remain at five cents per bale, and the minimum charge of $5.00 for services provided per monthly billing period will remain the same. The provisions of § 28.910 (c) concerning the fee for new classification memoranda issued from the central database for the business convenience of an owner without reclassification of the cotton will remain the same.

The fee for review classification in § 28.911 will be reduced from $1.40 per bale to $1.30 per bale.

The fee for returning samples after classification in § 28.911 will remain at 40 cents per sample.

Finally, the authority citation for Subpart D of Part 28 was revised at 61 FR 19512. This action would correct that revision by specifying Subpart D rather than a reference to Part 28 in its entirety.

List of Subjects in 7 CFR Part 28

Administrative practice and procedure, Cotton, Cotton samples, Grades, Market news, Reporting and recordkeeping requirements, Standards, Staples, Testing, Warehouses.

For the reasons set forth in the preamble, 7 CFR Part 28 is amended as follows:

PART 28—[AMENDED]

1. The authority citation for part 28, subpart D, is revised to read as follows:

Authority: 7 U.S.C. 471–476.

2. In § 28.909, paragraph (b) is revised to read as follows:

§ 28.909 Costs.

* * * * *

(b) The cost of High Volume Instrument (HVI) cotton classification service to producers is $1.30 per bale.

* * * * *

3. In § 28.910, paragraph (a) is revised to read as follows:

§ 28.910 Classification of samples and issuance of classification data.

(a) (1) The samples submitted as provided in the subpart shall be classified by employees of the Division and classification memoranda showing the official quality determination of each sample according to the official cotton standards of the United States shall be issued by any one of the following methods at no additional charge:

(i) Computer diskettes,

(ii) Computer tapes, or

(iii) Telecommunications, with all long distance telephone line charges paid by the receiver of data.

(2) When an additional copy of the classification memorandum is issued by any method listed in paragraph (a)(1), there will be a charge of five cents per bale. If provided as an additional method of data transfer, the minimum fee for each tape or diskette issued shall be $10.00.

(3) Upon request, computer punch cards may be issued. The fee for this service shall be 10 cents per card.

* * * * *

4. In § 28.911, the last sentence of paragraph (a) is revised to read as follows:

§ 28.911 Review classification.

(a) * * * The fee for review classification is $1.30 per bale.

* * * * *

Dated: June 16, 1998.

Enrique E. Figueroa,

Administrator, Agricultural Marketing Service.

[FR Doc. 98–16376 Filed 6–17–98; 8:45 am]

BILLING CODE 3410–02–P

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Parts 997 and 998

[Docket Nos. FV97–997–1 FIR and FV97–998–1 FIR]

Peanuts Marketed in the United States; Relaxation of Handling Regulations

AGENCY: Agricultural Marketing Service (AMS), USDA.

ACTION: Final rule.

SUMMARY: The Department of Agriculture (Department) is adopting, as a final rule, with modifications, the provisions of an interim final rule (IFR) that relaxed for 1997 and subsequent crop peanuts, several provisions regulating the handling of domestically produced peanuts marketed in the United States. This finalization continues the IFR's improved efficiency and reduced program costs resulting in a similar reduction in assessments charged Agreement signer and non-signer handlers.

EFFECTIVE DATE: June 19, 1998.

FOR FURTHER INFORMATION CONTACT: George J. Kelhart or Jim Wendland, Marketing Order Administration Branch, Fruit and Vegetable Programs, AMS, USDA, P.O. Box 96456, room 2525–S, Washington, D.C. 20090–6456; telephone: (202) 720–2491, Fax: (202) 205–6632. Small businesses may request information on compliance with this regulation by contacting: Jay Guerber, Marketing Order Administration Branch, Fruit and Vegetable Programs, AMS, USDA, P.O. Box 96456, room 2525–S, Washington, D.C., 20090–6456; telephone: (202) 720–2491, Fax: (202) 205–6632.

SUPPLEMENTARY INFORMATION: This rule is issued under Marketing Agreement No. 146 (Agreement)(7 CFR part 998) and the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601–674), hereinafter referred to as the ''Act.'' The Agreement and the regulations issued thereunder and the non-signatory peanut handler regulations (7 CFR part 997) regulate the quality of domestically produced peanuts.

The Department is issuing this final rule in conformance with Executive Order 12866.

This rule has been reviewed under Executive Order 12988, Civil Justice Reform. This rule is not intended to have retroactive effect. This rule will not preempt any State or local laws, regulations, or policies, unless they present an irreconcilable conflict with this rule. There are no administrative procedures which must be exhausted prior to any judicial challenge to the provisions of this rule.

Following explanation of each change to the Agreement's regulation, the corresponding change to the non-signatory handlers' regulation is discussed.

