Proposed Rules

Federal Register

Vol. 64, No. 123

Monday, June 28, 1999

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

Agricultural Marketing Service

7 CFR Part 989

[Docket No. FV99–989–4 PR]

Raisins Produced From Grapes Grown in California; Use of Estimated Trade Demand to Compute Volume Regulation Percentages

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Proposed rule.

SUMMARY: This rule invites comments on using an estimated trade demand figure to compute volume regulation percentages for 1999–2000 crop Natural (sun-dried) Seedless (NS) raisins covered under the Federal marketing order for California raisins (order). The order regulates the handling of raisins produced from grapes grown in California and is administered locally by the Raisin Administrative Committee (Committee). This rule would provide parameters for implementing volume regulation for 1999–2000 crop NS raisins if supplies are short for the purposes of maintaining a portion of the industry's export markets and stabilizing the domestic market.

DATES: Comments must be received by July 19, 1999.

ADDRESSES: Interested persons are invited to submit written comments concerning this rule. Comments must be sent to the Docket Clerk, Fruit and Vegetable Programs, AMS, USDA, room 2525–S, P.O. Box 96456, Washington, DC 20090–6456; Fax: (202) 720–5698; or E-mail: moab.docketclerk@usda.gov. All comments should reference the docket number and the date and page number of this issue of the **Federal Register** and will be made available for public inspection in the Office of the Docket Clerk during regular business hours.

FOR FURTHER INFORMATION CONTACT: Maureen T. Pello, Marketing Specialist, California Marketing Field Office, Fruit and Vegetable Programs, AMS, USDA, 2202 Monterey Street, suite 102B, Fresno, California 93721; telephone: (559) 487–5901, Fax: (559) 487–5906; or George Kelhart, Technical Advisor, Marketing Order Administration Branch, Fruit and Vegetable Programs, AMS, USDA, room 2525–S, P.O. Box 96456, Washington, DC 20090–6456; telephone: (202) 720–2491, or Fax: (202) 720–5698. Small businesses may request information on complying with this regulation, or obtain a guide on complying with fruit, vegetable, and specialty crop marketing agreements and orders by contacting Jay Guerber, Marketing Order Administration Branch, Fruit and Vegetable Programs, AMS, USDA, P.O. Box 96456, room 2525–S, Washington, DC 20090–6456; telephone (202) 720–2491, Fax: (202) 720–5698, or E-mail: Jay.Guerber@usda.gov. You may view the marketing agreement and order small business compliance guide at the following web site: http://www.ams.usda.gov/fv/moab.html.

SUPPLEMENTARY INFORMATION: This rule is issued under Marketing Agreement and Order No. 989 (7 CFR part 989), both as amended, regulating the handling of raisins produced from grapes grown in California, hereinafter referred to as the ''order.'' The order is effective under the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601–674), hereinafter referred to as the ''Act.''

The Department of Agriculture (Department) is issuing this rule in conformance with Executive Order 12866.

This rule has been reviewed under Executive Order 12988, Civil Justice Reform. This rule is not intended to have retroactive effect. This rule will not preempt any State or local laws, regulations, or policies, unless they present an irreconcilable conflict with this rule.

The Act provides that administrative proceedings must be exhausted before parties may file suit in court. Under section 608c(15)(A) of the Act, any handler subject to an order may file with the Secretary a petition stating that the order, any provision of the order, or any obligation imposed in connection with the order is not in accordance with law and request a modification of the order or to be exempted therefrom. A handler is afforded the opportunity for a hearing on the petition. After the hearing, the Secretary would rule on the petition. The Act provides that the district court of the United States in any district in which the handler is an inhabitant, or has his or her principal place of business, has jurisdiction in equity to review the Secretary's ruling on the petition, provided an action is filed not later than 20 days after the date of the entry of the ruling.

This rule invites comments on using an estimated trade demand figure to compute volume regulation percentages for 1999–2000 crop NS raisins covered under the order. This rule would provide parameters for implementing volume regulation for 1999–2000 crop NS raisins if supplies are short for the purposes of maintaining a portion of the industry's export markets and stabilizing the domestic market. This action was recommended by the Committee at a meeting on April 13, 1999.

