



One Meeting Place P. O. Box 269 Elizabethtown, PA 17022
Phone: (717) 367-1168 Fax: (717) 367-9096
E-mail: aamp@aamp.com Website: www.aamp.com

RECEIVED
FSIS DOCKET ROOM
04 MAY 11 AM 10:25

612

May 7, 2004

**FSIS Docket Clerk
Docket #03-025N
Room 102 Cotton Annex
300 12th Street SW
Washington, DC 20250**

**9 CFR Parts 301, 309, 310, 311, 313, 318, 319 and 320. RE: FSIS
Preliminary Regulatory Impact Analysis (PRIA) of the January 12, 2004 BSE
Interim Final Regulations**

The American Association of Meat Processors (AAMP) is submitting the following comments on the FSIS Economic Impact Analysis of the Interim Final Regulations on BSE that were published on January 12, 2004.

AAMP is an international trade association that represents the interests of small, very small and medium-sized meat and poultry processors, slaughterers, wholesalers, retailers, caterers and home food service companies, as well as suppliers and consultants to the meat and poultry industry. Most of AAMP's members are family-owned businesses.

Not Much Analysis of Small Plants

The USDA preliminary economic analysis of the rules claims to demonstrate the costs that small plants will face as a result of the new rules. But in fact, there is very little in this analysis concerning how the rules affect small plants.

Overall, the analysis shows a cost of between \$110 million and \$149 million. Those costs are largely an estimate of the Specified Risk Materials and Advanced Meat Recovery regulations. USDA estimates the annual cost of the SRM rule alone at between \$100 million and \$137 million. FSIS says the primary impact of the SRM rule is the exclusion of SRMs from use in the human food supply, at a cost of about \$36 million.

The yearly cost of the ban of non-ambulatory injured animals from the human food supply is estimated by USDA at \$36 million and \$71 million. FSIS goes on to estimate the cost of changing HACCP plans and procedures, sanitation SOPs, other pre-requisite programs and record keeping requirements at \$28 million.



Page 2...AAMP Comments on USDA Economic Analysis

These figures are USDA's estimates of economic impact on both the livestock and meat processing industries.

Unfortunately, there is a lot missing from USDA's economic impact analysis of the BSE rules. A major gap exists in the Agency's evaluation of the effect of the ban of non-ambulatory injured animals from the food supply. This action is having a major negative effect on the small meat processing industry, which USDA overlooks.

Here's an example of how the finding of the cow with BSE in Washington State last December, and the resulting changes in regulations that went into effect on January 12, 2004, changed the bottom line for one small plant that might be somewhat typical of those that belong to the American Association of Meat Processors. This is the effect on that plant's business.

The regulation that eliminates the use of backbones in Advanced Meat Recovery reduced by 65 percent the production of finely textured beef (FTB) by the plant. The cost to the company has been \$1,105.00 a day.

The elimination of the use of backbones in ground bones, thanks to the new USDA regulation, reduced by 50 percent the production of ground bones by the establishment. This has cost the company \$207.00 a day.

At the same time, the establishment "went out" of the neck bone business because neck bones can no longer be made for commerce. This 100% reduction cost the company \$388.00 a day.

The new regulations have cost the company a total of \$1,700.00 a day on walking cows, while the yearly cost for the establishment will be \$442,000.00.

Analysis Underplays Effect of Downer Ban

For example, the analysis declares that the ban on the use of non-ambulatory injured animals in human food makes up a very small percentage of the total animals slaughtered in the United States, about 0.1 percent of the 36 million cattle slaughtered each year. So on the face of it, the "downer ban" doesn't seem to play much of a role.

But most non-ambulatory injured animals are handled by the small end of the meat slaughtering and processing industry. Looking at it that way, the ban does have a greater economic effect on that part of the meat industry. In Pennsylvania alone, more than 25,000 non-ambulatory injured animals went to

Page 5...AAMP Comments on USDA Economic Analysis

For verification, USDA estimates that very small plants spend 6 minutes a day, small plants 12 minutes a day. USDA also cites as sources for these figures "expert opinion." There is no indication who these "experts" are. Are they inspection program personnel? Plant employees?

There is also no indication whether these figures include the 2,500 plants under "equal to USDA" state inspection.

Our point is not that these interim final rules shouldn't have been enacted, although we do not think that animals with broken limbs should be part of the complete non-ambulatory cattle ban. But there is a lot of missing information in USDA's Preliminary Regulatory Impact Analysis. This information needs to be there, if USDA is to fulfill its rulemaking responsibility to let its stakeholders and the public know the costs of its regulatory actions.

The American Association of Meat Processors appreciates the opportunity to comment on USDA's Preliminary Regulatory Impact Analysis on the interim final rules concerning BSE.

Sincerely,

A handwritten signature in black ink, appearing to read "Bernard F. Shire". The signature is fluid and cursive, with the first name being the most prominent.

Bernard F. Shire

Director, Legislative & Regulatory Affairs

cc: Hugh Tyler, AAMP President