Incoming Regulations

Farmers Stock Storage and Handling Facilities

The Peanut Administrative Committee (Committee) recommended amending § 998.100 Incoming quality regulation for 1996 and subsequent crop peanuts by removing paragraph (g) *Farmers Stock Storage and Handling Facilities* which previously regulated the condition of such facilities and authorized Committee inspection. The Committee recommended the change to save approximately $450,000, by eliminating the positions of the seven fieldmen whose specified duties through the 1996 crop year included spending an estimated 60–65 percent of their time inspecting and approving such facilities. The vote was 17 ''For'' and 1 ''Against'', with the dissenting voter contending that the fieldmen were providing valuable services, their positions should not be eliminated, and that inspection and approval of such facilities by the Committee staff were important. Handlers contended they were already paying their own employees to do facilities inspections and the cost of such duplication of effort needed to be eliminated and the Department issued the change. Also, this cost-cutting has not adversely

affected quality since peanuts must still meet the Outgoing Quality Regulation.

Elimination of the regulatory provision has allowed the Committee to reduce its non-headquarters staff from seven to one compliance officer in each of the three production areas and reduce the current ''fieldmen'' staffing costs to zero. The compliance officers are conducting compliance audits of Agreement signers similar to AMS approved non-signer program compliance plan procedures, where AMS Compliance Staff auditors check non-signers' records. A revised 1997–98 compliance plan from the Committee includes these new procedures. AMS believes this will continue to assure compliance under the Agreement.

The non-signer regulation contains no similar requirements for inspection and approval of such facilities, so no change is needed to it.

Outgoing Regulations

The Committee unanimously recommended that § 998.200(a) be amended to provide that minimum grade requirements for lots of ''splits'' (the separated halves of peanut kernels) be modified to correspond with ''United States Standards For Grades Of: (1) Cleaned Virginia Type Peanuts In The Shell; or (2) Shelled Runner Type Peanuts; or (3) Shelled Spanish Type Peanuts; or (4) Shelled Virginia Type Peanuts'' (7 CFR part 51: Sections 51.1235–1242; 51.2710-2721; 51.2730–2741; and 51.2750–2763, respectively). The increase to 2.00 percent from the prior 1.50 percent for unshelled peanuts and damaged kernels was needed to provide consistency with the grade standards. Under the former regulation, a handler could have had a lot of peanuts which met U.S. Grade Standards for U.S. Splits, but failed to meet Agreement requirements for edible quality. It was initially expected that this change might reduce the number of lots needing remilling to meet outgoing quality requirements by less than 10 percent if it was an average year. But the 1997 crop has been stressed by drought conditions and the industry in virtually all peanut producing States has expressed having some problems with quality. Thus, this change is now expected to reduce handlers' need to remill by more than 10 percent during the 1997 crop year, saving an estimated $30 on each ton not needing to be remilled.

The only comment received concerning the IFR, filed by the Committee, dealt with § 998.200(a). The Committee urged that portions of Table 2 INDEMNIFIABLE GRADES, which had been removed by the IFR, be restored by adding them to the MAXIMUM LIMITATIONS table. The IFR modification inadvertently eliminated all nine of the INDEMNIFIABLE GRADE categories. The Committee said its intent was to cause all edible grade categories of peanuts to be eligible for indemnification, not to eliminate any grade categories. Three of the grade categories—Runner with splits, Virginia with splits, and Spanish and Valencia with splits—are not included in the U.S. grade standards for peanuts. ''Runner with splits'' exists under the American Peanut Shellers Association's specifications but not the other categories. Therefore, the three not included in the grade standards need to be restored, for convenient use by the peanut industry, since such peanuts still have a domestic market niche. Federal Government Commodity Procurement Program, Farm Service Agency's Commodity Operations Division and many commercial firms had used these grade categories in contract specifications to purchase such peanuts. Also, to be consistent with the other maximum tolerances in the ''Unshelled peanuts and damaged kernels'' column and the ''Unshelled peanuts and damaged kernels and minor defects'' column, the percentage tolerances for the three restored categories need to be relaxed to 1.50 percent from 1.25 and to 2.50 percent from 2.00, respectively. Therefore, the three ''* * * with splits'' type and grade categories and their relaxed tolerances need to be incorporated into the MAXIMUM LIMITATION table in § 998.200(a) and § 997.30(a). This simplifies grade requirements by having only one set of quality requirements for human consumption use. The Department agrees with the comment and includes the changes in this finalization of the IFR. This relaxation in tolerances will reduce the number of lots that need to be reconditioned to meet outgoing quality requirements. This will save signer handlers reconditioning and storage costs.

