

pounds. The Board recommended that the desirable carryout figure be zero pounds. Desirable carryout is the amount of fruit required to be carried into the succeeding crop year and is set by the Board after considering market circumstances and needs. This figure can range from zero to a maximum of 20 million pounds. The Board calculated preliminary free and restricted percentages as follows: The USDA estimate of the crop was 218 million

pounds; a 10 million pound carryin added to that estimate results in a total available supply of 228 million pounds. The carryin figure reflects the amount of cherries that handlers actually have in inventory. Subtracting the optimum supply of 180 million pounds from the total estimated available supply results in a surplus of 48 million pounds of tart cherries. The surplus was divided by the production in the regulated districts (205 million pounds) and resulted in a

restricted percentage of 23 percent for the 2003–2004 crop year. The free percentage was 77 percent (100 percent minus 23 percent). The Board established these percentages and announced them to the industry as required by the order.

The preliminary percentages were based on the USDA production estimate and the following supply and demand information available at the June meeting for the 2003–2004 year:

	Millions of pounds
Optimum Supply Formula:	
(1) Average sales of the prior three years	180
(2) Plus desirable carryout	0
(3) Optimum supply calculated by the Board at the June meeting	180
Preliminary Percentages:	
(4) USDA crop estimate	218
(5) Plus carryin held by handlers as of July 1, 2003	10
(6) Total available supply for current crop year	228
(7) Surplus (item 6 minus item 3)	48
(8) USDA crop estimate for regulated districts	205
Percentages	Free
(11) Preliminary percentages (item 7 divided by item 8 \times 100 equals restricted percentage; 100 minus restricted percentage equals free percentage)	77
	Restricted
	23

Between July 1 and September 15 of each crop year, the Board may modify the preliminary free and restricted percentages by announcing interim free and restricted percentages to adjust to the actual pack occurring in the industry.

The Secretary establishes final free and restricted percentages through the informal rulemaking process. These percentages would make available the tart cherries necessary to achieve the optimum supply figure calculated by the Board. The difference between any final free percentage designated by the

Secretary and 100 percent is the final restricted percentage. The Board met on September 12, 2003, to recommend final free and restricted percentages.

The actual production reported by the Board was 222 million pounds, which is a four million pound increase from the USDA crop estimate of 218 million pounds.

A 10 million pound carryin was added to the Board's reported production of 222 million pounds, yielding a total available supply for the current crop year of 232 million pounds. The optimum supply of 180 million

pounds was subtracted from the total available supply which resulted in a 52 million pound surplus. The total surplus of 52 million pounds is divided by the 210 million-pound volume of tart cherries produced in the regulated districts. This results in a 25 percent restricted percentage and a corresponding 75 percent free percentage for the regulated districts.

The final percentages are based on the Board's reported production figures and the following supply and demand information available in September for the 2003–2004 crop year:

	Millions of pounds
Optimum Supply Formula:	
(1) Average sales of the prior three years	180
(2) Plus desirable carryout	0
(3) Optimum supply calculated by the Board at the October meeting	180
Final Percentages:	
(4) Board reported production	222
(5) Plus carryin held by handlers as of July 1, 2003	10
(6) Tonnage available for current crop year	232
(7) Surplus (item 6 minus item 3)	52
(8) Production in regulated districts	210
Percentages	Free
(11) Final Percentages (item 7 divided by item 8 \times 100 equals restricted percentage; 100 minus restricted percentage equals free percentage)	75
	Restricted
	25

The Department's "Guidelines for Fruit, Vegetable, and Specialty Crop

Marketing Orders" specify that 110 percent of recent years' sales should be

made available to primary markets each season before recommendations for