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Marketing Order Regulating the Handling of Spearmint Oil Produced in the Far West; Salable Quantities and Allotment Percentages for the 2014–2015 Marketing Year

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Final rule.

SUMMARY: This final rule establishes the quantity of Far West Scotch and Native spearmint oil that handlers may purchase from, or handle on behalf of, producers during the 2014–2015 marketing year, which begins on June 1, 2014. The Far West includes Washington, Idaho, Oregon, and designated parts of Nevada and Utah. This rule establishes salable quantities and allotment percentages for Class 1 (Scotch) spearmint oil of 1,149,030 pounds and 55 percent, respectively, and for Class 3 (Native) spearmint oil of 1,090,821 pounds and 46 percent, respectively. The Spearmint Oil Administrative Committee (Committee), the entity responsible for local administration of the marketing order for spearmint oil produced in the Far West, recommended these quantities.

DATES: *Effective Date:* This final rule becomes effective June 1, 2014.

FOR FURTHER INFORMATION CONTACT: Manuel Michel, Marketing Specialist, or Gary Olson, Regional Director, Northwest Marketing Field Office, Marketing Order and Agreement Division, Fruit and Vegetable Program, AMS, USDA; Telephone: (503) 326–2724, Fax: (503) 326–7440, or Email: *Manuel.Michel@ams.usda.gov* or *GaryD.Olson@ams.usda.gov*.

Small businesses may request information on complying with this regulation by contacting Jeffrey Smutny, Marketing Order and Agreement Division, Fruit and Vegetable Program, AMS, USDA, 1400 Independence Avenue SW., STOP 0237, Washington, DC 20250–0237; Telephone: (202) 720–2491, Fax: (202) 720–8938, or Email: *Jeffrey.Smutny@ams.usda.gov*.

SUPPLEMENTARY INFORMATION: This final rule is issued under Marketing Order No. 985 (7 CFR Part 985), as amended, regulating the handling of spearmint oil produced in the Far West (Washington, Idaho, Oregon, and designated parts of Nevada and Utah), hereinafter referred to as the ''order.'' The order is effective under the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601–674), hereinafter referred to as the ''Act.''

The Department of Agriculture (USDA) is issuing this rule in conformance with Executive Orders 12866, 13563, and 13175.

This final rule has been reviewed under Executive Order 12988, Civil Justice Reform. Under the order now in effect, salable quantities and allotment percentages may be established for classes of spearmint oil produced in the Far West. This rule establishes the quantity of spearmint oil produced in the Far West, by class, that handlers may purchase from, or handle on behalf of, producers during the 2014–2015 marketing year, which begins on June 1, 2014.

The Act provides that administrative proceedings must be exhausted before parties may file suit in court. Under section 608c(15)(A) of the Act, any handler subject to an order may file with USDA a petition stating that the order, any provision of the order, or any obligation imposed in connection with the order is not in accordance with law and request a modification of the order or to be exempted therefrom. A handler is afforded the opportunity for a hearing on the petition. After the hearing, USDA would rule on the petition. The Act provides that the district court of the United States in any district in which the handler is an inhabitant, or has his or her principal place of business, has jurisdiction to review USDA's ruling on the petition, provided an action is filed not later than 20 days after the date of the entry of the ruling.

The Committee meets annually in the fall to adopt a marketing policy for the ensuing marketing year or years. In determining such marketing policy, the Committee considers a number of factors, including, but not limited to, the current and projected supply, estimated future demand, production costs, and producer prices for all classes of spearmint oil. Input from spearmint oil handlers and producers regarding prospective marketing conditions for the upcoming year is considered as well. During the meeting, the Committee recommends to USDA any volume regulations deemed necessary to meet market requirements and to establish orderly marketing conditions for Far West spearmint oil. If the Committee's marketing policy considerations indicate a need for limiting the quantity of any or all classes of spearmint oil marketed, the Committee subsequently recommends the establishment of a salable quantity and allotment percentage for such class or classes of oil for the forthcoming marketing year.

The salable quantity represents the total amount of each class of spearmint oil that handlers may purchase from, or handle on behalf of, producers during the marketing year. The allotment percentage is calculated by dividing the salable quantity by the total allotment base for each applicable class of spearmint oil. The allotment percentage is used to determine each producer's annual allotment, which is their prorated share of the salable quantity. Allotment base is each producer's quantified share of the spearmint oil market based on a statistical representation of past spearmint oil production, with accommodation for reasonable and normal adjustments to such base as prescribed by the Committee and approved by USDA. Salable quantities are established at levels intended to meet market requirements and to establish orderly marketing conditions. Committee recommendations for volume controls are made well in advance of the period in which the regulations are to be effective, thereby allowing producers the chance to adjust their production decisions accordingly.