Similar changes are made to the corresponding § 997.30(a) of the non-signer regulation, with proportional savings on such handlers' much smaller volume.

The Committee unanimously recommended that § 998.200(h)(1) be amended to allow lots of peanuts which fail edible quality requirements, due to excessive fall through, to be custom blanched. However, such lots will have to be certified as meeting minimum ''fall through'' requirements after blanching. This finalization continues the elimination of the former requirement that prior to movement of such peanuts, handlers had to submit a form to the Committee and receive authorization for movement and blanching of each such lot.

Section 997.40(d) of the non-signer regulation currently does not require such handlers to submit a request to the Department and receive authorization for movement and blanching of each such lot. Therefore, no similar change to that provision is needed. However, this finalization continues the IFR's amendment which added ''fall through'' to the category of items allowed in the first and third sentences.

The Committee also unanimously recommended a further change to paragraph (h), specifically that subparagraphs (h)(1) and (h)(2) be further amended to provide that reject peanuts may be placed in suitable containers acceptable to the Committee. The current requirement specifies ''bagged'', which refers to the older standard-sized burlap bags, which hold approximately 110 pounds. It does not include the many newer and more efficient containers which are easier to handle such as tote bags, corrugated containers (including those with capacities of over a ton), Super Sacks, and other various company containers used by individual peanut product manufacturers. This finalization will continue the IFR's change which allowed handlers to use more efficient containers or those desired by their customers. For purposes of this provision, most any container that handlers use will be considered suitable.

Section 997.40(c) of the non-signer regulation previously provided for ''in bulk or bags or other suitable containers.'' This finalization continues the IFR's change to make it consistent with the Agreement's amended regulation, by removing the words ''in bulk or.'' The same applies to paragraphs (d) and (e) which were amended by removing the word ''bagged'' and replacing it with the words ''placed in suitable containers.''

The Committee also unanimously recommended that § 998.200 Outgoing quality regulation and § 998.300 Terms and conditions of indemnification * * * be amended to make all lots of edible quality peanuts indemnifiable, for freight reimbursement, when rejected on appeal after being certified ''negative'' as to aflatoxin. This finalization continues the IFR's changes to provisions specified in § 998.300, making product claim lots of edible quality peanuts also indemnifiable. This involves lots where a handler sustained a loss as a result of a buyer withholding

from human consumption any or all of the product made from a lot of peanuts which had been determined to be unwholesome due to aflatoxin after such lot had originally been certified ''negative'' as to aflatoxin. This change provided consistency by treating all edible quality peanuts equally, whether appeal claims or product claims. Although these changes have further reduced costs and promoted uniformity in the handling of indemnification of all edible quality peanuts, there is no way to accurately quantify how much these reductions have been, because the savings are different for each handler. However, the total savings are expected to be a minor fraction of the projected approximately $350,000 total 1997 crop indemnification costs.

The non-signer enabling legislation does not provide authority for indemnification. Therefore, no similar change was needed in the non-signer regulation.

The Committee further unanimously recommended that § 998.200(h)(3) be amended to provide that peanuts which have been certified as meeting minimum grade requirements specified in § 998.200(a)(1), but fail to meet requirements for aflatoxin, may be roasted while being blanched prior to being certified as meeting the aflatoxin requirements. After roasting, such peanuts must be sampled and assayed for aflatoxin content but do not have to be re-sampled and analyzed for grade again. This simplified process was recommended by the Committee and issued in the IFR by the Department. Prior to the IFR, such blanched peanuts, after certification, were often returned to the blancher for additional heating. This finalization continues the IFR's favorable effects of not having to remove the blanched peanuts short of the complete roasting process for sampling and aflatoxin analysis, and then running them back through the blancher again. This added costs to the roasting process and usually caused additional, unintentional damage due to the extra handling of the kernels. Also, the roasting enhances the blanching efforts to eliminate aflatoxin, thus improving the wholesomeness, quality and value of such shelled peanuts. The savings involved in blanching and roasting in one step may often outweigh the approximately $40 per hour costs of having an inspector present during this process to maintain needed positive lot identification. Any residual peanuts, excluding skins and hearts, resulting from this roasting process, must be red tagged and disposed of to inedible peanut outlets. The same factors apply to § 997.40(d) of the non-signer regulation.

This finalization continues the IFR's provision that unchanged portions of the incoming and outgoing regulations that were in effect for 1996 and subsequent crop peanuts will remain in effect for 1997 and subsequent crop peanuts.

An interim final rule concerning this action was published in the **Federal Register** on January 16, 1998 (63 FR 2846). A 60-day comment period, which ended on March 17, 1998, was provided to allow interested persons to respond to the interim final rule. One comment was received during the comment period. That comment was discussed earlier in this document, as a part of the discussion of changes in the regulations.

