



January 28, 2011

*Submitted Electronically*

Docket No. APHIS-2010-0019  
Regulatory Analysis and Development, PPD  
Animal and Plant Health Inspection Service  
United States Department of Agriculture  
Station 3A-03.8  
4700 River Road Unit 118  
Riverdale, MD 20737-1238

**RE: Importation of Wood Packaging Material from Canada**

On December 2, 2010, the Animal and Plant Health Inspection Service (APHIS) of the United States Department of Agriculture (USDA) published in the Federal Register for comment a proposed rule which would amend the regulations for the importation of unmanufactured wood articles to remove the exemption that allows wood packaging material from Canada to enter the United States without first meeting the treatment and marking requirements of the regulations that apply to wood packaging material from all other countries (the “Proposed Rule”).<sup>1</sup>

The Food Marketing Institute (FMI) appreciates the opportunity to respond to the request of APHIS for comments on the Proposed Rule.

FMI is the national trade association that conducts programs in public affairs, food safety, research, education and industry relations on behalf of its 1,500 member companies – food retailers and wholesalers – in the United States and around the world. FMI’s members in the United States operate approximately 26,000 retail food stores and 14,000 pharmacies. Their combined annual sales volume of \$680 billion represents three-quarters of all retail food store sales in the United States. FMI’s retail membership is composed of large multi-store chains, regional firms, and independent supermarkets. Our international membership includes 200 companies from more than 50 countries. FMI’s associate members include the supplier partners of its retail and wholesale members.

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<sup>1</sup> 75 Fed. Reg. 75157 (December 2, 2010).

Pallets, both wood and plastic, are an essential component of the supply chain. Nearly all of the goods sold by food retailers and wholesalers are transported on pallets. FMI is concerned that the Proposed Rule could impose substantial costs on the wood packaging industry, and a significant proportion of these costs will be borne by food retailers and wholesalers. The Proposed Rule has been estimated to have an impact on the economy of more than \$300 million annually.

The Proposed Rule will increase raw material costs, require new capital investments and increase transportation, labor and certification costs for the wood packaging industry. Many of these costs will undoubtedly be passed on downstream, making it more expensive for the food retailers and wholesalers to use wood pallets in commerce.

An exemption from the International Standards for Phytosanitary Measures (ISPM) 15, “Guidelines for Regulating Wood Packaging Material in International Trade” was initially granted for the United States and Canada based on the fact that forests in the United States share a common forested boundary with Canada, and to a degree, the same forest pests.

Unless new scientific evidence clearly justifies the new regulatory burden imposed on the supply chain by the Proposed Rule, FMI believes APHIS should not move forward with it. If APHIS does decide to implement the Proposed Rule, it should do so in a flexible manner which contemplates the fact that some wood pallet firms—such as CHEP—have sourcing, manufacturing and repair policies that meet ISPM No. 15 objectives and have been effective, resulting in no incidences of quarantine for invasive species. To minimize the costs, APHIS should consider exempting pallet pools that meet ISPM No. 15 objectives from the new requirements imposed by the Proposed Rule.

FMI appreciates the opportunity to comment on this important matter.

Sincerely,

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

Erik R. Lieberman  
Regulatory Counsel