Volume Regulation Authority

The order provides authority for volume regulation designed to promote orderly marketing conditions, stabilize prices and supplies, and improve producer returns. When volume regulation is in effect, a certain percentage of the California raisin crop may be sold by handlers to any market (free tonnage) while the remaining percentage must be held by handlers in a reserve pool (reserve) for the account of the Committee. Reserve raisins are disposed of through certain programs authorized under the order. For instance, reserve raisins may be sold by the Committee to handlers for free use or to replace part of the free tonnage raisins they exported; used in diversion programs; carried over as a hedge against a short crop the following year; or disposed of in other outlets not competitive with those for free tonnage raisins, such as government purchase, distilleries, or animal feed. Net proceeds from sales of reserve raisins are distributed to the reserve pool's equity holders, primarily producers.

Section 989.54 of the order prescribes procedures and time frames to be followed in establishing volume regulation for each crop year, which runs from August 1 through July 31. The Committee must meet by August 15 to review data regarding raisin supplies. At that time, the Committee computes a trade demand for each varietal type for which a free tonnage percentage might be recommended. Trade demand is equal to 90 percent of the prior year's domestic and export shipments, adjusted by subtracting carryin inventory from the prior year, and adding a desirable carryout inventory for the end of the current year.

By October 5, the Committee must announce preliminary crop estimates and determine whether volume regulation is warranted for the varietal types for which it computed trade demands. Preliminary volume regulation percentages are then computed to release 85 percent of the computed trade demand if a field price has been established, or 65 percent of the trade demand if no field price has been established. Field price is the price that handlers pay for raisins from producers. By February 15, the Committee must recommend final free and reserve percentages which release the full trade demand.

The order also requires that, when volume regulation is in effect, two offers of reserve raisins must be made available to handlers for free use. These offers are known as the ''10 plus 10'' offers. Each offer consists of a quantity of reserve raisins equal to 10 percent of the prior year's shipments. The order also specifies that ''10 plus 10'' raisins must be sold to handlers at the current field price plus a 3 percent surcharge and Committee costs.

Development of Export Markets

With the exception of 10 crop years, volume regulation has been utilized for NS raisins since the order's inception in 1949. The procedures for determining volume regulation percentages have been modified over the years to address the industry's needs. In the past, volume regulation has been utilized primarily to help the industry manage an oversupply of raisins. Through the use of various marketing programs operated through reserve pools and other industry promotional activities, the industry has also developed its export markets which now account for almost 40 percent of the industry's shipments.

Between 1980–85, exports of California NS raisins averaged about 26 percent (53,700 packed tons, or raisins which have been processed) of the industry's total NS raisin shipments (207,600 packed tons, excluding government purchases) per year. Between 1993–97, NS raisin exports increased to average about 37 percent (112,000 packed tons) of the industry's total NS raisin shipments (300,000 packed tons, excluding government purchases) per year.

Export Replacement Offer

One market development program operated through reserve pools, the Export Replacement Offer (ERO), has helped U.S. raisins to be price competitive in export markets. Prices in export markets are generally lower than the domestic market. The ERO began in the early 1980's as a ''raisin-back'' program whereby handlers who exported California raisins could purchase, at a reduced price, reserve raisins for free use. This effectively blended down the cost of the raisins which were exported. The NS raisin ERO was changed to a ''cash-back'' program in 1996 whereby handlers could receive cash from the reserve pool for export shipments.

Over the past 5 years, an average of 43,000 natural condition tons (unprocessed raisins) of reserve raisins have been utilized per year to fund the ERO. Financing for the cash-back ERO program has been generated primarily from the Committee's ''10 plus 10'' sales of reserve raisins to handlers for free use. Under the 1996 and 1997 cash-back ERO programs, an average of $57 million of reserve pool funds were utilized to support the export of about 113,000 packed tons of NS raisins.