The Regulatory Flexibility Act and Effects on Small Businesses

Pursuant to requirements set forth in the Regulatory Flexibility Act (RFA), the Agricultural Marketing Service (AMS) has considered the economic impact of this action on small entities. Accordingly, AMS has prepared this final regulatory flexibility analysis.

The purpose of the RFA is to fit regulatory actions to the scale of business subject to such actions in order that the small businesses will not be unduly or disproportionately burdened. Marketing agreements and orders issued pursuant to the Act, and the rules issued thereunder, are unique in that they are brought about through group action of essentially small entities acting on their own behalf. Thus, both statutes have small entity orientation and compatibility.

There are approximately 27 signatory and 30 non-signatory peanut handlers who are currently subject to regulations under the Agreement and non-signer program respectively and approximately 25,000 commercial peanut producers in the 16-State production area. Small agricultural service firms, which include handlers, have been defined by the Small Business Administration (13 CFR 121.601) as those having annual receipts of less than $5,000,000, and small agricultural producers are defined as those having annual receipts of less than $500,000. Approximately 25 percent of the signatory handlers, virtually all of the non-signers, and most of the producers may be classified as small entities. This action will be favorable to the industry by tending to improve efficiency, reduce costs, and increase returns.

This finalization will continue the IFR's relaxations to handling regulations by simplifying requirements; thus, enabling handlers, both large and small, to cut costs and more efficiently handle their peanut supplies, without jeopardizing safeguard requirements in the current regulations.

The relaxations included:

1. The elimination of the requirement for inspection and approval of farmers stock storage and handling facilities has saved approximately $450,000 by eliminating the positions of the seven fieldmen, who had performed this activity through last crop year. Handlers contended they were already paying their own employees to do this and that the duplicate cost should be eliminated;

2. Relaxing the minimum grade requirements for ''splits'' to correspond with U.S. grade standards will likely reduce the number of lots which need to be remilled during the 1997 crop by 10 percent, due to stressed growing conditions in virtually all areas. This should result in significant reductions in handlers' costs;

3. Another IFR relaxation provided that all lots of edible quality peanuts, whether appeal claims or product claims, are eligible for Agreement signer handlers' indemnification benefits. Thus, such handlers with product claim lots are also eligible for reimbursement of most transportation expenses on such lots. Such additional reimbursement was not publicly quantified by the Committee, but is a minor portion of its projected $350,000 total 1997 crop indemnification costs;

4. The IFR's relaxed provision to allow lots which fail edible quality requirements, due to excessive fall through, to be custom blanched eliminates the previous requirement that handlers had to submit a form to the Committee and receive authorization for movement and blanching of each such lot. This relaxation has eliminated unnecessary paperwork and saved time for all affected handlers;

5. Relaxing the previous requirement that peanuts be ''bagged'' (i.e., placed only in older standard-size burlap bags holding approximately 110 pounds) by allowing the use of suitable containers, which permits use of the many newer and more efficient containers or those desired by handlers' customers; and

6. Another relaxation allowed peanuts which had been certified as meeting the minimum grade requirements, but failed to meet requirements for aflatoxin, to be roasted while being blanched prior to being certified as meeting the aflatoxin requirements. This simplified process eliminated running such peanuts back through the blancher again for roasting, which doubled the processing costs and tended to lower the peanuts' quality and value by causing additional damage to

them. Such savings may outweigh the approximately $40 per hour expense of having an inspector present to maintain needed positive lot identification.

The IFR's relaxed requirements have significantly improved efficiency and enabled the Committee to cut in half its 1997 crop year administrative budget and assessment rate charged Agreement signer and non-signer handlers to finance their respective programs. The rate of assessment for the 1996 crop year was $0.70 per net ton of assessable peanuts. The rate for the 1997 crop year was reduced to $0.35 per net ton by an earlier rulemaking action, as published in the September 17, 1997, issue of the **Federal Register** (62 FR 48749). This lower rate saved regulated domestic handlers approximately $500,000 in administrative assessment costs which, to a great extent, was made possible by the IFR's relaxation actions.

The finalization continues the IFR's specifics of each change and why they tended to increase returns to handlers, which were covered in detail near the beginning of this rule under the discussion starting with ''Incoming regulations.'' These IFR changes relaxed requirements on regulated domestic peanut handlers, improved their efficiency and cut costs, and benefitted the peanut industry, manufacturers, and consumers, while still assuring the quality of all peanuts in domestic human consumption markets.