Pursuant to authority in §§ 985.50, 985.51, and 985.52 of the order, the full eight-member Committee met on November 6, 2013, and recommended salable quantities and allotment percentages for both classes of oil for the 2014–2015 marketing year. The Committee unanimously recommended the establishment of a salable quantity and allotment percentage for Class 1 (Scotch) spearmint oil of 1,149,030 pounds and 55 percent, respectively. The Committee, also with a unanimous vote, recommended the establishment of a salable quantity and allotment percentage for Class 3 (Native) spearmint oil of 1,090,821 pounds and 46 percent, respectively.

This final rule establishes the amount of Scotch and Native spearmint oil that handlers may purchase from, or handle on behalf of, producers during the 2014–2015 marketing year, which begins on June 1, 2014. Salable quantities and allotment percentages have been placed into effect each season since the order's inception in 1980.

Class 1 (Scotch) Spearmint Oil

As noted above, the Committee unanimously recommended a salable quantity of Scotch spearmint oil of 1,149,030 pounds and an allotment percentage of 55 percent for the upcoming 2014–2015 marketing year. The Committee utilized 2014–2015 sales estimates for Scotch spearmint oil, as provided by several of the industry's handlers, as well as historical and current Scotch spearmint oil production and inventory statistics, to arrive at these recommendations.

Trade demand for Far West Scotch spearmint oil is expected to rise from 981,536 pounds in the 2013–2014 marketing year to 1,000,000 pounds in 2014–2015, if not more. Industry reports indicate an increasing consumer demand for mint-flavored products has resulted in increasing demand for Far West Scotch spearmint oil. Information gathered from spearmint oil handlers also supports this conclusion.

Production of Far West Scotch spearmint oil increased from 636,626 pounds in 2012 to 1,057,377 pounds in 2013. Committee members attribute the increase in production to both the low level of reserves and growing demand. Given that these factors are expected to continue in the coming 2014–2015 year, the Committee expects production to increase to as much as 1,300,000 pounds in that marketing year.

The Committee also estimates that there will be zero carry-in of Scotch spearmint oil on June 1, 2014, the beginning of the 2014–2015 marketing year. This figure, which is the primary measure of excess supply, down from an estimated 16,022 pounds the previous year, is below the minimum carry-in quantity that the Committee considers favorable. The demand during the 2012–2013 marketing year equaled total supply, resulting in the zero carry-in.

The 2014–2015 salable quantity of 1,149,030 pounds recommended by the Committee represents an increase of 75,631 pounds over the total supply available during the previous marketing year. Total supply for 2013–2014 amounted to 1,073,399 pounds (1,057,377 pounds produced plus 16,022 pounds held in reserve).

The Committee estimates 2014–2015 demand for Scotch spearmint oil at 1,000,000 pounds. When considered in conjunction with the forecast that there will be zero available carry-in of Scotch spearmint oil on June 1, 2014, the recommended salable quantity of 1,149,030 pounds would satisfy market demand and yield a carry-in of 149,030 pounds for the 2015–2016 marketing year.

The Committee's stated intent in the use of marketing order volume control regulations for Scotch spearmint oil is to keep adequate supplies available to meet market needs and establish orderly marketing conditions. While the salable quantity recommended for the upcoming marketing year is less than the salable quantity set for the previous year (2013–2014 at 1,344,500 pounds), the Committee felt that the recommended limit would adequately meet demand, as well as result in carry-in for the following year. With that in mind, the Committee developed its recommendation of the Scotch spearmint oil salable quantity and allotment percentage for the 2014–2015 marketing year based on the information discussed above, as well as the data outlined below.

(A) *Estimated carry-in of Scotch spearmint oil on June 1, 2014—0 pounds.* This figure is the difference between the revised 2013–2014 marketing year total available supply of 1,073,399 pounds and the estimated 2013–2014 marketing year trade demand of 1,073,399 pounds.

(B) *Estimated trade demand of Scotch spearmint oil for the 2014–2015 marketing year—1,000,000 pounds.* This figure is based on input from producers at five Scotch spearmint oil production area meetings held in late September and early October 2013, as well as estimates provided by handlers and other meeting participants at the November 6, 2013, meeting. The average estimated trade demand provided at the five production area meetings was 1,033,000 pounds, which is 25,750 pounds less than the average of trade demand estimates submitted by handlers. However, Far West Scotch spearmint oil sales have averaged 819,824 pounds per year over the last five years. Given this information, the Committee decided it was prudent to anticipate the trade demand at 1,000,000 pounds. Should the initially established volume control levels prove insufficient to adequately supply the market, the Committee has the authority to recommend intra-seasonal increases as needed.

(C) *Salable quantity of Scotch spearmint oil required from the 2014–2015 marketing year production—1,000,000 pounds.* This figure is the difference between the estimated 2014–2015 marketing year trade demand (1,000,000 pounds) and the estimated carry-in on June 1, 2014 (0 pounds). This figure represents the minimum salable quantity that may be needed to satisfy estimated demand for the coming year with no carryover.

(D) *Total estimated allotment base of Scotch spearmint oil for the 2014–2015 marketing year—2,089,146 pounds.* This figure represents a one-percent increase over the revised 2013–2014 total allotment base. This figure is generally revised each year on June 1 due to producer base being lost as a result of the bona fide effort production provisions of § 985.53(e). The revision is usually minimal.

