Proposed Rules

Federal Register

Vol. 62, No. 231

Tuesday, December 2, 1997

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF AGRICULTURE

Farm Service Agency

7 CFR Part 729

Commodity Credit Corporation

7 CFR Part 1446

RIN 0560–AF16

1998-Crop Peanut National Poundage Quota, 1998-Crop Additional Peanuts National Average Support Level and Minimum Commodity Credit Corporation (CCC) Export Edible Sales Price for the 1998 and Subsequent Crops of Additional Peanuts

AGENCY: Farm Service Agency and Commodity Credit Corporation, USDA.

ACTION: Proposed rule.

SUMMARY: The Agricultural Adjustment Act of 1938, (the 1938 Act) as amended, requires that the national peanut poundage quota for the 1998 crop be announced by December 15, 1997. The Agricultural Act of 1949, (the 1949 Act), as amended, requires that the additional support level be announced not later than February 15, 1998. The minimum CCC export edible sales price for additional peanuts is usually announced at the same time as the price support level. This proposed rule suggests a national poundage quota figure in the range between 1,133,000 short tons (st) and 1,175,000 st, proposes that the national average additional price support level for the 1998 crop peanuts be set between $132 per st and $175 per st, and that the minimum CCC sales price for 1998 and subsequent crops of additional peanuts for export edible use be set between $350 to $400 per st or by formula.

DATES: Comments must be received by December 9, 1997, in order to be assured of consideration.

ADDRESSES: Comments must be submitted to the Director, Tobacco and Peanuts Division, Farm Service Agency (FSA), United States Department of Agriculture, STOP 0514, 1400 Independence Avenue, S.W., Washington, DC 20250–0514. All written submissions will be made available for public inspection from 8:15 a.m. to 4:45 p.m., Monday through Friday, except holidays, in Room 5750-South Building, 1400 Independence Avenue, S.W., Washington, DC 20250–0514.

FOR FURTHER INFORMATION CONTACT: Kenneth M. Robison, Tobacco and Peanuts Division, FSA, USDA, STOP 0514, 1400 Independence Avenue, S.W., Washington, DC 20250–0514, telephone 202–720–9255. Copies of the cost-benefit assessment prepared for the rule can be obtained from Mr. Robison.

SUPPLEMENTARY INFORMATION:

Executive Order 12866

This proposed rule has been determined to be significant and was reviewed by OMB under Executive Order 12866.

Federal Assistance Program

The title and number of the Federal Assistance Program, as found in the Catalog of Federal Domestic Assistance, to which this rule applies are: Commodity Loans and Purchases —10.051.

Executive Order 12998

This rule has been reviewed in accordance with Executive Order 12998. The provisions of this proposed rule do not preempt State laws, are not retroactive, and do not involve administrative appeals.

Regulatory Flexibility Act

It has been determined that the Regulatory Flexibility Act is not applicable to this proposed rule since neither FSA nor CCC is required by 5 U.S.C. 553 or any other provision of law to publish a notice of proposed rulemaking with respect to the subject of these determinations.

Paperwork Reduction Act

These proposed amendments do not contain information collections that require clearance by the Office of Management and Budget under the provisions of 44 U.S.C. chapter 35.

Discussion

This proposed rule would amend 7 CFR part 729 to set forth the 1998-crop peanut national poundage quota, and 7 CFR part 1446 to set forth the 1998-crop national average support level for additional peanuts and the minimum CCC sales price for 1998 crop additional peanuts sold for export edible use.

A. National Poundage Quota

Section 358–1(a)(1) of the 1938 Act, as amended by the Federal Agricultural Improvement and Reform Act of 1996 (1996 Act), requires that the Secretary set a basic national quota for peanuts for each of the 1996 through 2002 marketing years (MY) at a level that is equal to the quantity of peanuts (in tons) that the Secretary estimates will be devoted in each MY to domestic edible use (excluding seed) and related uses. As to seed, section 358–1(b)(2)(B) of the 1938 Act provides that a temporary allocation of quota pounds for the MY only in which the crop is planted shall be made to producers for each of the 1996 through 2002 MYs and that the temporary seed quota allocation shall be equal to the pounds of seed peanuts planted on the farm as may be adjusted and determined under regulations prescribed by the Secretary. The MY for 1998-crop peanuts will be from August 1, 1998 through July 31, 1999. Producers will vote in a referendum on December 1-4, 1997 to determine whether they approve marketing quotas for MY 1998 to MY 2002.