Current Industry Situation—Potential of Two, Consecutive Short Crops

The Committee is concerned with maintaining the ERO program through potentially two, consecutive short crop years. The 1998–99 California raisin crop was much smaller than average due to the combined effect of adverse crop conditions created by the weather phenomenon known as El Niño, scattered rain during the fall harvest, and a shortage of labor once the grapes were ready for harvest. The 1998–99 NS raisin crop is estimated at 235,000 natural condition tons, about 35 percent lower than the 10-year average of 360,183 natural condition tons. Volume regulation was not implemented for 1998–99 NS raisins, the major varietal type of California raisin, for the first time in 16 years. However, about 60,000 natural condition tons of 1997–98 reserve raisins were available to maintain the industry's ERO program.

The Committee is concerned that the 1999–2000 California raisin crop may also be short due to an April 1999 frost and anticipated high demand for raisin-variety grapes from wineries next fall. If no 1999–2000 reserve were established, the industry would not be able to continue the ERO program. Without a program to support its export sales, the Committee is concerned that the industry could lose a significant portion, perhaps 50 percent, of those markets. Further, handlers who could not sell their raisins in export may sell their raisins domestically. Annual domestic shipments of NS raisins for the past 5 years have averaged about 188,000 packed tons. The Committee is concerned that additional raisins sold into the domestic market could create instability.

Thus, the Committee formed a working group to review this issue and consider options to continue to support its export sales while maintaining stability in the domestic market. After several meetings, the working group presented its recommendation to a subcommittee, and then in turn to the Committee. At a meeting on April 13, 1999, the Committee recommended adding a new paragraph to § 989.154 of the order's administrative rules and regulations that would provide parameters for implementing volume regulation for 1999–2000 crop NS raisins if supplies are short. Section 989.154 would be divided into two paragraphs, (a) and (b). Paragraph (a) would pertain to an existing regulation regarding desirable carryout levels, and paragraph (b) would pertain to estimated trade demand.

Implementing Volume Regulation if Supplies are Short To Maintain the ERO

Section 989.54(e) contains a list of factors that the Committee must consider when computing volume regulation percentages. Factor (4) states that the Committee must consider, if different than the computed trade demand, the estimated trade demand for raisins in free tonnage outlets. The Committee recommended using an estimated trade demand figure for 1999–2000 crop NS raisins, or a figure different than the computed trade demand, to compute volume regulation percentages to create a reserve if supplies are short. This would allow the Committee to continue its ERO program thereby maintaining a portion of its export sales and stabilizing the domestic market.

Specifically, the Committee recommended that an estimated trade demand be utilized to compute preliminary, interim, and final free and reserve percentages for 1999–2000 crop NS raisins if the crop estimate is equal to, less than or no more than 10 percent greater that the trade demand as computed according to the formula specified in § 989.54(a) of the order. If an estimated trade demand figure is utilized, the final reserve percentage would be no more than 10 percent. Finally, volume regulation would not be implemented if the 1999–2000 crop estimate is below 235,000 natural condition tons.

To illustrate how this would work, the Committee would compute a trade demand for NS raisins by August 15 (as an example, 260,000 natural condition tons). At that time, the Committee would also announce its intention to use an estimated trade demand of 235,000 natural condition tons to compute volume regulation percentages for the 1999–2000 crop.

Crop Estimate Below 235,000 Tons—No Regulation

The Committee would meet by October 5 to announce a NS crop estimate and determine whether volume regulation was warranted. Under the Committee's proposal, if the 1999–2000 crop estimate is under 235,000 natural condition tons, volume regulation would not be recommended. With a crop of 235,000 natural condition tons, and about 82,000 natural condition tons of NS raisins projected to be carried forward from the 1998–99 crop year, a supply of about 317,000 natural condition tons of raisins would be available for the 1999–2000 crop year. As previously mentioned, annual NS raisin shipments average about 300,000 packed tons (about 320,000 natural condition tons), excluding government purchases.

