FDA Proposes $547 Million Rule to Verify Safety of Imported Foods

The Food and Drug Administration published a proposed rule that would require food importers to “perform risk-based foreign supplier verification activities… to verify that food imported into the United States is as safe as food produced and sold within the United States… The proposed [Foreign Supplier Verification Program] regulations are intended to work in tandem with other provisions of [the Food Safety Modernization Act] and the [Food, Drug, and Cosmetic] Act to … [provide] appropriate layers of protection for U.S. consumers.” Under the regulation, importers would have to conduct on-site audits or other verification methods for most foreign suppliers, with different requirements for very small suppliers and importers, importers of dietary supplements, and suppliers in countries “whose food safety system FDA has officially recognized as ‘comparable’…[or] equivalent to that of the United States.” Estimated cost of the rule is between $529 million and $547 million per year. Because the proposed rule “would not itself establish safety requirements for food manufacturing and processing, [but] would benefit the public health by helping to ensure that imported food is produced in compliance with other applicable food safety regulations,” the public health benefits are accounted for in “the preventive controls, produce safety, and other applicable food safety regulations instead of in this rule.” Comments on the proposed rule are due by November 26th.

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- 'Sue and settle' bill sets off civil rights flap, The Hill
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Rulemaking
Commodity Futures Trading Commission
The Commodity Futures Trading Commission issued its interpretive guidance and policy statement regarding the cross-border applications of the swaps provisions of the Community Exchange Act (CEA). This guidance is a statement of the general policy used by the CFTC regarding cross-border swap activities; it allows for flexibility in application to various situations, unlike a binding rule. This approach has been taken because the CFTC “understands the complex and dynamic nature of the global swap market and the need to take an adaptable approach to cross-border issues, particularly as it continues to work closely with foreign regulators to address potential conflicts with respect to each country's respective regulatory regime.” Some of the topics addressed by this guidance include “the treatment of swaps involving certain foreign branches of U.S. banks, the treatment of swaps involving a non-U.S. counterparty guaranteed by a U.S. person or ‘affiliate conduit,’ and the categorization of the Dodd-Frank swaps provisions as ‘Entity-Level Requirements’ or ‘Transaction-Level Requirements.’”

Federal Housing Finance Agency
FHFA Withdraws Proposed Rule Concerning Underwriting Standards for Fannie Fae, Freddie Mac
The Federal Housing and Finance Agency withdrew its previously published proposed rule, Enterprise Underwriting Standards. This proposed rule concerned underwriting standards for the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) relating to mortgage

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assets affected by Property Assessed Clean Energy (“PACE”) programs. A California District Court ruling in 2011 ordered the Federal Housing and Finance Agency (FHFA) to seek comments on whether “restrictions relating to the regulated entities’ dealing in mortgages on properties participating in PACE are necessary.” An appeal to the Ninth Circuit Court of Appeals by the FHFA raised an objection to the order because they “interfered with the exercise of Agency powers and authorities as provided by Congress in the Housing and Economic Recovery Act of 2008.” The Ninth Circuit ruled in favor of the FHFA, leading to the withdrawal of this rule.

Food and Drug Administration

FDA Proposes Framework for Third-Party Certification for Foreign Food Safety Standards
The Food and Drug Administration also published a proposed rule establishing a framework for third-party foreign food safety auditors and certification bodies. The rule “contains procedures for recognition and accreditation, as well as requirements relating to monitoring and oversight of participating accreditation bodies and auditors/certification bodies.” If finalized, the rule “will help FDA ensure the competence and independence of third-party auditors/certification bodies who conduct foreign food safety audits” to satisfy FSVP requirements. “It also will help ensure the reliability of food and facility certifications issued by third-party auditors/certification bodies that FDA will use in making certain decisions relating to imported food.” Estimated annual costs are between $72.6 million and $74.4 million. Though the FDA was “unable to estimate quantitatively the benefits of the proposed rule” the Agency posits that this rule will benefit the public health by helping to ensure that imported food complies with applicable food safety requirements. Comments on the proposed rule are due November 26th.

FDA Issues Direct Final Rule Offering Alternatives to Mandatory Tiny Turtle Destruction
The Food and Drug Administration issued a direct final rule and an accompanying proposed rule amending previous regulations regarding the prohibition on the sale of viable turtle eggs and live turtles with a carapace length of less than 4 inches. This rule was previously put into place to stop the spread of salmonellosis associated with turtles. If turtle eggs or live turtles with a carapace of less than 4 inches are held for sale, they were previously subject to destruction in a humane manner by FDA. This amendment removes these provisions for destructions as alternative means of preventing salmonellosis. Some of these alternatives, as cited by the FDA, include “raising the turtles until the turtles achieve a carapace length of 4 inches or greater; donating the viable turtle eggs or live turtles to an entity that meets one of the bona fide scientific, educational, or exhibitional exemptions, as provided in the regulations; or exporting the turtles in compliance with all applicable laws.” However, this direct final rule does not lift the ban on selling turtle eggs or live turtles with a carapace of less than four inches. Comments are due on October 8th.