The national poundage quota for MY 1997 was set at 1,133,000 st. This rule proposes that the national poundage quota for MY 1998 be set between 1,133,000 st and 1,175,000 st based on the following data:

	Short tons	
	97.8% production	94.3% production
Domestic Edible Use:		
Domestic food ...	933,000	933,000
On farm and local sales	9,000	9,000
Related Uses:		
Crushing residual	123,000	123,000
Shrinkage and other losses ...	37,500	37,500
Transfer to quota	5,000	5,000
Subtotal	1,107,500	1,107,500
Allowance for underproduction	25,500	67,500
Totals	1,133,000	1,175,000

The estimate of 1998 domestic food use was developed in two steps. First, total domestic edible utilization of 1,088,000 st was estimated by the USDA Interagency Commodity Estimates Committee (ICEC). Second, this estimate was reduced by 155,000 st to exclude peanut imports, peanut butter imports, and peanut butter exports. Although estimates of domestic edible utilization typically include product exports, peanut butter exports are generally either made from, or may otherwise be credited under section 358(e)(1) of the 1938 Act as being made from additional peanuts. MY 1997 farm use and local sales were estimated at 1 percent of ICEC's MY 1998 production estimate. This percentage reflects the average difference between USDA production data and Federal-State Inspection Service inspections data. About one-half of farm use and local sales is allocated to food use and the remainder to seed, which is excluded from quota determinations under amendments to the 1938 Act made by the 1996 Act.

The crushing residual represents the farmer stock equivalent weight of crushing grade kernels shelled from quota peanuts. In any given lot of farmer stock peanuts, a portion of such peanuts is only suitable for the crushing market. The quota must be sufficient to provide for the shelling of both edible and crushing grades. The crushing residual identified above reflects the assumption that crushing grade peanuts will be about 12 percent, on a farmer stock basis, of the total of MY 1998 domestic edible use production.

The allowance for shrinkage and other losses is an estimate of reduced kernel weight available for milling as well as for kernel losses due to damage, fire, and spillage. These losses were estimated by multiplying a factor of 0.04 times domestic edible use. This factor is the minimum shrinkage generally allowed for calculating obligations of handlers under section 359a(d)(2)(B)(iv) of the 1938 Act and is believed to be a fair estimate of such shrinkage for purposes of this determination, taking into account all factors.

Segregation 2 and 3 loan transfers to quota loan represent transfers of Segregation 2 and 3 peanuts from additional price support loan pools to quota loan pools. Such transfers occur when quota peanut producers have insufficient Segregation 1 peanuts to fill their quotas, yet have Segregation 2 and 3 peanuts in additional loan pools which would have been eligible to be pledged as collateral for price support loans at a discounted quota loan rate.

In addition, an allowance has been made for underproduction. Under past legislation, only 92 percent of the quota had been marketed. Prior to the 1996 crop, at the national level, any unmarketed pounds up to 10 percent of the national marketing quota could be added to the farms basic quota for that crop year. Under the 1996 Act any quota pounds not marketed cannot be carried forward and would be a loss of potential income for producers, therefore, it is expected that somewhat more than 92 percent of the quota will be marketed in MY 1998. In MY 1996 about 97.3 percent was marketed and in MY 1997 about 97.5 percent of quota is expected to be marketed. It is anticipated that about 94 to 98 percent of the MY 1998 quota will be marketed.

The lowest proposed 1998 quota level, as set forth above, reflects expected growth in domestic consumption of peanut products through government purchases, new uses and a small increase in demand resulting from lower peanut support prices in recent years. This level essentially reflects the assumption that about 97.8 percent of the quota will be marketed and adds increased demand for edible peanuts. The higher range proposal takes into account the possibility that marketings of quota could fall as low as the 94.3 percent level. This range appears to be a fair estimate of possible market conditions.

Disappearance of peanuts into primary products has been relatively flat over the last year. Overall demand, including imports, is projected to increase about 1.5 percent. However, government support purchases in MY 1996 have increased about 45 percent from 22,750 st farmer stock (fs) in MY 1995 to 32,200 st (fs) in MY 1996.

A significantly larger quota option than those presented would lower the price received by growers from first buyers and could reduce costs to consumers for peanut products slightly. However, it is assumed that a substantial increase in quota would be needed to lower the average grower price to a level near the average national support price. A quota in the neighborhood of 1,500,000 tons would likely result in sufficient quantities of peanuts delivered at the right time and place such that the average price would be only slightly higher than $610 per ton.

This option only becomes viable if one assumes greater responsiveness in demand to additional supplies. One must assume a significant growth in demand because of a lower price to justify this option.