(E) *Computed Scotch spearmint oil 2014–2015 marketing year allotment percentage—47.9 percent.* This percentage is computed by dividing the minimum required salable quantity (1,000,000 pounds) by the total estimated allotment base (2,089,146 pounds).

(F) *Recommended Scotch spearmint oil 2014–2015 marketing year allotment percentage—55 percent.* This is the Committee's recommendation and is based on the computed allotment percentage (47.9 percent), the average of the computed allotment percentage figures from the five production area meetings (46.2 percent), and input from producers and handlers at the November 6, 2013, meeting. The recommended allotment percentage of 55 percent is also based on the Committee's determination that the computed percentage (47.9 percent) may not adequately supply the potential 2014–2015 Scotch spearmint oil market.

(G) *Recommended Scotch spearmint oil 2014–2015 marketing year salable quantity—1,149,030 pounds.* This figure is the product of the recommended allotment percentage (55 percent) and the total estimated allotment base (2,089,146 pounds).

(H) *Estimated total available supply of Scotch spearmint oil for the 2014–2015 marketing year—1,149,030 pounds.* This figure is the sum of the 2014–2015 recommended salable quantity (1,149,030 pounds) and the estimated carry-in on June 1, 2014 (0 pounds).

Class 3 (Native) Spearmint Oil

At the November 6, 2013, meeting, the Committee also recommended a 2014–2015 Native spearmint oil salable quantity of 1,090,821 pounds and an allotment percentage of 46 percent. The Committee utilized Native spearmint oil sales estimates for 2014–2015 marketing year, as provided by several of the industry's handlers, as well as historical and current Native spearmint oil market statistics to establish these thresholds. These volume control levels represent a decrease of 341,380 pounds and 15 percentage points over the previous year's initial salable quantity and allotment percentage. Should these levels prove insufficient to adequately supply the market, the Committee has the authority to recommend an intra-seasonal increase, as it has done in the past two marketing periods, if demand rises beyond expectations.

The Committee also estimates that there will be 461,260 pounds reserve of Native spearmint oil on June 1, 2014. This figure, which is the oil held in reserve by producers, is down from an industry peak of 606,942 pounds in 2011. Reserve levels of Native spearmint oil are nearing the level that the Committee believes is optimal for the industry.

Committee statistics indicate that demand for Far West Native spearmint oil has been gradually increasing since 2009. Spearmint oil handlers, who previously projected the 2013–2014 trade demand for Far West Native spearmint oil to be in the range of 1,100,000 pounds to 1,400,000 pounds (with an average of 1,300,000 pounds), have projected trade demand for the 2014–2015 marketing period to be in the range of 1,290,000 pounds to 1,400,000 pounds (with an average of 1,347,500).

Given the above, the Committee estimates that approximately 1,300,000 pounds of Native spearmint oil may be sold during the 2014–2015 marketing year. When considered in conjunction with the estimated carry-in of 307,297 pounds of Native spearmint oil on June 1, 2014, the recommended salable quantity of 1,090,821 pounds results in an estimated total available supply of 1,398,118 pounds of Native spearmint oil during the 2014–2015 marketing year. The Committee also estimates that carry-in of Native spearmint oil at the beginning of the 2015–2016 marketing year will be approximately 98,118 pounds. Carry-in spearmint oil is distinct from reserve pool spearmint oil and represents the amount of salable spearmint oil produced, but not marketed, in previous years and is available for sale in the current year. It is the primary measure of excess spearmint oil supply under the order. Reserve pool oil represents the amount of excess oil held by the Committee, on behalf of the producers, that is not currently available to the market.

The Committee's stated intent in the use of marketing order volume control regulations for Native spearmint oil is to keep adequate supplies available to meet market needs and establish orderly marketing conditions. With that in mind, the Committee developed its recommendation of the Native spearmint oil salable quantity and allotment percentage for the 2014–2015 marketing year based on the information discussed above, as well as the data outlined below.

(A) *Estimated carry-in of Native spearmint oil on June 1, 2014—307,297 pounds.* This figure is the difference between the revised 2013–2014 marketing year total available supply of 1,577,297 pounds and the estimated 2013–2014 marketing year trade demand of 1,270,000 pounds.

(B) *Estimated trade demand of Native spearmint oil for the 2014–2015 marketing year—1,300,000 pounds.* This estimate is established by the Committee and is based on input from producers at six Native spearmint oil production area meetings held in late September and early October 2013, as well as estimates provided by handlers and other meeting participants at the November 6, 2013, meeting. The average estimated trade demand provided at the six production area meetings was 1,271,281 pounds, whereas the handlers' estimates ranged from 1,290,000 pounds to 1,400,000 pounds, and averaged 1,347,500 pounds. The average of Far West Native spearmint oil sales over the last five years is 1,190,928 pounds. Should the initially established volume control levels prove insufficient to adequately supply the market, the Committee has the authority to recommend intra-seasonal increases as needed.