With an available supply of only 317,000 natural condition tons of NS raisins, the Committee believes that the industry's first priority would be to satisfy the needs of the domestic market, which absorbs annually an average of about 188,000 packed tons (200,000 natural condition tons). Assuming that 200,000 natural condition tons were shipped domestically, the Committee estimates that, with no ERO program to help U.S. raisins be price competitive in export markets, the industry would export about half of its usual tonnage, or about 60,000 natural condition tons. The remaining 57,000 natural condition tons would likely be held in inventory for the following 2000–2001 crop year. Annual carryout inventory for NS raisins for the past 5 years has averaged about 100,000 natural condition tons.

Crop Estimate Between 235,000 Tons and 10 Percent Above the Computed Trade Demand—Volume Regulation

If the October 1999–2000 crop estimate for NS raisins falls between 235,000 natural condition tons and 10 percent above the computed trade demand, the Committee would use an estimated trade demand figure to compute preliminary free and reserve percentages for the 1999–2000 crop. Thus, using the 260,000 natural condition ton computed trade demand figure, an estimated trade demand would be used to compute volume regulation percentages if the crop estimate falls between 235,000 and 286,000 natural condition tons.

The order specifies that preliminary percentages compute to release 85 percent of the computed trade demand as free tonnage once a field price is established. Producers are paid the field price for their free tonnage. Normally, when preliminary percentages are computed, producers receive an initial payment from handlers for 85 percent of the computed trade demand (or 65 percent of the trade demand if no field price has been established). Using the 260,000 natural condition ton computed trade demand figure, this would equate to 238,000 natural condition tons. However, if the lower, 235,000 natural condition ton estimated trade demand figure were utilized to compute preliminary percentages, producers would receive an initial payment from handlers for only 199,750 natural condition tons, or 71 percent of the computed trade demand.

The Committee is concerned with the preliminary percentage computation using an estimated trade demand and its impact on producer returns. The Committee wants to ensure that producers receive the field price for as much of their crop as possible early in the season while still establishing a small pool of reserve raisins to maintain the ERO. Thus, the Committee recommended that, if an estimated trade demand figure is utilized, preliminary percentages be computed to release 85 percent of the crop estimate. However, the order specifies that preliminary percentages be computed to release 85 percent of the trade demand, not the crop estimate, once a field price is established.

To achieve the same objective but remain within the order's parameters, the Committee could compute interim percentages to equal 85 percent free and 15 percent reserve. Pursuant to § 989.54(c), interim percentages may be computed prior to February 15 to release less than the trade demand. As an example, with a crop estimate of 265,000 natural condition tons and an estimated trade demand of 238,500 natural condition tons, a free percentage of 85 percent of the crop estimate would release 225,250 natural condition tons of raisins, or 94 percent of the estimated trade demand. This action would mollify the impact of implementing volume regulation when supplies are short on producers by allowing them to be paid for as much of their free tonnage raisins as possible early in the season.

Finally, the Committee would meet by February 15 to compute final free and reserve percentages. The Committee recommended that if an estimated trade demand figure is used to compute percentages, the final reserve percentage be computed to equal no more than 10 percent. Producers would ultimately be paid the field price for 90 percent of their crop, or their free tonnage.

The remaining 10 percent of the crop would be held in reserve and offered for sale to handlers in the ''10 plus 10'' offers. As previously described, the ''10 plus 10'' offers are two offers of reserve raisins that are made available to handlers for free use. The order specifies that each offer consists of a quantity of reserve raisins equal to 10 percent of the prior year's shipments. This requirement would not be met if volume regulation were implemented when raisin supplies were short. However, all of the raisins held in reserve would be made available to handlers for free use. Handlers would pay the Committee for the ''10 plus 10'' raisins and that money would be utilized to fund a 1999–2000 ERO program. Any unused 1999–2000 reserve pool funds could be loaned forward to initiate a 2000–2001 ERO program. However, the Committee recommended that such funds be paid back to the 1999–2000 reserve pool and ultimately be returned to 1999–2000 equity holders.