The cost of overestimating demand would be high. Assuming the demand for greater supplies of peanuts is slight, this level of quota could result in a surplus and a loss on loan placements for more than 300,000 tons of peanuts. These peanut losses would be around $400 a ton. Losses of up to $120 million would occur and result in producer assessments of over $100 per ton the following year. This level of assessment would lower the effective price received by producers for quota peanuts in MY 1999 to $500 per ton or less.

Buybacks worked well in MY 1996. Buyback is a term used to describe a marketing transaction in which a producer places additional peanuts under price support loan at the additional loan rate and a handler simultaneously purchases the same peanuts at the quota support level from the marketing associations for domestic edible use. To bolster stocks in MY 1996, the peanut industry bought back over 100,000 tons of additional peanuts. In MY 1997, it is anticipated that the peanut industry will again use the buyback provisions to purchase about 100,000 tons in order to continue building stocks. Depending on stock levels at the beginning of MY 1998, the peanut industry may again use buybacks to build stocks.

B. Additional Peanut Support Level

Section 155(b)(2) of the 1996 Act provides that price support shall be made available for additional peanuts at such level as the Secretary determines will ensure no losses to CCC from the sale or disposal of such peanuts, taking into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets.

The MY 1997 price support level for additional peanuts was announced at $132 per st on February 14, 1997. The national average price support rate for quota peanuts, for each of the 1996 through 2002 crops, was set at $610 per st by the 1996 Act and is codified at 7 CFR section 1446.103. Regulations pertaining to price support loan levels for additional peanuts are found in 7 CFR section 1446.310.

The range for the MY 1998 price support level for additional peanuts is recommended to be within the range of $132 per st and $175 per st. Additional loan peanuts are sold out of inventory in order to recoup the price support loan principal, interest and related costs. In the proposed price range, if the edible peanut market deteriorated to a point that the entire loan inventory was sold as oil stock, anticipated revenues should be adequate to ensure no losses to CCC from the sale or disposal of additional peanuts. The statutory factors have been analyzed as set out below:

1. The domestic use of peanut oil during MY 1998 is forecast to be 105,000 st, up 2,500 st from MY 1997 projected domestic use. MY 1998 peanut oil beginning stocks are expected to be 35,000 st, down about 19 percent from MY 1997. The MY 1998 average peanut oil price is expected to be $0.395 per pound, down $0.018 per pound from MY 1997.

2. The domestic use of peanut meal during MY 1998 is forecast to be 150,000 st, unchanged from MY 1997 projected domestic use. MY 1998 peanut meal beginning stocks are expected to be 4,000 st, unchanged from MY 1997. The MY 1998 average peanut meal price is expected to be $152.50 per st, down $12.50 per st from MY 1997.

3. The domestic disappearance of soybean oil during MY 1998 is forecast to be 7,262,500 st, up 1.6 percent from projected MY 1997 domestic disappearance. MY 1998 soybean oil beginning stocks are expected to be 890,000 st, up 11.3 percent from MY 1997. The MY 1998 average soybean oil price is expected to be $0.230 per pound, down $0.003 per pound from MY 1997.

4. The domestic disappearance of cottonseed oil during MY 1998 is forecast to be 515,000 st, unchanged from projected MY 1997 domestic disappearance. MY 1998 cottonseed oil beginning stocks are expected to be 42,500 st, up 1.2 percent from MY 1997. The MY 1998 average cottonseed oil price is expected to be $0.250 per pound, down $0.01 per pound from MY 1997.

5. The domestic disappearance of soybean meal during MY 1998 is forecast to be 29,000,000 st, up 3.6 percent from projected MY 1997 domestic disappearance. MY 1998 soybean meal beginning stocks are expected to be 250,000 st, up 25 percent from MY 1997. The MY 1998 average soybean meal price is expected to be $187.50 per st, down $20.00 per st from MY 1997.

6. The domestic disappearance of cottonseed meal during MY 1998 is forecast to be 1,635,000 st, down 0.3 percent from projected MY 1997 domestic disappearance. MY 1998 cottonseed meal beginning stocks are expected to be 52,000 st, down 16.1 percent from MY 1997. The MY 1998 average cottonseed meal price is expected to be $140.00 per st, down $15.00 per st from MY 1997.

7. The world use of peanuts for MY 1997 is expected to be 13.05 million metric tons, down 10.4 percent from MY 1996. World peanut production for MY 1997 is forecast to be 24.58 million metric tons, down 7.8 percent from MY 1996. Ending stocks for MY 1997 are forecast at 0.51 million metric tons, up 4.5 percent from 1996.

