those for free tonnage raisins, such as government purchase, distilleries, or animal feed.

The volume regulation percentages are intended to help stabilize raisin supplies and prices, and strengthen market conditions. The Committee unanimously recommended final percentages on February 12, 2004.

Computation of Trade Demands

Section 989.54 of the order prescribes procedures and time frames to be followed in establishing volume regulation. This includes methodology used to calculate percentages. Pursuant to § 989.54(a) of the order, the Committee met on August 14, 2003, to review shipment and inventory data, and other matters relating to the supplies of raisins of all varietal types. The Committee computed a trade demand for each varietal type for which a free tonnage percentage might be recommended. Trade demand is computed using a formula specified in the order and, for each varietal type, is equal to 90 percent of the prior year's shipments of free tonnage and reserve tonnage raisins sold for free use into all market outlets, adjusted by subtracting the carryin on August 1 of the current crop year, and adding the desirable carryout at the end of that crop year. As specified in § 989.154(a), the desirable carryout for NS raisins shall equal the total shipments of free tonnage during August and September for each of the past 5 crop years, converted to a natural condition basis, dropping the high and low figures, and dividing the remaining sum by three, or 60,000 natural condition tons, whichever is higher. For all other varietal types, the desirable carryout shall equal the total shipments of free tonnage during August, September and one-half of October for each of the past 5 crop years, converted to a natural condition basis, dropping the high and low figures, and dividing the remaining sum by three.

At its August 2003 meeting, the Committee computed and announced the 2003-04 trade demand for NS raisins at 210,933 tons. The August trade demand, however, did not account for Oleate Seedless raisins (Oleates). Beginning with the 2003-04 crop year, the NS varietal type was modified to include Oleates (68 FR 42943; July 21, 2003). Prior to that time, Oleates were a separate varietal type. The Oleate and NS trade demands were calculated separately. Then the two individual trade demand figures were added together to obtain a combined trade demand reflecting the new combined varietal type. The Committee establishes a 500-ton minimum trade demand for

any varietal type for which the computed trade demand is zero or less. The computed trade demand for Oleates was less than zero, so the Committee established the trade demand for Oleates at 500 tons. At USDA's request, the Committee met on September 9, 2003, and recomputed the combined NS trade demand to account for Oleates at 211,493 tons (210,933 plus 500).

COMPUTED TRADE DEMANDS (NATURAL CONDITION TONS)

	NS raisins
Prior year's shipments	297,176 0.90 267,458 116,465 60,000 210,993
mand tons	500
Equals revised trade demand	211,493

Computation of Preliminary Volume Regulation Percentages

Section 989.54(b) of the order requires that the Committee announce, on or before October 5, preliminary crop estimates and determine whether volume regulation is warranted for the varietal types for which it computed a trade demand. That section allows the Committee to extend the October 5 date up to 5 business days if warranted by a late crop.

The Committee met on October 2, 2003, and announced a preliminary crop estimate for NS raisins of 276,931 tons, which is about 20 percent lower than the 10-year average of 348,419 tons. NS raisins are the major varietal type of California raisin. Adding the carryin inventory of 116,465 tons, plus the 276,931-ton crop estimate resulted in a total available supply of 393,396 tons, which was significantly higher (186 percent) than the 211,493-ton trade demand. Thus, the Committee determined that volume regulation for NS raisins was warranted. The Committee announced preliminary free and reserve percentages for NS raisins, which released 85 percent of the computed trade demand since the field price (price paid by handlers to producers for their free tonnage raisins) had been established. The preliminary percentages were 65 percent free and 35 percent reserve.

In addition, preliminary percentages were announced for Other Seedless raisins. It was ultimately determined that volume regulation was only warranted for NS raisins. As in past

seasons, the Committee submitted its marketing policy to USDA for review.

Computation of Final Volume Regulation Percentages

Pursuant to § 989.54(c), at its February 12, 2004, meeting, the Committee announced interim percentages for NS raisins to release slightly less than the full trade demand. Based on a revised NS crop estimate of 304,072 tons (up from the October estimate of 276,931 tons), interim percentages for NS raisins were announced at 69.75 percent free and 30.25 percent reserve.

Pursuant to § 989.54(d), the Committee also recommended final percentages at its February 2004 meeting to release the full trade demand for NS raisins. Final percentages were recommended at 70 percent free and 30 percent reserve. The Committee's calculations to arrive at final percentages for NS raisins are shown in the table below:

FINAL VOLUME REGULATION PERCENT-AGES (NATURAL CONDITION TONS)

	NS raisins
Trade demand	211,493 304,072 70

In addition, USDA's "Guidelines for Fruit, Vegetable, and Specialty Crop Marketing Orders" (Guidelines) specify that 110 percent of recent years' sales should be made available to primary markets each season for marketing orders utilizing reserve pool authority. This goal was met for NS raisins by the establishment of final percentages, which released almost 100 percent of the trade demand, and offers of additional reserve raisins for sale to handlers for free pursuant to § 989.54(g) ("10 plus 10 offers"), and § 989.67(j) of the order.

As specified in § 989.54(g), the 10 plus 10 offers are two offers of reserve pool raisins, which are made available to handlers during each season. For each such offer, a quantity of reserve raisins equal to 10 percent of the prior year's shipments is made available for free use. Handlers may sell their 10 plus 10 raisins to any market.

For NS raisins, the first 10 plus 10 offer was made in February 2004, and the second offer was made in April 2004. A total of 61,026 tons was made available to raisin handlers through these offers, and all of the raisins were purchased. Adding the total figure of 61,026 tons of 10 plus 10 raisins to the