(C) *Salable quantity of Native spearmint oil required from the 2014–2015 marketing year production—992,703 pounds.* This figure is the difference between the estimated 2014–2015 marketing year trade demand (1,300,000 pounds) and the estimated carry-in on June 1, 2014 (307,297 pounds). This is the minimum amount that the Committee believes is required to meet the anticipated 2014–2015 Native spearmint oil trade demand.

(D) *Total estimated allotment base of Native spearmint oil for the 2014–2015 marketing year—2,371,350 pounds.* This figure represents a one-percent increase over the revised 2013–2014 total allotment base. This figure is generally revised each year on June 1 due to producer base being lost as a result of the bona fide effort production provisions of § 985.53(e). The revision is usually minimal.

(E) *Computed Native spearmint oil 2014–2015 marketing year allotment percentage—41.9 percent.* This percentage is computed by dividing the required salable quantity (992,703 pounds) by the total estimated allotment base (2,371,350 pounds).

(F) *Recommended Native spearmint oil 2014–2015 marketing year allotment percentage—46 percent.* This is the Committee's recommendation based on the computed allotment percentage (41.9 percent), the average of the computed allotment percentage figures from the six production area meetings (39.9 percent), and input from producers and handlers at the November 6, 2013, meeting. The recommended allotment percentage of 46 percent is also based on the Committee's determination that the computed percentage (41.9 percent) may not adequately supply the potential 2014–2015 Native spearmint oil market.

(G) *Recommended Native spearmint oil 2014–2015 marketing year salable quantity—1,090,821 pounds.* This figure is the product of the recommended allotment percentage (46 percent) and the total estimated allotment base (2,371,350 pounds).

(H) *Estimated available supply of Native spearmint oil for the 2014–2015 marketing year—1,398,118 pounds.* This figure is the sum of the 2014–2015 recommended salable quantity (1,090,821 pounds) and the estimated carry-in on June 1, 2014 (307,297 pounds).

The salable quantity is the total quantity of each class of spearmint oil that handlers may purchase from, or handle on behalf of, producers during a marketing year. Each producer is allotted a share of the salable quantity by applying the allotment percentage to the producer's allotment base for the applicable class of spearmint oil.

The Scotch and Native spearmint oil salable quantities and allotment percentages of 1,149,030 pounds and 55 percent, and 1,090,821 pounds and 46 percent, respectively, are based on the goal of establishing and maintaining market stability. The Committee anticipates that this goal will be achieved by matching the available supply of each class of Spearmint oil to the estimated demand of such, thus avoiding extreme fluctuations in inventories and prices.

The salable quantities are not expected to cause a shortage of spearmint oil supplies. Any unanticipated or additional market demand for spearmint oil which may develop during the marketing year could be satisfied by an intra-seasonal increase in the salable quantity. The order contains a provision for intra-seasonal increases to allow the Committee the flexibility to respond quickly to changing market conditions.

Under volume regulation, producers who produce more than their annual allotments during the 2014–2015 marketing year may transfer such excess spearmint oil to producers who have produced less than their annual allotment. In addition, up until November 1, 2014, producers may place excess spearmint oil production into the reserve pool to be released in the future in accordance with market needs.

This regulation is similar to regulations issued in prior seasons. The average initial allotment percentage for the five most recent marketing years for Scotch spearmint oil is 41.4 percent, while the average initial allotment percentage for the same five-year period for Native spearmint oil is 50.2 percent. Costs to producers and handlers resulting from this rule are expected to be offset by the benefits derived from a stable market and improved returns. In conjunction with the issuance of this final rule, USDA has reviewed the Committee's marketing policy statement for the 2014–2015 marketing year. The Committee's marketing policy statement, a requirement whenever the Committee recommends volume regulation, fully meets the intent of § 985.50 of the order.

During its discussion of potential 2014–2015 salable quantities and allotment percentages, the Committee considered: (1) The estimated quantity of salable oil of each class held by producers and handlers; (2) the estimated demand for each class of oil; (3) the prospective production of each class of oil; (4) the total of allotment bases of each class of oil for the current marketing year and the estimated total of allotment bases of each class for the ensuing marketing year; (5) the quantity of reserve oil, by class, in storage; (6) producer prices of oil, including prices for each class of oil; and (7) general market conditions for each class of oil, including whether the estimated season average price to producers is likely to exceed parity. Conformity with USDA's ''Guidelines for Fruit, Vegetable, and Specialty Crop Marketing Orders'' has also been reviewed and confirmed.

The salable quantities and allotment percentages established by this final rule allow the anticipated market needs to be fulfilled. In determining anticipated market needs, the Committee considered historical sales, as well as changes and trends in production and demand. This rule also provides producers with information on the amount of spearmint oil that should be produced for the 2014–2015 season in order to meet anticipated market demand.

Final Regulatory Flexibility Analysis

Pursuant to requirements set forth in the Regulatory Flexibility Act (RFA) (5 U.S.C. 601–612), 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 businesses subject to such actions in order that small businesses will not be unduly or disproportionately burdened. Marketing 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.