Crop Estimate More Than 10 Percent Above the Computed Trade Demand

Finally, the Committee recommended that, if the 1999–2000 crop estimate is more than 10 percent greater than the computed trade demand (or above 286,000 natural condition tons in the earlier example), the computed trade demand (as an example, 260,000 natural condition tons) would be utilized to compute volume regulation percentages. Under this scenario, enough raisins (over 28,000 natural condition tons) would be available in reserve to continue the ERO program.

It is anticipated that allowing the use of an estimated trade demand figure to compute volume regulation percentages for 1999–2000 crop NS raisins if supplies are short would assist the industry in maintaining a portion of its export markets and stabilize the domestic market. If the crop estimate is below 235,000 natural condition tons, no volume regulation would be implemented. If this occurs, it is anticipated that domestic market needs would be met, while export markets would likely not be satisfied.

However, if the crop falls between 235,000 natural condition tons and slightly higher than the computed trade demand, establishing a small reserve pool would allow the industry to not only satisfy the needs of the domestic market, but also maintain a portion of its export sales, which now account for almost 40 percent of the industry's annual shipments. By maintaining an ERO program, even at a reduced level, exporters could continue to be price competitive and sell their raisins abroad. The domestic market would remain stable because it would not have to absorb any additional raisins that handlers could not afford to sell in export markets.

Initial Regulatory Flexibility Analysis

Pursuant to requirements set forth in the Regulatory Flexibility Act (RFA), the Agricultural Marketing Service (AMS) has considered the economic impact of this action on small entities. Accordingly, AMS has prepared this initial regulatory flexibility analysis.

The purpose of the RFA is to fit regulatory actions to the scale of business subject to such actions in order that small businesses will not be unduly or disproportionately burdened. Marketing orders issued pursuant to the Act, and rules issued thereunder, are unique in that they are brought about through group action of essentially small entities acting on their own behalf. Thus, both statutes have small entity orientation and compatibility.

There are approximately 20 handlers of California raisins who are subject to regulation under the order and approximately 4,500 raisin producers in the regulated area. Small agricultural service firms have been defined by the Small Business Administration (13 CFR 121.601) as those having annual receipts of less than $5,000,000, and small agricultural producers are defined as those having annual receipts of less than $500,000. No more than 7 handlers, and a majority of producers, of California raisins may be classified as small entities. Thirteen of the 20 handlers subject to regulation have annual sales estimated to be at least $5,000,000, and the remaining 7 handlers have sales less than $5,000,000, excluding receipts from any other sources.

This rule would add a new paragraph to § 989.154 of the order's administrative rules and regulations that would provide parameters for using an estimated trade demand figure specified in § 989.54(e)(4) of the order to compute volume regulation percentages for 1999–2000 crop NS raisins. This rule would provide guidelines for the use of volume regulation if 1999–2000 NS raisin supplies are short for the purposes of maintaining a portion of the industry's export markets and stabilizing the domestic market.

Regarding the impact of the action on producers and handlers, under the Committee's proposal, if an estimated trade demand figure was used to compute volume regulation percentages, the final reserve percentage would compute to no more than 10 percent. Producers would thus be paid the field price for at least 90 percent of their crop, but would lose being paid the field price for about 10 percent of their crop that would go into a reserve pool. The field price for NS raisins for the past 5 years has averaged $1,216 per ton. Handlers in turn would purchase 90 percent of their raisins directly from producers at the field price, but would have to buy remaining raisins out of the reserve pool at a higher price (field price plus 3 percent and Committee costs). The ''10 plus 10'' price of NS reserve raisins has averaged about $100 higher than the field price for the past 5 years, or $1,316 per ton. Proceeds from the ''10 plus 10'' sales would be used to support export sales.

While there may be some initial costs for both producers and handlers, the long term benefits of this action far outweigh the costs. The Committee believes that with no reserve pool and hence no ERO program, export sales would decline dramatically, perhaps up to 50 percent. Handlers would likely sell into the domestic market raisins that they were unable to sell into lower priced export markets. Additional NS raisins sold into the domestic market, which typically absorbs about 188,000 packed tons, could create instability. The industry would likely lose a substantial portion of its export markets, which now account for about 37 percent (112,000 packed tons) of the industry's annual shipments (300,000 packed tons, excluding government purchases). Committee members have also commented that, once export markets were lost, it would be difficult and costly for the industry to recover those sales.