As with all Federal marketing agreement and order programs, reports and forms are periodically reviewed to reduce information requirements and duplication by industry and public sectors. Consistent with the Paperwork Reduction Act (44 U.S.C. Chapter 35), the Committee unanimously recommended greatly reducing reporting and recordkeeping requirements on both large and small peanut handlers regulated under the Agreement. It has eliminated 20 of the 21 Committee forms previously approved by the Office of Management and Budget (OMB) that might accompany peanut shipments, to only require the use of the Form PAC–1. The PAC–1 is mailed to handlers on a monthly basis and is used to report receipts and acquisitions of farmers stock peanuts and to remit assessments. It is estimated that this has eliminated 95 percent (or about 2,291 hours and assuming $10 per hour, saving respondents nearly $23,000 in costs) of the previous estimated 2,417 hours of total reporting burden on Agreement signers, including small businesses, and a proportional reduction in non-signers' smaller reporting burdens. A notice of the proposed revision was published in the July 31, 1997, issue of the **Federal Register** (62 FR 41021). Sixty days were allowed for comments. One comment was received, from the American Peanut Shellers Association, supporting the reduced burdens. This information collection package was approved by the OMB under OMB Control No. 0581–0067.

In addition, the Department has not identified any Federal rules that duplicate, overlap, or conflict with this finalization.

Further, the Committee's meeting was widely publicized throughout the peanut industry and all interested persons were invited to attend the meeting and participate in the Committee's deliberations. Like all Committee meetings, the April 29–30, 1997, meeting was a public meeting and all entities, both large and small, were able to express their views on the issues. The 18-member Committee is composed of an equal number of peanut handlers and producers, the majority of whom are small entities.

Also, the Committee has a number of appointed subcommittees to review certain issues and make recommendations to the Committee. The Committee's Regulations, Indemnification and Quality Subcommittee and ''New Concept'' Subcommittee met on January 28, 1997, and discussed these issues in detail. On March 25, 1997, the Committee held an informational meeting to hear a presentation by the National Peanut Council's Peanut Industry Revitalization Project Steering Committee and discuss the issues and then take back to discuss with their industry peers, before voting on those issues at the April Committee meeting. The Committee's Administrative Budget Subcommittee also met March 25, 1997, to discuss budget recommendations. All of these meetings were public meetings and both large and small entities were able to participate and express their views.

An objective of the two domestic programs is to ensure that only high quality and wholesome peanuts enter human consumption markets in the United States. About half of the domestic commercial handlers, handling approximately 95 percent of the crop volume, have signed the Agreement. The other half are non-signatory handlers handling the remaining 5 percent of the domestic production.

Under these regulations, farmers stock peanuts with visible *Aspergillus flavus* mold (the principal source of aflatoxin) are required to be diverted to inedible uses. Each lot of milled peanuts must be sampled and the samples chemically analyzed for aflatoxin content. Costs to administer the Agreement and to reimburse the Department for oversight of the non-signatory program are paid by an administrative assessment levied on handlers in the respective programs.

The 18-member Committee, which is composed of an equal number of peanut producers and handlers, meets at least annually to review the Agreement's rules and regulations, which are effective on a continuous basis from one crop year to the next which begins July 1. Committee meetings are open to the public, and interested persons may express their views at these meetings. The Department evaluates Committee recommendations, as well as information from other sources, prior to making any recommended changes to the regulations under the Agreement.

Section 608b of the Act was amended in 1989 to require that all peanuts handled by persons who have not entered into the Agreement (non-signers) be subject to the same quality and inspection requirements to the same extent and manner as are required under the Agreement. Section 608b was further amended in 1993 to impose similar requirements regarding administrative assessments. The non-signatory handler regulations have been amended several times thereafter and are published in 7 CFR part 997.

Thus, the Committee's recommended changes to the Agreement signers' regulations, as finalized in this rule, also are finalized for the non-signers' regulations. This finalization of an IFR identifies the corresponding change to the non-signers' regulations for each change to the Agreement regulations.

According to the Committee, the domestic peanut industry has been undergoing a period of great change. The Committee bases its view, in part, on findings in a recent study entitled ''United States Peanut Industry Revitalization Project'' developed by the National Peanut Council and the Department's Agricultural Research Service (May 1996).

According to that study, the U.S. peanut industry has been in a period of dramatic economic decline since 1991 because: (1) Per capita peanut consumption has steadily declined a total of 11 percent; (2) harvested acreage has declined 25 percent; (3) production has declined 30 percent and farm value dropped 29 percent; and (4) imports of peanuts and peanut products have increased from insignificant quantities to 48,736 raw farmer stock tons in 1995, and to 55,536 in 1996.