There are eight spearmint oil handlers subject to regulation under the order, and approximately 39 producers of Scotch spearmint oil and approximately 91 producers of Native spearmint oil in the regulated production area. Small agricultural service firms are defined by the Small Business Administration (SBA) as those having annual receipts of less than $7,000,000, and small agricultural producers are defined as those having annual receipts of less than $750,000 (13 CFR 121.201).

Based on the SBA's definition of small entities, the Committee estimates that two of the eight handlers regulated by the order could be considered small entities. Most of the handlers are large corporations involved in the international trading of essential oils and the products of essential oils. In addition, the Committee estimates that 22 of the 39 Scotch spearmint oil producers, and 29 of the 91 Native spearmint oil producers could be classified as small entities under the SBA definition. Thus, a majority of handlers and producers of Far West spearmint oil may not be classified as small entities.

The Far West spearmint oil industry is characterized by producers whose farming operations generally involve more than one commodity and whose income from farming operations is not exclusively dependent on the production of spearmint oil. A typical spearmint oil-producing operation has enough acreage for rotation such that the total acreage required to produce the crop is about one-third spearmint and two-thirds rotational crops. Thus, the typical spearmint oil producer has to have considerably more acreage than is planted to spearmint during any given season. Crop rotation is an essential cultural practice in the production of spearmint oil for purposes of weed, insect, and disease control. To remain economically viable with the added costs associated with spearmint oil production, a majority of spearmint oil-producing farms fall into the SBA category of large businesses.

Small spearmint oil producers generally are not as extensively diversified as larger ones and as such are more at risk from market fluctuations. Such small producers generally need to market their entire annual allotment and do not have income from other crops to cushion seasons with poor spearmint oil returns. Conversely, large diversified producers have the potential to endure one or more seasons of poor spearmint oil markets because income from alternate crops could support the operation for a period of time. Being reasonably assured of a stable price and market provides small producing entities with the ability to maintain proper cash flow and to meet annual expenses. Thus, the market and price stability provided by the order potentially benefit small producers more than such provisions benefit large producers. Even though a majority of handlers and producers of spearmint oil may not be classified as small entities, the volume control feature of this order has small entity orientation.

This final rule establishes the quantity of spearmint oil produced in the Far West, by class, that handlers may purchase from, or handle on behalf of, producers during the 2014–2015 marketing year. The Committee recommended this action to help maintain stability in the spearmint oil market by matching supply to estimated demand, thereby avoiding extreme fluctuations in supplies and prices. Establishing quantities that may be purchased or handled during the marketing year through volume regulations allows producers to plan their spearmint planting and harvesting to meet expected market needs. The provisions of §§ 985.50, 985.51, and 985.52 of the order authorize this rule.

Instability in the spearmint oil sub-sector of the mint industry is much more likely to originate on the supply side than the demand side. Fluctuations in yield and acreage planted from season-to-season tend to be larger than fluctuations in the amount purchased by handlers. Notwithstanding the recent global recession and the overall negative impact on demand for consumer goods that utilize spearmint oil, demand for spearmint oil tends to change slowly from year to year.

Demand for spearmint oil at the farm level is derived from retail demand for spearmint-flavored products such as chewing gum, toothpaste, and mouthwash. The manufacturers of these products are by far the largest users of spearmint oil. However, spearmint flavoring is generally a very minor component of the products in which it is used, so changes in the raw product price have virtually no impact on retail prices for those goods.

Spearmint oil production tends to be cyclical. Years of relatively high production, with demand remaining reasonably stable, have led to periods in which large producer stocks of unsold spearmint oil have depressed producer prices for a number of years. Shortages and high prices may follow in subsequent years, as producers respond to price signals by cutting back production.

The significant variability of the spearmint oil market is illustrated by the fact that the coefficient of variation (a standard measure of variability; ''CV'') of Far West spearmint oil grower prices for the period 1980–2012 (when the marketing order was in effect) is 0.19, compared to 0.34 for the decade prior to the promulgation of the order (1970–79) and 0.48 for the prior 20-year period (1960–79). This provides an indication of the price stabilizing impact of the marketing order.

Production in the shortest marketing year was about 47 percent of the 34-year average (1.92 million pounds from 1980 through 2013) and the largest crop was approximately 160 percent of the 34-year average. A key consequence is that, in years of oversupply and low prices, the season average producer price of spearmint oil is below the average cost of production (as measured by the Washington State University Cooperative Extension Service).

The wide fluctuations in supply and prices that result from this cycle, which was even more pronounced before the creation of the order, can create liquidity problems for some producers. The order was designed to reduce the price impacts of the cyclical swings in production. However, producers have been less able to weather these cycles in recent years because of the increase in production costs. While prices have been relatively steady, the cost of production has increased to the extent that plans to plant spearmint may be postponed or changed indefinitely. Producers are also enticed by the prices of alternative crops and their lower cost of production.

