

category, this action changes the screen size for Runner peanuts from a  $1\frac{5}{64}$  inch  $\times$   $\frac{3}{4}$  inch slotted opening to a  $1\frac{7}{64}$  inch round opening. These were the screen sizes and peanut variety used in the study.

Because the Virginia, Spanish, and Valencia varieties do not routinely experience high aflatoxin content, smaller kernels of those varieties also are not expected to have significantly increased aflatoxin contamination. Therefore, corresponding changes in screen sizes for these varieties are also made in this rule. For Virginia variety peanuts, the screen size changes from a  $1\frac{5}{64}$  inch  $\times$  1 inch slotted opening to a  $1\frac{7}{64}$  inch round opening. For Spanish and Valencia varieties, the change is from a  $1\frac{5}{64}$  inch  $\times$   $\frac{3}{4}$  inch slotted opening to a  $1\frac{6}{64}$  inch round opening.

Corresponding changes are made under the "Lots of splits" category for "Sound whole kernels." For Runner variety split lots, the screen opening would change from a  $1\frac{4}{64}$  inch  $\times$   $\frac{3}{4}$  inch slotted opening to a  $1\frac{7}{64}$  inch round opening. For Virginia variety split lots, the  $1\frac{4}{16}$   $\times$  1 inch slotted opening would be changed to a  $1\frac{7}{64}$  inch round opening. For Spanish and Valencia varieties, the  $1\frac{3}{64}$  inch  $\times$   $\frac{3}{4}$  inch slotted opening would be changed to a  $1\frac{6}{64}$  inch round opening.

Currently, the table includes three columns for fall through. One column includes a maximum 3 percent tolerance for "Sound Split and Broken Kernels". The second column includes a 3 percent tolerance for "Sound Whole Kernels", and the third column includes a total tolerance of 4 percent for these categories of peanuts. A comment received from a handler association subsequent to the Board meeting suggested combining the three columns into one column and establishing a total tolerance of 6 percent for sound split, broken, and small kernels allowed in any lot. The association recommended this tolerance change to bring the tolerances into conformity with the U.S. Grade Standards for the various types of shelled peanuts grown and marketed in the United States.

Thus, this rule implements a relaxation in the utilization of small peanut kernels only by changing the screens from slotted to round holes for sound whole kernels and splits as noted above. This change is expected to increase market share for U.S. peanuts by enabling handlers to sell smaller peanuts to buyers who purchase less expensive peanuts from other origins for manufacturing into peanut butter and paste, or similar products.

This change will be implemented at shelling facilities with minimal or no

additional cost to the shellers—either large or small. The screens with smaller openings for this change are currently used for split lots and no additional investment for screens will be necessary. Any adjustments to the packing line as far as screens are concerned should be easily implemented.

According to Federal-State Inspection Service (Inspection Service), all plants in Georgia are currently using  $1\frac{7}{64}$  round screens on Runners and  $1\frac{6}{64}$  screens on Spanish peanut varieties. The Inspection Service has a supply of screens for smaller peanut kernels to cover five new shelling plants scheduled to begin operation during the 2003 crop year. In addition, the Inspection Service will provide screens for peanut shellers in other States. The cost per screen is \$55.00 plus shipping.

#### *Appeal Procedures*

The Board recommended adding an additional paragraph in the handling standards specifying that the "holder of the title" to any lot of peanuts may request an appeal inspection if it is believed that the original aflatoxin analysis is in error. Appeals for aflatoxin are currently handled following procedures specified in the Inspection Service's Instructions for Milled Peanuts. The "holder of the title" to any lot of peanuts may request such an appeal. The aflatoxin sample would be drawn by Federal or Federal-State Inspection inspectors and the appeal analysis would be performed, and the aflatoxin certificate issued, by USDA or USDA-approved laboratories.

This action also specifies that any financially interested person may request an appeal inspection if it is believed that the original quality inspection was in error. These appeals would continue to be handled following procedures specified in the Inspection Service's Instructions for Milled Peanuts. Federal or Federal-State Inspection Service inspectors would sample and inspect the peanuts following procedures in the milled peanut instructions.

All costs involved in conducting appeal inspections are for the account of the "holder of the title" or the financially interested person requesting the appeal. Under the appeal process, appeals may be requested verbally. A written request is not necessary.

#### *Re-inspection of Blanched Lots*

Peanut lots which meet quality (grade) standards, including damage and minor defects, but which fail on aflatoxin may be blanched to remove the contaminated kernels. Under the current

standards, blanched lots must be re-inspected for damage and minor defects. In some cases, a blanched lot will pass aflatoxin but fail damage and minor defect tolerances because the removal of the skins in the blanching process may expose additional instances of damage or minor defects.

Currently, § 996.50(d) provides that lots failing quality standards specified in the table in § 996.31(a), which are blanched, do not have to meet the "fall through" standards upon re-inspection. The Board recommends that the same exception be applied to the damage and minor defects standard in the second column of the table in § 996.31(a). The primary benefit of this change would be to reduce handler-operating costs and avoid a possible loss of peanuts.

#### *Allow Handlers To Purchase High Moisture Peanuts*

Under § 996.30(b) *Moisture*, farmers stock peanuts with more than 10.49 percent moisture content must be dried by the producer at the buying point or moved to another location and facility for drying. Virginia type peanuts for seed may contain up to 11.49 percent moisture. The drying is accomplished on individual wagons, prior to incoming inspection. Not all buying points, in very rural locations, have drying facilities.

The Board requested that the 10.49 percent moisture standard be changed to allow handlers to acquire farmers stock peanuts with a moisture content up to 25 percent. They also recommended the addition of a provision that the handler would have to agree to such acquisition and also to agree to dry the peanuts to meet the 10.49 percent standard prior to storage or milling. The moisture requirements for Virginia type peanuts for seed were not recommended for change. According to Board members, such a change could make a significant difference in the efficient acquisition and warehousing of farmers stock peanuts each fall. The Board indicated that this change could speed up the drying, grading, and movement of peanuts at harvest.

After considering this request and input from the Inspection Service, USDA believes that the Board's recommendation needs further review and analysis. The Inspection Service indicated that its current shelling equipment cannot properly shell peanuts with a moisture content higher than 16 to 18 percent, and that it would have difficulty grading such peanuts. Under current inspection procedures, such peanuts would be further dried by the producer.