That study points to recent increases in the duty-free import quota for raw peanuts due to the North American

Trade Agreement (NAFTA) and the Uruguay Round Agreements under the General Agreement on Tariffs and Trade (GATT). Under Section 22 import quota provisions, the volume of U.S. peanut imports had been limited to about 2.3 million pounds, in-shell basis, annually. Thus, imports have historically represented about one-tenth of 1 percent of U.S. food use of peanuts. Under NAFTA, Mexico has been granted a minimum access level for duty-free entry of peanuts of about 10 million pounds, in-shell basis. This level will increase about 3 percent annually through 2008, when quantitative limits will cease. Mexico's 1998 duty-free quota will total 8.4 million pounds. Under GATT, the 1997 quota was 86.8 million pounds, has increased to 96.8 million pounds (Argentina 81.3 & all other 15.5) in 1998, and can grow to about 125 million pounds in the year 2000.

The study also projects that farm production costs and revenue will be equal by the year 2000, as will handler costs and revenue, leaving no profit.

In addition, the modification of the Federal farm peanut poundage quota regulations implemented under the Agricultural Market Transition Act of 1996 (1996 Act) has resulted in the domestic industry undergoing significant changes scheduled to continue through the year 2002. The peanut support price has been reduced from $670 per ton in 1995 to $610 per ton through 2002. The USDA's Farm Service Agency final rule implementing the Act was published May 9, 1997, (62 FR 25433). That rule indicates that economic impacts of the 1996 Act include expected reductions in domestic peanut producers' revenue of $1.25 billion from 1996 through 2002. Quota lease holders could absorb a loss of about $40 million annually because of reduced leasing rates due to the lower peanut price support. Also, capitalized value of quotas could decline $200 to $300 million, thus reducing land values and the tax base of rural communities.

The Committee agrees that all of these factors combined show that the domestic peanut industry is in decline and that the outlook is not expected to change without some positive intervention by the industry.

World supply and demand are less important for peanuts than most U.S. farm commodities. Much of the world peanut production is for non-food uses, although production for food use might increase a little if there were no U.S. import restrictions. Also, import quotas, though increased recently, still are set at relatively low levels.

Domestic peanut production in 1996 was approximately 3.66 billion pounds, with a farm value of slightly under $1 billion. The Department reports U.S. peanut production in 1997 totaled 3.54 billion pounds, down 3 percent from the 1996 crop. Harvested acreage for 1997 was 1.41 million acres, up 2 percent from 1996. USDA estimates that acreage will increase by 3 percent in 1998. The U.S. yield per harvested acre for 1997 averaged 2,507 pounds, down 146 pounds from 1996. The 1997 marketing year average price received by farmers for peanuts is 26.4 cents per pound, down 1.7 cents from 1996. The value of peanut production for the 1997 crop is reported as $932 million, down 9 percent from a year earlier.

Production is expected to gradually increase to the year 2002 because domestic food use is projected to rise about 1.5 percent annually. Imports are expected to remain at a relatively small percentage of total U.S. peanut use.

Estimated exports of 750 million pounds in Marketing Year (MY) 1997 are below the average for the prior 3 years, but are 11 percent more than a year earlier. Peanut oil prices are expected to average about 38 cents a pound of oil in MY 1997, 6 percent lower than MY 1996 as vegetable oil supplies return to more normal levels. Peanut meal prices for MY 1997 are expected to decline to $175 a ton, down 25 percent from MY 1996 because of larger soybean meal supplies.

The 28.5 cents per pound season average price of farmer stock peanuts for MY 1997 was the lowest price of the last two years and reflects the adjustment to the reduced quota support level and an unexpected change in the proportions of quota and additionals in 1997 production. Average prices to growers are expected to increase, but will remain below 1995 prices because of the lower quota price support level. The value of farm production is expected to gradually rise and surpass that of 1995 by 2000/01.

The IFR changes of the Agreement's Incoming and Outgoing regulations for 1997 and subsequent crop peanuts being finalized in this rule were recommended by the Committee at its April 29–30, 1997, public meeting.

Alternative Actions Considered

Although the Committee could have recommended no changes or less changes to the current regulations, it unanimously concluded that those were not satisfactory solutions. It believes that all possible simplification and cost-cutting should be done and that these regulations should focus more on outgoing quality and less on the shelling and milling processes necessary to meet the outgoing, human consumption requirements. Newer, high technology milling and blanching equipment enable handlers to recondition failing peanut lots that could not have been economically reconditioned when the regulations were first promulgated. Therefore, it is no longer necessary to impose restrictions that hinder the efficiency of handling operations and result in the loss of potentially good quality peanuts. Thus, the Committee believes this finalization will tend to improve the returns to growers and handlers, while still maintaining consumer safeguard provisions in the current domestic regulations, because all peanuts intended for human consumption must still be inspected and certified acceptable for such use.