In an effort to stabilize prices, the spearmint oil industry uses the volume control mechanisms authorized under the order. This authority allows the Committee to recommend a salable quantity and allotment percentage for each class of oil for the upcoming marketing year. The salable quantity for each class of oil is the total volume of oil that producers may sell during the marketing year. The allotment percentage for each class of spearmint oil is derived by dividing the salable quantity by the total allotment base.

Each producer is then issued an annual allotment certificate, in pounds, for the applicable class of oil, which is calculated by multiplying the producer's allotment base by the applicable allotment percentage. This is the amount of oil of each applicable class that the producer can sell.

By November 1 of each year, the Committee identifies any oil that individual producers have produced above the volume specified on their annual allotment certificates. This excess oil is placed in a reserve pool administered by the Committee.

There is a reserve pool for each class of oil that may not be sold during the current marketing year unless USDA approves a Committee recommendation to increase the salable quantity and allotment percentage for a class of oil and make a portion of the pool available. However, limited quantities of reserve oil are typically sold by one producer to another producer to fill deficiencies. A deficiency occurs when on-farm production is less than a producer's allotment. In that case, a producer's own reserve oil can be sold to fill that deficiency. Excess production (higher than the producer's allotment) can be sold to fill other producers' deficiencies. All of these provisions need to be exercised prior to November 1 of each year.

In any given year, the total available supply of spearmint oil is composed of current production plus carryover stocks from the previous crop. The Committee seeks to maintain market stability by balancing supply and demand, and to close the marketing year with an appropriate level of salable spearmint oil to carry over into the subsequent marketing year. If the industry has production in excess of the salable quantity, then the reserve pool absorbs the surplus quantity of spearmint oil, which goes unsold during that year, unless the oil is needed for unanticipated sales.

Under its provisions, the order may attempt to stabilize prices by (1) limiting supply and establishing reserves in high production years, thus minimizing the price-depressing effect that excess producer stocks have on unsold spearmint oil, and (2) ensuring that stocks are available in short supply years when prices would otherwise increase dramatically. The reserve pool stocks, which are increased in large production years, are drawn down in years where the crop is short.

An econometric model was used to assess the impact that volume control has on the prices producers receive for their commodity. Without volume control, spearmint oil markets would likely be over-supplied. This could result in low producer prices and a large volume of oil stored and carried over to the next crop year. The model estimates how much lower producer prices would likely be in the absence of volume controls.

The Committee estimated trade demand for the 2014–2015 marketing year for both classes of oil at 2,300,000 pounds and that the expected combined salable carry-in on June 1, 2014, will be 307,297 pounds. This results in a combined required salable quantity of 1,992,703 pounds. With volume control, sales by producers for the 2014–2015 marketing year would be limited to 2,239,851 pounds (the salable quantity for both classes of spearmint oil).

The allotment percentages, upon which 2014–2015 producer allotments are based, are 55 percent for Scotch and 46 percent for Native. Without volume controls, producers would not be limited to these allotment levels, and could produce and sell additional spearmint. The econometric model estimated a decline of about $1.90 in the season average producer price per pound (from both classes of spearmint oil) resulting from the higher quantities that would be produced and marketed without volume control. The surplus situation for the spearmint oil market that would exist without volume controls in 2014–2015 also would likely dampen prospects for improved producer prices in future years because of the buildup in stocks.

The use of volume control allows the industry to fully supply spearmint oil markets while avoiding the negative consequences of over-supplying these markets. The use of volume control is believed to have little or no effect on consumer prices of products containing spearmint oil and will not result in fewer retail sales of such products.

The Committee discussed alternatives to the recommendations contained in this rule for both classes of spearmint oil. The Committee discussed and rejected the idea of recommending that there not be any volume regulation for both classes of spearmint oil because of the severe price-depressing effects that may occur without volume control.

After computing the initial 47.9 percent Scotch spearmint oil allotment percentage, the Committee considered various alternative levels of volume control for Scotch spearmint oil. Even with the moderately optimistic marketing conditions, there was consensus from the Committee that the Scotch spearmint oil allotment percentage for 2014–2015 should be less than the percentage established for the 2013–2014 marketing year (65 percent). After considerable discussion, the eight-member committee unanimously determined that 1,149,030 pounds and 55 percent would be the most effective Scotch spearmint oil salable quantity and allotment percentage, respectively, for the 2014–2015 marketing year.

The Committee was also able to reach a consensus regarding the level of volume control for Native spearmint oil. After first determining the computed allotment percentage at 41.9 percent, the Committee unanimously recommended 1,090,821 pounds and 46 percent for the effective Native spearmint oil salable quantity and allotment percentage, respectively, for the 2014–2015 marketing year.

