

# Measuring the benefits and costs of FDA food safety regulations: 15 years of experience

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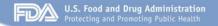
STDF WORKSHOP
"USING ECONOMIC ANALYSIS TO INFORM SPS DECISION MAKING"
GENEVA, 30 OCTOBER 2009



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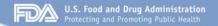
## Federal Institutional Requirements for Economic Analysis

- Identify Need for Regulation
- Identify Regulatory Options
- Estimate Costs and Benefits of Options



#### Elements of Good Regulatory Analysis

- · Public health problem
  - baseline impact of hazard
  - baseline practices that potentially contribute to or mitigate the problem
- · Why regulation is the best way to address the problem
- Regulatory options for addressing the problem
- Specific changes in behavior of all affected
- · Costs of changes in behavior
- · Effectiveness of changes in behavior
- · Value of the reduction in the public health problem
- · Variability and uncertainty in estimates



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#### **Use Numbers**

- Work hard to quantify everything
- Monetize benefits
- Quantitatively characterize variability and uncertainty
- "If it is not quantified, it doesn't count."



#### Seafood HACCP (1995)

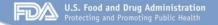
- Quality control system applied to all seafood sold in the US
- Baseline annual illnesses: 114,000
- First year costs: \$69 million \$162 million
- Fourth year costs: \$38 million \$80 million
- First year benefits: \$73 million \$108 million
- Fourth year benefits: \$87 million \$158 million
- Annual illnesses prevented: 20,000 59,000



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#### Iron Supplements (1997)

- Warning statements for supplements containing iron and unit-dose packaging for supplements 30+mg iron per dosage
- Baseline annual illnesses: 300
- First year costs: \$54 million
- Recurring costs: \$5 million
- Annual benefits: \$25 million \$54 million
- Annual illnesses prevented: 300



#### Juice HACCP (2001)

- Quality control system applied to all juice sold in the US
- Baseline annual illnesses: 9,000
- First year costs: \$34 million \$58 million
- Recurring costs: \$22 million
- Annual benefits: \$126 million
- Annual illnesses prevented: 6,000



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### Egg Processing (2009)

- Processing controls for shell eggs sold in the US produced by farms with over 3,000 layers
- Baseline annual illnesses: 142,000 (69,000 273,000)
- First year costs: \$88 million
- Fourth year costs: \$81 million (\$58 \$117 million)
- First year benefits: \$1,231 million
- Fourth year benefits: \$1,417 million (\$228 \$9,472 million)
- Annual illnesses prevented: 79,000 (30,000 191,000)



## Value of Regulatory Analyses in WTO Issues

- Public health need is clearly identified
- Value of protecting citizens is compared with the cost of protection
- Options are explored for finding least cost means of protection
- All geographic locations are considered equally in identifying options and estimating costs



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#### Important Capabilities

- Regulatory analysts trained in Economics
- Data to estimate foodborne illness
- Data to estimate affected entities
- · Analyst access to
  - epidemiologists
  - food technologists
  - laboratory scientists



#### Resources

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