Department of Agriculture

APHIS Stays Enforcement of Rule Requiring Disaster Plans for Animals Used for Exhibition
The Animal and Plant Health Inspection Service issued a stay of its December 2012 final rule on itinerary submission by any person who is subject to the Animal Welfare Act. These itineraries must meet certain requirements for contingency planning and training of personnel for people who intend to exhibit any animal at any location other than the person's approved site when travel will extend overnight. The Animal and Plant Health Inspection Service plans to consider the impact of the requirements on regulated entities, “taking into account a reexamination of any unique circumstances and costs that may vary by the type and size of businesses.” This review is in response to newly voiced concerns on how the regulation would impact small animal exhibitors, such as magicians who employ use of a rabbit for their magic act.

CCC Finalizes Rule Dictating Allowable Use of Sugar Program Sugar by Bioenergy Producers
The Commodity Credit Corporation (CCC) published a final rule that amends the restrictions on how CCC can dispose of its sugar inventory from the Sugar Program. This disposal comes primarily through the establishment of the Feedstock Flexibility Program in the same rule. FFP is intended to help keep the Sugar Program operating at no cost to the Federal Government “to the maximum extent practicable” by requiring CCC to purchase domestically produced sugar that would otherwise be forfeited. The sugar must then be sold to bioenergy producers, “permanently removing such sugar from the market for human consumption.” FFP is expected to cost CCC “$54.5 million more than using the least-cost surplus management option,” in FY 2013, with a total cost of $92.3 million. “Despite this cost, FFP has at least one benefit that is not available with other sugar supply reduction methods. Specifically, FFP will allow the generation of Renewable Identification Numbers (RINs), which will help gasoline
and diesel blenders meet their Renewable Fuels Standard (RFS) mandates in 2014.” In order to avoid forfeiture of the 2012 Sugar Crop, the final rule is effective immediately.

Department of Transportation
FHWA Proposes National Tunnel Inspection Standards
The Federal Highway Administration (FHWA) published a proposed rule establishing National Tunnel Inspection Standards (NTIS) and to “establish requirements for tunnel owners, including the establishment of a program for the inspection of highway tunnels, maintenance of a tunnel inventory, reporting of the inspection findings to FHWA, and correction of any critical findings identified during these inspections.” The purpose of the rule is to ensure that all structural, mechanical, electrical, hydraulic and ventilation systems of tunnel structures are inspected and tested on a regular basis. The NTIS would enhance the safety of highway tunnels, and would make tunnel inspections consistent nationwide. Currently, FHWA does not have sufficient information to estimate total costs and total benefits of this rulemaking. The Agency has preliminary estimates regarding just the inspection portion of the rulemaking and believes them to be between $219,485 (low) and $2,506,102 (high). The FHWA seeks information regarding the full costs and benefits of this rulemaking. Comments are due September 30th.

PHMSA Amends Hazardous Materials Regulations Applicable to Air Bags, Seat Belt Components
The Pipeline and Hazardous Materials Safety Administration (PHMSA) published a final rule amending the Hazardous Materials Regulations applicable to air bag inflators, air bag modules, and seat-belt pretensioners. The rulemaking finalizes revisions to five regulatory initiatives that are intended to reduce the regulatory burden on the automotive industry and facilitate commerce, while continuing to maintain an equivalent level of safety. The costs and benefits of the rulemaking are dependent on the level of preexisting compliance with two special permits (DOT-SP 12332 and DOT-SP 13996) and overall effectiveness of the amended regulations. The Agency believes that the rulemaking will reduce the burden in how airbag inflators, air bag modules, and seat-belt pretensioners are authorized for shipment by eliminating the necessity to submit approval applications to PHMSA, and thus provide significant savings. According to PHMSA, the costs associated with the rule are “negligible due to minor revisions to the recordkeeping requirements.” PHMSA estimates that the first-year net benefits to be $1.14 million. According market analysis presented in the regulatory impact assessment, it is assumed that these benefits will grow at an annual average rate of 5 percent. Thus, the 10-year benefits at 7% and 3% discount rates are estimated to be $10-12 million. Comments are now being accepted.

Environmental Protection Agency
EPA Finalizes Rule Modifying Hazardous Waste Management of Solvent-Contaminated Wipes
The Environmental Protection Agency published a final rule modifying the hazardous waste management of solvent-contaminated wipes. This rule redefines the definition of solid waste to conditionally exclude solvent-contaminated reusable wipes and revises the definition of hazardous waste to conditionally exclude solvent-contaminated disposable wipes. This exclusion only covers the solvent-contaminated wipes and not free liquid spent solvent. According to EPA, the main purpose of this rule is “to provide a consistent regulatory framework that is appropriate to the level of risk posed by solvent-contaminated wipes in a way that maintains protection of human health and the environment, while reducing overall compliance costs for industry.” The estimated net benefits for this rule are between $21.7 million and $27.8 on an annual basis, with $18 million in regulatory cost savings to industries affected.

EPA Proposes Switch to Electronic Reporting for Paper-Based NPDES Reports
The Environmental Protection Agency published a proposed rule that would require electronic reporting for current paper-based National Pollutant Discharge Elimination System (NPDES) reports. According to the EPA, the benefits of this rulemaking include allowing “NPDES-authorized programs in states, tribes, and territories to shift resources from data management activities to those more targeted to solving water quality and noncompliance issues.” EPA claims that this will lead to increased compliance, improved water quality, and a level playing field for the regulated community. In efforts to promote transparency and accountability, EPA intends that this rule will provide a more complete set of data to the public, providing communities with easily accessible information of facility and government performance. The EPA estimates that savings for the ten-year period are $290.2 million while cumulative costs are $69.9 million. Comments are due October 28th.

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