As noted earlier, the Committee's recommendation to establish salable quantities and allotment percentages for both classes of spearmint oil was made after careful consideration of all available information including: (1) The estimated quantity of salable oil of each class held by producers and handlers; (2) the estimated demand for each class of oil; (3) the prospective production of each class of oil; (4) the total of allotment bases of each class of oil for the current marketing year and the estimated total of allotment bases of each class for the ensuing marketing year; (5) the quantity of reserve oil, by class, in storage; (6) producer prices of oil, including prices for each class of oil; and (7) general market conditions for each class of oil, including whether the estimated season average price to producers is likely to exceed parity. Based on its review, the Committee determined that the salable quantity and allotment percentage levels recommended will achieve the objectives sought.

Without any regulations in effect, the Committee believes the industry could return to the pronounced cyclical price patterns that occurred prior to the order and that prices in 2014–2015 could decline substantially below current levels.

According to the Committee, the recommended salable quantities and allotment percentages are expected to facilitate the goal of establishing orderly marketing conditions for Far West spearmint oil.

As previously stated, annual salable quantities and allotment percentages have been issued for both classes of spearmint oil since the order's inception.

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35), the order's information collection requirements have been previously approved by the Office of Management and Budget (OMB) and assigned OMB No. 0581–0178, Vegetable and Specialty Crops. No changes in those requirements as a result of this action are necessary. Should any changes become necessary, they would be submitted to OMB for approval.

This final rule establishes the salable quantities and allotment percentages for Class 1 (Scotch) spearmint oil and Class 3 (Native) spearmint oil produced in the Far West during the 2014–2015 marketing year. Accordingly, this final rule will not impose any additional reporting or recordkeeping requirements on either small or large spearmint oil producers or handlers. As with all Federal marketing order programs, reports and forms are periodically reviewed to reduce information requirements and duplication by industry and public sector agencies.

As noted in the initial regulatory flexibility analysis, USDA has not identified any relevant Federal rules that duplicate, overlap or conflict with this final rule.

AMS is committed to complying with the E-Government Act to promote the use of the Internet and other information technologies to provide increased opportunities for citizen access to Government information and services, and for other purposes.

In addition, the Committee's meeting was widely publicized throughout the spearmint oil industry and all interested persons were invited to attend the meeting and participate in Committee deliberations on all issues. Like all Committee meetings, the November 6, 2013, meeting was a public meeting and all entities, both large and small, were able to express views on this issue.

A proposed rule concerning this action was published in the **Federal Register** on March 14, 2014 (79 FR 14441). A copy of the rule was provided to Committee staff, who in turn made it available to all Far West spearmint oil producers, handlers, and interested persons. Finally, the rule was made available through the Internet by USDA and the Office of the Federal Register. A 15-day comment period ending March 31, 2014, was provided to allow interested persons to respond to the proposal. No comments were received.

A small business guide on complying with fruit, vegetable, and specialty crop marketing agreements and orders may be viewed at: *http://www.ams.usda.gov/MarketingOrdersSmallBusinessGuide.* Any questions about the compliance guide should be sent to Jeffrey Smutny at the previously mentioned address in the **FOR FURTHER INFORMATION CONTACT** section.

After consideration of all relevant matter presented, including the information and recommendation submitted by the Committee and other available information, it is hereby found that this rule, 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 the 2014–2015 marketing year starts on June 1, 2014, and handlers will need to begin purchasing the spearmint oil allotted under this rulemaking. Further, handlers are aware of this rule, which was recommended at a public meeting. Finally, a 15-day comment period was provided for in the proposed rule.

List of Subjects in 7 CFR Part 985

Marketing agreements, Oils and fats, Reporting and recordkeeping requirements, Spearmint oil.

For the reasons set forth in the preamble, 7 CFR Part 985 is amended as follows:

PART 985—MARKETING ORDER REGULATING THE HANDLING OF SPEARMINT OIL PRODUCED IN THE FAR WEST

■ 1. The authority citation for 7 CFR Part 985 continues to read as follows:

Authority: 7 U.S.C. 601–674.

■ 2. A new § 985.233 is added to read as follows:

Note: This section will not appear in the Code of Federal Regulations.

§ 985.233 Salable quantities and allotment percentages—2014–2015 marketing year.

The salable quantity and allotment percentage for each class of spearmint oil during the marketing year beginning on June 1, 2014, shall be as follows:

(a) Class 1 (Scotch) oil—a salable quantity of 1,149,030 pounds and an allotment percentage of 55 percent.

(b) Class 3 (Native) oil—a salable quantity of 1,090,821 pounds and an allotment percentage of 46 percent.

Dated: May 1, 2014.

Rex A. Barnes,

Associate Administrator, Agricultural Marketing Service.

[FR Doc. 2014–10371 Filed 5–7–14; 8:45 am]

BILLING CODE P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Docket No. FAA–2013–0954; Airspace Docket No. 13–AGL–35]

Amendment of Class D Airspace; St. Paul, MN

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule, correction.

SUMMARY: This action amends a typographical error in the geographic coordinates of South St. Paul Municipal Airport-Richard E. Fleming Field in a final rule technical amendment published in the **Federal Register** of March 4, 2014, that amends Class D airspace in the St. Paul, MN, area.