After review of the recommendations and comment of the Committee, the Department concurs that this finalization of the changes will tend to improve returns to the industry and be in the public interest. Expected benefits of the changes were covered in the previous discussion of each individual change.

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35) information collection requirements that are contained in this rule have been previously approved by the OMB and have been assigned OMB Nos. 0581–0067 (for Agreement signers) and 0581–0163 (for non-signers).

One comment concerning the IFR was received during the 60-day comment period. That comment was discussed earlier in this document, as a part of the discussion of changes in the regulations.

After consideration of all relevant material presented, including the Committee's recommendations and comment, and other information, it is found that finalizing the IFR with changes, as hereinafter set forth, will tend to effectuate the declared policy of the Act.

It is further found that good cause exists for not postponing the effective date of this rule until 30 days after publication in the **Federal Register** (5 U.S.C. 553) because this final rule adopts with appropriate changes the provisions of the interim final rule; based upon a comment received, the provisions of the interim final rule have been modified; this rule relaxes several provisions of the regulations; and the end of the 1997–98 crop year is June 30, 1998.

List of Subjects

7 CFR Part 997

Food grades and standards, Peanuts, Reporting and recordkeeping requirements.

7 CFR Part 998

Marketing agreements, Peanuts, Reporting and recordkeeping requirements.

Accordingly, the interim final rule amending 7 CFR parts 997 and 998 which was published in the **Federal Register** at 63 FR 2846 on January 16, 1998, is adopted as a final rule with the following changes:

PART 997—PROVISIONS REGULATING THE QUALITY OF DOMESTICALLY PRODUCED PEANUTS HANDLED BY PERSONS NOT SUBJECT TO THE PEANUT MARKETING AGREEMENT

1. The authority citation for 7 CFR part 997 continues to read as follows:

Authority: 7 U.S.C. 601–674.

2. In § 997.30, in paragraph (a)(1), the ''Maximum Limitations'' table is revised to read as follows:

§ 997.30 Outgoing regulation.

* * * * *

MAXIMUM LIMITATIONS

[Excluding lots of ''splits'']

Type and grade category	Unshelled peanuts and damaged kernels (percent)	Unshelled peanuts, damaged kernels and minor defects (percent)	Fall through			Foreign materials (percent)	Moisture (percent)
			Sound split and broken kernels	Sound whole kernels	Total		
Runner	1.50	2.50	3.00%; 17/64 inch round screen.	3.00%; 16/64 × 3/4 inch slot screen.	4.00% Both screens.	.20	9.00
Virginia (except No. 2).	1.50	2.50	3.00%; 17/64 inch round screen.	3.00%; 15/64 × 1 inch slot screen.	4.00% Both screens.	.20	9.00
Spanish and Valencia.	1.50	2.50	3.00%; 16/64 inch round screen.	3.00%; 15/64 × 3/4 inch slot screen.	4.00% Both screens.	.20	9.00
No. 2 Virginia	1.50	3.00	6.00%; 17/64 inch round screen.	6.00%; 15/64 × 1 inch slot screen.	6.00% Both screens.	.20	9.00
Runner with splits (not more than 15% sound splits).	1.50	2.50	3.00% 17/64 inch round screen.	3.00% 16/64 × 3/4 inch slot screen.	4.00% Both screens.	.10	9.00
Virginia with splits (not more than 15% sound splits).	1.50	2.50	3.00% 17/64 inch round screen.	3.00% 15/64 × 1 inch slot screen.	4.00% Both screens.	.10	9.00
Spanish & Valencia with splits (not more than 15% sound splits).	1.50	2.50	3.00% 16/64 inch round screen.	2.00% 15/64 × 3/4 inch slot screen.	4.00% Both screens.	.10	9.00
Lots of ''splits''							
Runner (not more than 4% sound round whole kernels).	2.00	2.50	3.00%; 17/64 inch round screen.	3.00%; 14/64 × 3/4 inch slot screen.	4.00% Both screens.	.20	9.00
Virginia (not less than 90% splits).	2.00	2.50	3.00%; 17/64 inch round screen.	3.00%; 14/64 × 1 inch slot screen.	4.00% Both screens.	.20	9.00
Spanish & Valencia (not more than 4% sound whole kernels).	2.00	2.50	3.00%; 16/64 inch round screen.	3.00%; 13/64 × 3/4 inch slot screen.	4.00%; Both screens.	.20	9.00

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PART 998—MARKETING AGREEMENT REGULATING THE QUALITY OF DOMESTICALLY PRODUCED PEANUTS

1. The authority citation for 7 CFR part 998 continues to read as follows:

Authority: 7 U.S.C. 601–674.

2. In § 998.200, in paragraph (a)(1) the ''Maximum Limitation'' table is revised to read as follows:

§ 998.200 Outgoing quality regulation for 1997 and subsequent crop peanuts.

