

the regulations in 1984 and refers to MP-11, a fungicide. The language regarding Naturals produced from grapes other than Thompson Seedless was added in 1991. In these respective instances, some handlers had indicated that they would not pack MP-11 raisins nor raisins made from grapes other than Thompson Seedless. In both cases, the RAC determined that these categories of Naturals should be considered as Naturals for volume and quality control purposes, but that additional requirements should be in place regarding identification, delivery, and transfers of reserve raisins.

As the RAC considered the merits of combining Oleates with Naturals, some handlers indicated that they would not pack Naturals treated with a drying agent such as Oleate. Thus, at its May 2003 meeting, the RAC recommended revising § 989.166(a)(1) to include reserve Naturals treated with drying agents. Such reserve raisins will have to be tagged and identified accordingly, and cannot be delivered to the RAC nor transferred to another handler without the approval of the RAC or the receiving handler. Handlers with only Oleate-treated reserve could substitute non-Oleate treated free tonnage Naturals if necessary. The RAC also recommended adding in this section authority for the RAC to specify additional categories of Naturals that have been produced using other cultural practices and that will be subject to these additional requirements. Any such additions will be made with USDA approval. This will give the RAC flexibility to address changing cultural practices regarding different categories of Naturals in the future. Section 989.166(a) will be revised accordingly.

Another concern regarding this issue is the impact of volume regulation on handlers that may have built up a market for Oleate-treated raisins. There is concern that volume regulation would contribute to handlers losing this market. However, pursuant to § 989.66(b)(3), handlers of Oleate-treated Naturals will have the flexibility to substitute free tonnage Naturals that will be acceptable to the RAC. Thus, handlers could substitute non-Oleate treated free tonnage Naturals for their Oleate-treated reserve raisins, and use their Oleate-treated fruit to meet their market needs.

Quality Requirements

This rule also revises the quality requirements specified in the order's regulations to remove references to Oleates. Specifically, this rule revises: The incoming quality requirements; the table of factors for converting between natural condition and processed weight;

and the outgoing quality requirements. The details of these changes are discussed below.

Incoming Quality Requirements

Section 989.58(a) of the order provides authority for quality control regulations whereby natural condition raisins that are delivered from producers to handlers must meet certain incoming quality requirements. Section 989.701 of the order's regulations specifies minimum grade and condition standards for natural condition raisins for each varietal type. Paragraph (b) of that section currently specifies requirements for three varietal types of raisins—Dipped Seedless, Oleate, and Other-Seedless Sulfured. Specifically, such raisins must have been prepared from sound, wholesome, matured grapes properly dried and cured, and shall: (1) Be fairly free from damage by sugaring, mechanical injury, sunburn, or other similar injury; (2) have a normal characteristic flavor and odor of properly prepared raisins; (3) contain no more than 5 percent, by weight, of substandard raisins (raisins that show development less than that characteristic of raisins prepared from fairly well-matured grapes), and also contain at least 50 percent well-matured or reasonably well-matured raisins; (4) not exceed 14 percent moisture; and (5) be of such quality and condition as can be expected to withstand storage as provided in the order and that when processed in accordance with good commercial practice will meet the minimum standards for processed raisins established by the RAC. This rule revises this paragraph to remove reference to the Oleate varietal type.

Paragraph (a) of § 989.701 specifies incoming quality requirements for Naturals, Monukka and Other Seedless raisins. This rule combines Oleates with the Natural varietal type. Thus, the incoming quality requirements specified in § 989.701(a) will apply to Oleates. With the exception of the moisture requirement, the specifications in paragraphs (a) and (b) of § 989.701 are identical. Paragraph (a) specifies that Naturals, Monukkas, and Other Seedless raisins cannot exceed 16 percent moisture. The RAC's recommendation includes Oleates meeting a less restrictive moisture tolerance of 16 percent as opposed to the 14 percent currently required for Oleates.

Weight Dockage System

Section 989.58(a) also contains authority for handlers to acquire natural condition raisins that fall outside the tolerance established for maturity, which includes substandard raisins,

under a weight dockage system. Handler acquisitions of raisins and payments to producers are adjusted according to the percentage of substandard raisins in a lot, or the percentage of raisins that fall below certain levels of maturity. Section 989.210(a) of the order's regulations lists the varietal types of raisins that may be acquired pursuant to a weight dockage system. Sections 989.212 and 989.213 contain tables with dockage factors applicable to lots of raisins that fall outside the tolerances for substandard raisins and maturity, respectively, specified in § 989.701. The substandard and maturity dockage factors are identical for Oleates and Naturals. This rule simply removes all references to Oleates contained in §§ 989.210(a), 989.212, and 989.213. This rule also removes paragraph (e) in § 989.213 that was applicable only to the 1998–99 crop year and is thus obsolete.

Raisin Weight Conversion Table

Section 989.601 of the order's regulations specifies a list of conversion factors for raisin weights. The factors are used to convert the net weight of reconditioned raisins acquired by handlers as packed raisins to a natural condition weight. The net weight of the raisins after the completion of processing is divided by the applicable factor to obtain the natural condition weight. If the adjusted weight exceeds the original weight, the original weight is used. This rule removes the reference to Oleates and its 0.92 conversion factor. Additionally, the table specifies a conversion factor for Naturals of 0.92. Thus, combining Oleates with the Natural varietal type results in no change to the conversion factor. Section 989.601 is revised accordingly.

Outgoing Quality Requirements

Section 989.59 of the order provides authority for quality control regulations for raisins subsequent to their acquisition by handlers (outgoing requirements). Section 989.702 of the order's regulations specifies minimum grade standards for packed raisins. Paragraph (a) of that section specifies identical requirements for four varietal types of raisins—Natural, Dipped Seedless, Oleate, and Other-Seedless Sulfured. Since the outgoing requirements for Naturals and Oleates are identical, this rule removes the reference to Oleates from paragraph (a).

Accordingly, Naturals must meet the requirements of U.S. Grade C as defined in the United States Standards for Grades of Processed Raisins (§§ 52.1841 through 52.1858) issued under the Agricultural Marketing Act of 1946 (7 U.S.C. 1622 through 1624). At least 70