New Egg Regulations To Cost $81 Million

JACKSON, Miss. (AP) — New federal legislation designed to reduce the risk of salmonella in eggs will cost the industry $81 million, the United Egg producers trade group estimates.

Several salmonella scares in recent years linked to other foods, such as peppers, tomatoes, cookie dough and peanut products have caused increased government scrutiny.

The new guidelines require egg producers to regularly test eggs for salmonella and buy egg-producing chicks from sellers who also test for salmonella and other diseases.

Jackson-based Cal-Maine Foods is the nation's largest egg producer and distributor.

"We'll have to increase the amount of testing that we do, but it's not a material cost to the company," said Tim Dawson, Cal-Maine chief financial officer.

He couldn't say how much extra the company would have to spend to meet the new requirements.

Consumers may see a 1-cent increase in the price for a dozen eggs, United Egg Producers estimates. But the FDA estimates those costs will translate into $1.4 billion in yearly public health benefits.

Gene Gregory, president of the Atlanta-based UEP, says he's pleased with the new regulations.

"Most everything that's in the guidelines, the industry has been doing it for at least 10 years," Gregory said.

Those include establishing control programs for rodents and other pests as well as refrigerating eggs during storage and transportation at 45 degrees Fahrenheit no later than 36 hours after they're laid.

But Gregory worries about the ability of some egg farms that don't have the capacity to refrigerate their eggs.

"We don't know what's going to happen with those farms," he said.

Dawson said a small number of Cal-Maine's chicks come from farms that may be affected by the change. He said farms that sell chicks to the company are fully compliant with current standards in safety testing.

UEP says the egg industry's food safety record is as strong as any, citing previous

government reports indicating just one in every 20,000 eggs produced contains salmonella.

Meanwhile, according to reports, the U.S.Department of Agriculture hopes to have new guidelines in place by the end of this year to reduce salmonella in poultry.

That would include establishing a verification program with the aim of having at least 90 percent of poultry establishments compliant by the end of 2010, according to reports.

Whether the USDA has come up with a detailed set of proposed guidelines is unclear. Officials with the agency could not be reached for comment.

Mike Cockrell, chief financial officer of Laurel-based Sanderson Farms, says the company already has at least two quality-assurance people on each shift and regularly tests its food.

"It's hard for me to imagine (the government) doing anything that will make it more difficult for us," he said. "We test our product every day at every location."

Tyson Foods, which operates seven facilities in Mississippi, says it's too early to comment on the changes.

Company spokesman Gary Mickelson says Tyson has roughly 2,500 food safety and quality assurance workers at its plants. He also said the company is regularly inspected by the USDA.

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