* * * * *

MAXIMUM LIMITATIONS

[Excluding lots of "splits"]

Type and grade category	Unshelled peanuts and damaged kernels (percent)	Unshelled peanuts, damaged kernels and minor defects (percent)	Fall through			Foreign materials (percent)	Moisture (percent)
			Sound split and broken kernels	Sound whole kernels	Total		
Runner	1.50	2.50	300%; 17/64 inch round screen.	3.00%; 16/64 × 3/4 inch slot screen.	4.00%	.20	9.00
Virginia (except No. 2).	1.50	2.50	3.00%; 17/64 inch round screen.	3.00%; 15/64 × 1 inch slot screen.	4.00% Both screens.	.20	9.00
Spanish and Valencia.	1.50	2.50	3.00%; 16/64 inch round screen.	3.00%; 15/64 × 3/4 inch slot screen.	4.00% Both screens.	.20	9.00
No. 2 Virginia	1.50	3.00	6.00%; 17/64 inch round screen.	6.00%; 15/64 × 1 inch slot screen.	6.00% Both screens.	.20	9.00
Runner with splits (not more than 15% sound splits).	1.50	2.50	3.00%; 17/64 inch round screen.	3.00%; 16/64 × 3/4 inch slot screen.	4.00% Both screens.	.10	9.00
Virginia with splits (not more than 15% sound splits).	1.50	2.50	3.00%; 17/64 inch round screen.	3.00%; 15/64 × 1 inch slot screen.	4.00% Both screens.	.10	9.00
Spanish & Valencia with splits (not more than 15% sound splits).	1.50	2.50	3.00%; 16/64 inch round screen.	2.00%; 15/64 × 3/4 inch slot screen.	4.00% Both screens.	.10	9.00
Lots of "splits"							
Runner (not more than 4% sound whole kernels).	2.00	2.50	3.00%; 17/64 inch round screen.	3.00%; 14/64 × 3/4 inch slot screen.	4.00% Both screens.	.20	9.00
Virginia (not less than 90% splits).	2.00	2.50	3.00%; 17/64 inch round screen.	3.00%; 14/64 × 1 inch slot screen.	4.00% Both screens.	.20	9.00
Spanish and Valencia (not more than 4% sound whole kernels).	2.00	2.50	3.00%; 16/64 inch round screen.	3.00%; 13/64 × 3/4 inch slot screen.	4.00% Both screens.	.20	9.00

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Dated: June 12, 1998.

Robert C. Keeney,

Deputy Administrator, Fruit and Vegetable Programs.

[FR Doc. 98–16269 Filed 6–17–98; 8:45 am]

BILLING CODE 3410–02–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 97–NM–71–AD; Amendment 39–10601; AD 98–13–13]

RIN 2120–AA64

Airworthiness Directives; Mitsubishi Heavy Industries Ltd. Model YS–11 and YS–11A Series Airplanes

AGENCY: Federal Aviation Administration, DOT.

ACTION: Final rule.

SUMMARY: This amendment adopts a new airworthiness directive (AD), applicable to all Mitsubishi Model YS–11 and YS–11A series airplanes. This amendment requires revising the Airplane Flight Manual (AFM) to prohibit positioning the power levers below the flight idle stop. This amendment is prompted by incidents and accidents involving airplanes equipped with turboprop engines in which the propeller beta was used improperly during flight. The actions specified by this AD are intended to prevent loss of airplane controllability or engine overspeed with consequent loss of engine power caused by the power levers being positioned below the flight idle stop while the airplane is in flight.

EFFECTIVE DATE: July 23, 1998.

ADDRESSES: Information pertaining to this amendment may be examined at the Federal Aviation Administration (FAA), Transport Airplane Directorate, Rules Docket, 1601 Lind Avenue, SW., Renton, Washington.

FOR FURTHER INFORMATION CONTACT: Mark Quam, Aerospace Engineer, Standardization Branch, ANM–113, FAA, Transport Airplane Directorate, 1601 Lind Avenue SW., Renton, Washington 98055–4056; telephone (425) 227–2145; fax (425) 227–1149.

SUPPLEMENTARY INFORMATION: A proposal to amend part 39 of the Federal Aviation Regulations (14 CFR part 39) to include an airworthiness directive (AD) that is applicable to all Mitsubishi Model YS–11 and YS–11A series airplanes was published in the **Federal Register** on April 9, 1998 (63 FR 17346). That action proposed to require revising the Limitations Section of the Airplane Flight Manual (AFM) to prohibit the positioning of the power levers below the flight idle stop while the airplane is in flight, and to add a statement of the consequences of positioning the power