MY 1997 begins with record oil stocks and large imports of oil during MY 1996. Yet, peanut oil prices are projected to be 41.3 cents per pound. Based on the supply use situation at the beginning of MY 1997 and projections for MY 1998, there are conflicting signals in the supply price relationship in the peanut oil market that suggest caution in setting the additional peanut support level. Also, based on the 1996/97 and 1997/98 marketing seasons, producers are expected to place about 10,000 st of quota peanuts and 140,000 st of additional peanuts under price support loan.

C. Minimum CCC Sales Price for Additional Peanuts Sold for Export Edible Use

A minimum price at which 1998 crop additional peanuts owned or controlled by CCC may be sold for use as edible peanuts in export markets is a discretionary action that, by practice, is expected to be announced on or before February 15, 1998, the same time that the additional peanut support level for the 1998 crop is announced. The announcement of that price provides producers and handlers with information to facilitate the negotiation of private contracts for the sale of additional peanuts for export.

An overly high price may create an unrealistic expectation of high pool dividends and discourage private sales. If too low, the minimum price could have an unnecessary, adverse effect on prices paid to producers for additional peanuts.

This proposed rule follows the publication of an advance notice of proposed rule making of August 18, 1997 published in the **Federal Register** (62 FR 43955) soliciting comments relative to the method for determining the minimum export edible sales price for additional peanuts and relative to what that price should be. Ten comments were received relative to the method for determining the minimum export edible sales price for additional peanuts and relative to what the price should be. Seven of the comments were from organizations representing producers. The seven producer organizations commenting favored maintaining the $400 per st minimum price. Three comments were from organizations representing shellers. The three sheller organizations commenting favored reducing the minimum export edible sales price or establishing it by formula.

Grower groups which favored setting the minimum export edible sales price at $400 per st in 1998, argued (1) a fixed price for the CCC export edible sales price has worked well for 12 consecutive years, (2) a lower CCC export edible sales price would result in lower grower revenues, (3) the decision of when and at what price to contract is complex and a formula could create even more uncertainty and (4) a lack of a publicly available data series creates problems and concerns for using a formula.

Sheller groups, which favored either a formula or a reduced minimum sales price argued that new pricing would: (1) Increase U.S. competitiveness in world edible peanut markets and (2) increase U.S. flexibility in marketing peanuts. One such proposal would base the minimum export sales price at 10 percent above the current oil value of peanuts and adjust the price monthly. Another sheller group recommended setting the minimum export edible sales price at between $350 and $375 per st in 1998 and that the price be reset annually to account for volatility in export edible peanut markets.

It is proposed that the minimum price at which 1998 crop additional peanuts owned or controlled by CCC may be sold for use as edible peanuts in export markets be established within the range of $350 to $400 per st or be set by formula. The objective of the level set or method used is to encourage exports while providing price stability for additional peanuts sold under contract. It should assure handlers that CCC will not undercut their export-contracting efforts with offerings of additional peanuts for export edible sale below the contract price of the contract additional peanuts.

List of Subjects

7 CFR Part 729

Peanuts, Penalties, Poundage quotas, Reporting and recordkeeping requirements.

7 CFR Part 1446

Loan programs—Agriculture, Peanuts, Price support programs, Reporting and recordkeeping requirements, Warehouses.

Accordingly, it is proposed that 7 CFR parts 729 and 1446 be amended as follows:

PART 729—PEANUTS

1. The authority citation for 7 CFR part 729 continues to read as follows:

Authority: 7 U.S.C. 1301, 1357 *et seq.*, 1372, 1373, 1375, and 7271.

2. Section 729.216 is amended by revising paragraph (c) to read as follows:

§ 729.216 National poundage quota.

* * * * *

(c) Quota determination for individual marketing years (excluding seed):

(1) The national poundage quota (excluding seed) for quota peanuts for marketing year 1996 is 1,100,000 short tons.

(2) The national poundage quota (excluding seed) for quota peanuts for marketing year 1997 is 1,133,000 short tons.

(3) The national poundage quota (excluding seed) for quota peanuts for marketing year 1998 will be set between 1,133,000 and 1,175,000 short tons.

PART 1446—PEANUTS

3. The authority citation for 7 CFR part 1446 continues to read as follows:

Authority: 7 U.S.C. 7271, 15 U.S.C. 714b and 714c.

4. Section 1446.310 is amended by adding a new paragraph (c) to read as follows:

§ 1446.310 Additional peanut support levels.

* * * * *

(c) The national support rate for additional peanuts for the 1998 crop will be at a level which shall be between $132 per short ton and $175 per short ton.

