLUDING SYSTEM AND PURCHASE OF SERVICES TAKE INTO ACCOUNT MAINTAINING, AND INFORMATION. ESTIMATE

TECHNOLOGY ACQUISITION, EXPECTED USEFUL LIFE OF CAPITAL EQUIPMENT, THE DISCOUNT RATE(S), AND THE TIME PERIOD OVER WHICH COSTS WILL BE INCURRED. CAPITAL START-UP COSTS INCLUDE, AMONG OTHER ITEMS, PREPARATIONS FOR COLLECTING INFORMATION SUCH AS PURCHASING COMPUTERS AND SOFTWARE; MONITORING, SAMPLING, DRILLING AND TESTING EQUIPMENT; AND RECORD STORAGE FACILITIES.

- IF COST ESTIMATES ARE EXPECTED TO VARY WIDELY, AGENCIES SHOULD PRESENT RANGES OF COST BURDENS AND EXPLAIN THE REASONS FOR THE VARIANCE. THE COST OF PURCHASING OR CONTRACTING OUT INFORMATION COLLECTION SERVICES SHOULD BE A PART OF THIS COST BURDEN ESTIMATE. IN DEVELOPING COST BURDEN ESTIMATES, AGENCIES MAY CONSULT WITH A SAMPLE OF RESPONDENTS (FEWER THAN 10), UTILIZE THE 60-DAY PRE-OMB SUBMISSION PUBLIC COMMENT PROCESS AND USE EXISTING ECONOMIC OR REGULATORY IMPACT ANALYSIS ASSOCIATED WITH THE RULEMAKING CONTAINING THE INFORMATION COLLECTION, AS APPROPRIATE.

- GENERALLY, ESTIMATES SHOULD NOT INCLUDE PURCHASES OF EQUIPMENT OR SERVICES, OR PORTIONS THEREOF, MADE: (1) PRIOR TO OCTOBER 1, 1995, (2) TO ACHIEVE REGULATORY COMPLIANCE WITH REQUIREMENTS NOT ASSOCIATED WITH THE INFORMATION COLLECTION, (3) FOR REASONS OTHER THAN TO PROVIDE INFORMATION OR KEEPING RECORDS FOR THE GOVERNMENT, OR (4) AS PART OF CUSTOMARY AND USUAL BUSINESS OR PRIVATE PRACTICES.

The total initial recordkeeping costs for all new firms are estimated at approximately \$32.7 million. The total maintenance recordkeeping costs for all enterprises are estimated at approximately \$512.6 million.

14. PROVIDE ESTIMATES OF ANNUALIZED COST TO THE FEDERAL GOVERNMENT. ALSO, PROVIDE A DESCRIPTION OF THE METHOD USED TO ESTIMATE COST, WHICH SHOULD INCLUDE QUANTIFICATION OF HOURS, OPERATION EXPENSES (SUCH AS EQUIPMENT, OVERHEAD, PRINTING, AND SUPPORT STAFF), AND ANY OTHER EXPENSE THAT WOULD NOT HAVE BEEN INCURRED WITHOUT THIS COLLECTION OF INFORMATION. AGENCIES ALSO MAY AGGREGATE COST ESTIMATES FROM ITEMS 12, 13, AND 14 IN A SINGLE TABLE.

AMS deployed an effective surveillance and enforcement program. A primary component of the enforcement program will be surveillance activities performed by State governments. This will require AMS to enter into cooperative agreements with each State and transfer sufficient funds to cooperating State agencies to conduct the surveillance activities. The estimated costs are as follows:

Retail Surveillance Reviews	
4,500/year x \$600/Review	\$2.7
Primarily paid to States	
500/year x \$800/Follow-up Reviews	0.4
Administration-Salary and Benefits	1.5
12 Staff Years x 120,000	
Miscellaneous Costs	1.0
rent/utilities/phones/Dept. assessments/ travel/printing/equipment	
Computer System (annual)	0.5

The total annual cost to the Government to maintain this regulation is \$6.1 million.

15. EXPLAIN THE REASON FOR ANY PROGRAM CHANGES OR ADJUSTMENTS REPORTED IN ITEMS 13 OR 14 OF THE OMB FORM 83-I.

Reg. No.	Reason	Previous Burden	New Burden	Difference	Type of Change
<i>Set-Up & Maintenance (Recordkeeping)</i>					
	Dec. in Producers	5,087,624	1,061,296	-4,026,328	Adj.
	Dec. in Intermediaries	679,876	140,360	-539,516	Adj.
	Dec. in Retailers	117,160	26,332	-90,828	Adj.
<i>Storage & Maintenance (Recordkeeping)</i>					
	Dec. in Livestock & Fish & Shellfish	13,427,136	12,916,668	-510,468	Adj.
	Inc. in Chicken, Wild Fish & Shellfish, etc.	612,488	1,001,792	+389,304	Adj.
	Dec. in Handlers,				

	Processors & Wholesalers	1,131,312	1,116,544	-14,768	Adj.
	Dec. in Livestock Processing & Slaughtering	3,335,280	2,839,200	-496,080	Adj.
	Dec. in Retailers	13,283,080	12,334,810	-948,270	Adj.
TOTALS		37,673,956	31,437,002	-6,236,954	Adj.

There is a decrease of -6,236,954 burden hours due to a decrease in firms that are subject to COOL and would need to establish a record collection system. Since the information collection requirement for the COOL regulations was part of the initial rule, established firms should not have any additional burden hours due to establishing a system record keeping system.

- 16. FOR COLLECTIONS OF INFORMATION WHOSE RESULTS WILL BE PUBLISHED, OUTLINE PLANS FOR TABULATION, AND PUBLICATION. ADDRESS ANY COMPLEX ANALYTICAL TECHNIQUES THAT WILL BE USED. PROVIDE THE TIME SCHEDULE FOR THE ENTIRE PROJECT, INCLUDING BEGINNING AND ENDING DATES OF THE COLLECTION OF INFORMATION, COMPLETION OF REPORT, PUBLICATION DATES, AND OTHER ACTIONS.**

Information obtained under this information collection is not published.

- 17. IF SEEKING APPROVAL TO NOT DISPLAY THE EXPIRATION DATE FOR OMB APPROVAL OF THE INFORMATION COLLECTION, EXPLAIN THE REASONS THAT DISPLAY WOULD BE INAPPROPRIATE.**

There is no form submission requirement associated with this collection.

- 18. EXPLAIN EACH EXCEPTION TO THE CERTIFICATION STATEMENT IDENTIFIED IN ITEM 19, "CERTIFICATION FOR PAPERWORK REDUCTION ACT SUBMISSIONS," OF OMB FORM 83-I.**

The Agency is able to certify compliance with all provisions under Item 19 of OMB Form 83-I.

- B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS**

This information collection does not employ statistical methods.