DATES: *Effective date:* 0901 UTC, May 29, 2014. The Director of the Federal Register approves this incorporation by reference action under 1 CFR Part 51, subject to the annual revision of FAA Order 7400.9 and publication of conforming amendments.

FOR FURTHER INFORMATION CONTACT: Scott Enander, Central Service Center, Operations Support Group, Federal Aviation Administration, Southwest Region, 2601 Meacham Blvd., Fort Worth, TX 76137; telephone 817–321–7716.

SUPPLEMENTARY INFORMATION:

History

On March 4, 2014, a final rule technical amendment was published in the **Federal Register** amending Class D airspace in St. Paul, MN (79 FR 12050, Docket No. FAA–2013–0954). Subsequent to publication, the FAA found a typographical error in the geographic coordinates for South St. Paul Municipal Airport-Richard E. Fleming Field. This action corrects that error.

Final Rule Correction

Accordingly, pursuant to the authority delegated to me, in the **Federal Register** of March 4, 2014 (79 FR 12050) FR Doc. 2014–04447, the geographic coordinates in the regulatory text on page 12051, column 2, line 9, is corrected as follows:

§ 71.1 [Amended]

AGL MN D St. Paul, MN [Corrected]

Remove (Lat. 44°51″2605′ N.,) and add in its place (Lat. 44°51′26″ N., 93°01′58″ W.)

Issued in Fort Worth, Texas, on April 11, 2014.

Kent M. Wheeler,

Manager, Operations Support Group, ATO Central Service Center.

[FR Doc. 2014–09881 Filed 5–7–14; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

31 CFR Part 589

Ukraine-Related Sanctions Regulations

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Final rule.

SUMMARY: The Department of the Treasury's Office of Foreign Assets Control (''OFAC'') is issuing regulations to implement Executive Order 13660 of March 6, 2014 (''Blocking Property of Certain Persons Contributing to the Situation in Ukraine''), Executive Order 13661 of March 17, 2014 (''Blocking Property of Additional Persons Contributing to the Situation in Ukraine''), and Executive Order 13662 of March 20, 2014 (''Blocking Property of Additional Persons Contributing to the Situation in Ukraine''). OFAC intends to supplement this part 589 with a more comprehensive set of regulations, which may include additional interpretive and definitional guidance and additional general licenses and statements of licensing policy.

DATES: *Effective:* May 8, 2014.

FOR FURTHER INFORMATION CONTACT: Assistant Director for Licensing, tel.: 202/622–2480, Assistant Director for Policy, tel.: 202/622–6746, Assistant Director for Regulatory Affairs, tel.: 202/622–4855, Assistant Director for Sanctions Compliance & Evaluation, tel.: 202/622–2490, OFAC, or Chief Counsel (Foreign Assets Control), tel.: 202/622–2410, Office of the General Counsel, Department of the Treasury (not toll free numbers).

SUPPLEMENTARY INFORMATION:

Electronic and Facsimile Availability

This document and additional information concerning OFAC are available from OFAC's Web site (*www.treasury.gov/ofac*). Certain general information pertaining to OFAC's sanctions programs also is available via facsimile through a 24-hour fax-on-demand service, tel.: 202/622–0077.

Background

On March 6, 2014, the President issued Executive Order 13660 (79 FR 13493, March 10, 2014) (''E.O. 13660''), invoking the authority of, *inter alia,* the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) (''IEEPA'') and the National Emergencies Act (50 U.S.C. 1601 *et seq.*) (''NEA''). On March 17, 2014, the President issued Executive Order 13661 (79 FR 15535, March 16, 2014) (''E.O. 13661''), invoking the authority of, *inter alia,* IEEPA and the NEA, to expand the scope of the national emergency declared in E.O. 13660 of March 6, 2014. On March 20, 2014, the President issued Executive Order 13662 (79 FR 16169, March 24, 2014) (''E.O. 13662''), invoking the authority of, *inter alia,* IEEPA and the NEA, to expand the scope of the national emergency declared in E.O. 13660 and expanded in scope in E.O. 13661.

The Department of the Treasury's Office of Foreign Assets Control (''OFAC'') is issuing the Ukraine-Related Sanctions Regulations, 31 CFR part 589 (the ''Regulations''), to implement E.O. 13660, E.O. 13661, and E.O. 13662, pursuant to authorities delegated to the Secretary of the Treasury in those orders. A copy of E.O. 13660 appears in Appendix A, a copy of E.O. 13661 appears in Appendix B, and a copy of E.O. 13662 appears in Appendix C to this part.

The Regulations are being published in abbreviated form at this time for the purpose of providing immediate guidance to the public. OFAC intends to supplement this part 589 with a more comprehensive set of regulations, which may include additional interpretive and definitional guidance and additional general licenses and statements of licensing policy. The appendixes to the Regulations will be removed when OFAC supplements this part with a more comprehensive set of regulations.

Public Participation

Because the Regulations involve a foreign affairs function, the provisions of Executive Order 12866 of September 30, 1993, and the Administrative Procedure Act (5 U.S.C. 553) requiring