

**(1) Class 1 (Scotch) Spearmint Oil**

(A) Estimated carry-in on June 1, 2003—43,782 pounds. This figure is the difference between the estimated 2002–2003 marketing year trade demand of 816,200 pounds and the revised 2002–2003 marketing year total available supply of 859,982 pounds. The 2002–2003 marketing year total available supply was revised due to differences in the carry-in estimated on October 11, 2001, and the actual carry-in on June 1, 2002, as well as producer deficiencies on June 1, 2002. A producer is deficient when the producer is unable or unwilling to produce oil equal to his or her salable quantity and is unable to fill this deficiency from reserve pool oil or excess oil from another producer. When prices are below a producer's cost of production, they generally reduce acres and produce less oil.

(B) Estimated trade demand for the 2003–2004 marketing year—822,200 pounds. This figure represents the Committee's estimate based on the average of the estimates provided by producers at five Scotch spearmint oil production area meetings held in September 2002, as well as estimates provided by handlers and others at the October 2, 2002, meeting. Handler trade demand estimates for the 2003–2004 marketing year ranged from 750,000 to 800,000 pounds. The average of sales over the last five years was 912,209 pounds.

(C) Salable quantity required from the 2003–2004 marketing year production—778,418 pounds. This figure is the difference between the estimated 2003–2004 marketing year trade demand (822,200 pounds) and the estimated carry-in on June 1, 2003 (43,782 pounds).

(D) Total estimated allotment base for the 2003–2004 marketing year—1,905,430 pounds. This figure represents a one-percent increase over the revised 2002–2003 total allotment base. This figure is generally revised each year on June 1 due to producer base being lost due to the bona fide effort production provisions of § 985.53(e). The revision is usually minimal.

(E) Computed allotment percentage—40.9 percent. This percentage is computed by dividing the required salable quantity by the total estimated allotment base.

(F) Recommended allotment percentage—45 percent. This recommendation is based on the Committee's determination that a decrease from the current season's allotment percentage of 45 percent to the computed 40.9 percent would not

adequately supply the potential 2003–2004 market. The recommended level of 45 percent is slightly higher than the 22-year average of sales.

(G) The Committee's recommended salable quantity—857,444 pounds. This figure is the product of the recommended allotment percentage and the total estimated allotment base.

(H) Estimated available supply for the 2003–2004 marketing year—901,226 pounds. This figure is the sum of the 2003–2004 recommended salable quantity (857,444 pounds) and the estimated carry-in on June 1, 2003 (43,782 pounds).

**(2) Class 3 (Native) Spearmint Oil**

(A) Estimated carry-in on June 1, 2003—104,562 pounds. This figure is the difference between the estimated 2002–2003 marketing year trade demand of 900,000 pounds and the revised 2002–2003 marketing year total available supply of 1,004,562 pounds.

(B) Estimated trade demand for the 2003–2004 marketing year—875,000 pounds. This figure is based on input from producers at the five Native spearmint oil production area meetings held in September 2002, from handlers, and from Committee members and other meeting participants at the October 2, 2002, meeting. The average estimated trade demand provided at the five production area meetings was 907,000 pounds, whereas the average handler estimate was 918,750 pounds. According to the Committee, the more conservative estimate chosen for the 2003–2004 trade demand figure reflects a general lack of 2003 contract offers to date.

(C) Salable quantity required from the 2003–2004 marketing year production—770,438 pounds. This figure is the difference between the estimated 2003–2004 marketing year trade demand (875,000 pounds) and the estimated carry-in on June 1, 2003 (104,562 pounds).

(D) Total estimated allotment base for the 2003–2004 marketing year—2,127,706 pounds. This figure represents a one percent increase over the revised 2002–2003 total allotment base. This figure is generally revised each year on June 1 due to producer base being lost due to the bona fide effort production provisions of § 985.53(e). The revision normally involves a minimal amount of spearmint oil.

(E) Computed allotment percentage—36.2 percent. This percentage is computed by dividing the required salable quantity by the total estimated allotment base.

(F) Recommended allotment percentage—38 percent. This is the Committee's recommendation based on the computed allotment percentage, the average of the computed allotment percentage figures from the five production area meetings (38.6 percent), and input from producers and handlers at the October 2, 2002, meeting.

(G) The Committee's recommended salable quantity—808,528 pounds. This figure is the product of the recommended allotment percentage and the total estimated allotment base.

(H) Estimated available supply for the 2003–2004 marketing year—913,090 pounds. This figure is the sum of the 2003–2004 recommended salable quantity (808,528 pounds) and the estimated carry-in on June 1, 2003 (104,562 pounds).

The salable quantity is the total quantity of each class of spearmint oil, which handlers may purchase from, or handle on behalf of producers during a marketing year. Each producer is allotted a share of the salable quantity by applying the allotment percentage to the producer's allotment base for the applicable class of spearmint oil.

The Committee's recommended Scotch and Native spearmint oil salable quantities and allotment percentages of 857,444 pounds and 45 percent and 808,528 and 38 percent, respectively, are based on the Committee's goal of maintaining market stability by avoiding extreme fluctuations in supplies and prices and the anticipated supply and trade demand during the 2003–2004 marketing year. The proposed salable quantities are not expected to cause a shortage of spearmint oil supplies. Any unanticipated or additional market demand for spearmint oil, which may develop during the marketing year, can be satisfied by an increase in the salable quantities. Both Scotch and Native spearmint oil producers who produce more than their annual allotments during the 2003–2004 season may transfer such excess spearmint oil to a producer with spearmint oil production less than his or her annual allotment or put it into the reserve pool.

This proposed regulation, if adopted, would be similar to those, which have been issued, in prior seasons. Costs to producers and handlers resulting from this proposed action are expected to be offset by the benefits derived from a stable market and improved returns. In conjunction with the issuance of this proposed rule, USDA has reviewed the Committee's marketing policy statement for the 2003–2004 marketing year. The Committee's marketing policy statement, a requirement whenever the Committee recommends volume