Maintaining the industry's export markets would, in turn, help the industry maximize its 1999–2000 total shipments and prevent handlers from carrying forward large quantities of inventory into the 2000–2001 crop year. If the industry is unable to maximize its 1999–2000 shipments, carryin inventory could be high which would result in a lower computed trade demand figure for the 2000–2001 crop year. If the industry returns to its pattern of relatively large crops in 2000–2001, a low trade demand and large crop estimate would compute to a low free tonnage percentage. Since producers are paid significantly more for their free tonnage than for reserve tonnage, this would mean reduced returns to producers. Projected reduced 2000–2001 returns to raisin producers, coupled with the risks of rain and labor shortages during harvest, may influence producers to ''go green,'' or sell their raisin-variety grapes to the fresh-grape, wine, or juice concentrate markets. Additional supplies to those outlets could potentially reduce ''green'' returns as well.

A similar scenario occurred in the California raisin industry in the early 1980's where the industry experienced two consecutive, short crop years. The 1981–82 and 1982–83 crops were short followed by relatively large crops for the remainder of the 1980's. The producer field price for NS raisins was $1,275 per ton for 1981–82 crop raisins, and $1,300 per ton for 1982–83 crop raisins. No volume regulation was implemented in 1982–83. However, a large inventory of high-priced raisins was carried forward into the 1983–84 crop year. When coupled with the largest crop on record at the time, volume regulation was implemented for the 1983–84 crop with the free tonnage percentage at a historically low 37.5 percent. By 1984, the producer field price for free tonnage raisins fell to $700 per ton, causing producers to experience large financial losses. Thus, the industry wants to help avoid a repeat of what happened in the 1980's by utilizing the Federal order to maintain export sales and provide stability in the domestic market.

Several alternatives to the proposed action were considered by the industry. As previously mentioned, the Committee formed a working group to address its concerns. The working group considered utilizing money remaining in the 1997–98 reserve pool to fund some portion of an ERO. About $22 million would be available. However, because there was no 1998–99 reserve, the 1997–98 pool will ultimately fund at least 16 months of an ERO program. Ideally, the Committee would like to see each reserve pool support one year of an ERO program. Unfortunately, because of variances in crop size, the spread in price between the domestic and export markets, and other factors, this goal is not always met. In any event, the Committee agreed that any remaining 1997–98 reserve pool funds could be loaned forward to initiate a 1999–2000 ERO program, but those funds would have to be paid back and ultimately returned to the 1997–98 equity holders.

A second alternative considered by the working group was to fund the ERO through an increased assessment rate.

The current assessment rate is $8.50 per ton for raisins acquired by handlers. The Committee estimated that the rate would need to be increased to at least $60 per ton for acquired raisins. The Department had concerns with such an increase as well as whether the ERO could be funded through the order's assessment authority.

A third alternative considered by the working group was to change the order's desirable carryout formula. Desirable carryout is part of the order's trade demand formula and is the amount of tonnage from the prior crop year needed during the first part of the next crop year to meet market needs, before new crop raisins are available for shipment. Desirable carryout is specified in the order's regulations and is equal to 2½ months of the prior year's shipments. Changing the desirable carryout changes the trade demand computation. The working group considered developing a sliding scale which would match crop estimates with levels of carryout inventory. However, after much discussion, the working group ultimately recommended to the Committee using an estimated trade demand to compute volume regulation percentages next year if NS raisin supplies are short.

There are some reporting, recordkeeping and other compliance requirements under the order. The reporting and recordkeeping burdens are necessary for compliance purposes and for developing statistical data for maintenance of the program. If volume regulation were implemented next year using an estimated trade demand figure, the requirements on handlers would be identical to those requirements imposed in past seasons when volume regulation was implemented. As previously stated, volume regulation has been utilized in all but 10 seasons for NS raisins since the inception of the order in 1949. Thus, handlers are familiar with the requirements.