5. Section 1446.311 is amended by adding new paragraph (c) to read as follows:

§ 1446.311 Minimum CCC sales price for certain peanuts.

* * * * *

(c) The minimum CCC sales price for additional peanuts to be sold from the price support loan inventory for export edible use from the 1998 and subsequent crops will be between $350 and $400 per short ton or set by formula as announced by the Director of the Tobacco and Peanuts Division, FSA.

Signed at Washington, DC, on November 26, 1997.

Keith Kelly,

Administrator, Farm Service Agency and Executive Vice President, Commodity Credit Corporation.

[FR Doc. 97–31573 Filed 11–26–97; 3:08 pm]

BILLING CODE 3410–05–P

SOCIAL SECURITY ADMINISTRATION

20 CFR Part 422

[Regulations No. 22]

RIN 0960–AE36

Permit the Department of State (DOS) and the Immigration and Naturalization Service (INS) to Collect Information Needed to Assign Social Security Numbers (SSNs) to Aliens

AGENCY: Social Security Administration (SSA).

ACTION: Proposed rule.

SUMMARY: We are proposing to provide a description of how DOS and INS will provide the SSA with information, collected as part of the immigration process, to enable SSA to assign SSNs and issue SSN cards to lawfully admitted aliens. We also propose: to amend the rule on the presumption of authority of a nonimmigrant alien to accept employment to include circumstances where a Form I–94, ''Arrival-Departure Record,'' has not been issued by INS; to remove outdated rules on school and alien legalization enumeration; to remove outdated rules on the application for a nonwork SSN; and to specifically acknowledge the requirement to complete a Form SS–5, ''Application For A Social Security Card,'' to obtain a duplicate SSN card.

DATES: To be sure that your comments are considered, we must receive them no later than February 2, 1998.

ADDRESSES: Comments should be submitted in writing to the Commissioner of Social Security, P.O. Box 1585, Baltimore, MD 21235, sent by telefax to (410) 966–2830, sent by E-mail to ''regulations@ssa.gov'', or delivered to the Office of Process and Innovation Management, Social Security Administration, L2109 West Low Rise Building, 6401 Security Boulevard, Baltimore, MD 21235–0001, between 8:00 A.M. and 4:30 P.M. on regular business days. Comments may be inspected during these same hours by making arrangements with the contact person shown below.

FOR FURTHER INFORMATION CONTACT: Daniel T. Bridgewater, Legal Assistant, Office of Process and Innovation Management, Social Security Administration, L2109 West Low Rise Building, 6401 Security Boulevard, Baltimore, MD 21235, (410) 965–3298 for information about these rules.

SUPPLEMENTARY INFORMATION:

Background

Currently, SSA assigns an SSN to an alien when the individual submits to an SSA field office a completed Form SS–5 and documentary evidence of age, identity, and lawful admission for permanent residence or other authority of law permitting work in the United States (U.S.). Any applicant age 18 and older applying for an original SSN must appear for an in-person interview at any SSA field office.

The second phase of the National Performance Review (NPR), the Federal Reinventing Government effort, was announced by the President and Vice President on December 19, 1994. It was designed to focus attention on what each agency does, examining its mission and looking at its programs and functions to see if there are ways to provide better service to the public and, at the same time, do business in a more cost-effective manner, i.e., ''make government work better and cost less.'' Each agency was asked to assemble a team to review its own programs and functions.

SSA's team worked closely with a team of representatives from the NPR and the Office of Management and Budget (OMB) to develop proposals for consideration. One of these proposals was for INS to assist SSA in enumerating aliens. On April 11, 1995, the President formally approved SSA's reinvention proposals and officially announced them the next day. When we began developing this proposal with INS, we found that we needed to include DOS to take into consideration those aliens who enter the U.S. via foreign service posts.

Proposed Changes

These proposed rules describe the process by which elements of DOS and INS would collect and then forward enumeration information to SSA. Based on agreements among the three agencies (SSA, DOS, and INS), DOS and INS will collect this information, and INS will electronically transmit the information to SSA. DOS and INS will modify their forms to collect this information, and INS will retain the forms, which will be made available to SSA when necessary.

Assigning SSNs to aliens when they enter the U.S., based on information collected by DOS and INS as part of the immigration process, would improve the integrity of the SSN process. There is widespread counterfeiting of INS documents, and SSA employees must be familiar with a variety of INS documents and determine if those presented are valid. By having INS transmit enumeration information directly to SSA, the potential for SSA employees to inadvertently accept inappropriate and/or counterfeit documents will be reduced.