Furthermore, this action would not impose any additional reporting or recordkeeping burden on either small or large handlers. The forms require information which is readily available from handler records and which can be provided without data processing equipment or trained statistical staff. The information and recordkeeping requirements have been previously approved by the Office of Management and Budget (OMB) under OMB Control No. 0581–0178. As with other similar marketing order programs, reports and forms are periodically reviewed to reduce information requirements and duplication by industry and public sector agencies. Finally, the Department has not identified any relevant Federal rules that duplicate, overlap or conflict with this rule.

In addition, the Committee's working group meetings held on February 24, March 10, March 18, April 6, 1999, and the subcommittee and Committee meetings on April 13, 1999, where this action was deliberated were all public meetings widely publicized throughout the raisin industry. The Committee held a follow-up meeting on June 10, 1999, to further educate the industry on its recommendation. All interested persons were invited to attend the meetings and participate in the industry's deliberations.

Further, two major industry organizations, Sun-Maid Growers of California (Sun-Maid) and the Raisin Bargaining Association (RBA), have held meetings to provide additional information to their members on the Committee's recommendation. Sun-Maid and the RBA represent about 70 percent of the California raisin industry. Finally, all interested persons are invited to submit information on the regulatory and informational impacts of this action on small businesses.

A 20-day comment period is provided to allow interested persons to respond to this proposal. Twenty days is deemed appropriate because this action, if adopted, should be in place by the beginning of the 1999–2000 crop year, August 1. All written comments timely received will be considered before a final determination is made on this matter.

List of Subjects in 7 CFR Part 989

Grapes, Marketing agreements, Raisins, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, 7 CFR part 989 is proposed to be amended as follows:

PART 989—RAISINS PRODUCED FROM GRAPES GROWN IN CALIFORNIA

1. The authority citation for 7 CFR part 989 continues to read as follows:

Authority: 7 U.S.C. 601–674.

§ 989.154 [Amended]

2. The undesignated center heading preceding § 989.154 is revised to read ''Marketing Policy.''

3. Section 989.154 is revised to read as follows:

§ 989.154 Marketing policy computations.

(a) *Desirable carryout levels.* The desirable carryout levels to be used in computing and announcing a crop year's marketing policy shall be equal to total shipments of free tonnage of the prior crop year during August, September, and one-half of October, for each varietal type, converted to a natural condition basis: *Provided,* That, should the prior year's shipments be limited because of crop conditions, the Committee may select the total shipments during the months of August, September, and one-half of October during one of the three crop years preceding the prior crop year.

(b) *Estimated trade demand.* Pursuant to § 989.54, paragraph (e)(4), estimated trade demand is a figure different than the trade demand computed according to the formula in § 989.54, paragraph (a). The Committee shall use an estimated trade demand to compute preliminary and interim free and reserve percentages, or determine such final percentages for recommendation to the Secretary for 1999–2000 crop Natural (sun-dried) Seedless (NS) raisins if the crop estimate is equal to, less than, or no more than 10 percent greater than the computed trade demand: *Provided,* That the final reserve percentage computed using such estimated trade demand shall be no more than 10 percent, and no reserve shall be established if the final 1999–2000 NS raisin crop estimate is less than 235,000 natural condition tons.

4. A new undesignated center heading is added preceding § 989.157 to read ''Quality Control.''

Dated: June 23, 1999.

Enrique E. Figueroa,

Administrator, Agricultural Marketing Service.

[FR Doc. 99–16329 Filed 6–23–99; 2:48 pm]

BILLING CODE 3410–02–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 98–NM–369–AD]

RIN 2120–AA64

Airworthiness Directives; Short Brothers Model SD3–SHERPA, SD3–60 SHERPA, SD3–30, and SD3–60 Series Airplanes

AGENCY: Federal Aviation Administration, DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: This document proposes the adoption of a new airworthiness directive (AD) that is applicable to all Short Brothers Model SD3–SHERPA, SD3–60 SHERPA, SD3–30, and SD3–60