all entities, both large and small, were able to express views on this issue.

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. 0581–0189 (Generic Fruit 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 rule imposes no additional reporting or recordkeeping requirements on either small or large Florida avocado 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.

A proposed rule concerning this action was published in the **Federal Register** on March 16, 2016 (81 FR 14019). Copies of the proposed rule were also mailed or sent via facsimile to all Florida avocado handlers. Finally, the proposal was made available through the Internet by USDA and the Office of the Federal Register. A 30-day comment period ending April 15, 2016, was provided for interested persons to respond to the proposal. One comment was received in support of the proposal. Accordingly, no changes will be made to the rule as proposed, based on the comment 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/rules-regulations/moa/small-businesses.* Any questions about the compliance guide should be sent to Antoinette Carter at the previously-mentioned address in the **FOR FURTHER INFORMATION CONTACT** section.

After consideration of all relevant material 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.

Pursuant to 5 U.S.C. 553, it is also found and determined that good cause exists for not postponing the effective date of this rule until 30 days after publication in the **Federal Register** because handlers are already receiving 2016–17 crop avocados from growers, and the fiscal period began on April 1, 2016, and the assessment rate applies to all Florida avocados received during the 2016–17 and subsequent seasons. Further, handlers are aware of this rule which was recommended at a public meeting. Also, a 30-day comment period was provided for in the proposed rule.

List of Subjects in 7 CFR Part 915

Avocados, Marketing agreements, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, 7 CFR part 915 is amended as follows:

PART 915—AVOCADOS GROWN IN SOUTH FLORIDA

■ 1. The authority citation for 7 CFR part 915 continues to read as follows:

Authority: 7 U.S.C. 601–674.

■ 2. Section 915.235 is revised to read as follows:

§ 915.235 Assessment rate.

On and after April 1, 2016, an assessment rate of $0.35 per 55-pound container or equivalent is established for avocados grown in South Florida.

Dated: June 10, 2016.

Elanor Starmer,

Administrator, Agricultural Marketing Service.

[FR Doc. 2016–14149 Filed 6–14–16; 8:45 am]

BILLING CODE P

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 985

[Doc. No. AMS–FV–15–0074; FV16–985–1 FR]

Marketing Order Regulating the Handling of Spearmint Oil Produced in the Far West; Salable Quantities and Allotment Percentages for the 2016–2017 Marketing Year

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Final rule.

SUMMARY: This rule implements a recommendation from the Far West Spearmint Oil Administrative Committee (Committee) to establish 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 2016–2017 marketing year, which begins on June 1, 2016. The Far West production area includes the states of Washington, Idaho, and Oregon, and designated parts of Nevada and Utah. This rule establishes salable quantities and allotment percentages for Class 1 (Scotch) spearmint oil of 958,711 pounds and 45 percent, respectively, and for Class 3 (Native) spearmint oil of 1,209,546 pounds and 50 percent, respectively. The Committee locally administers the marketing order for spearmint oil produced in the Far West and recommended these salable quantities and allotment percentages to help maintain stability in the spearmint oil market.

DATES: June 16, 2016.

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

Small businesses may request information on complying with this regulation by contacting Antoinette Carter, Marketing Order and Agreement Division, Specialty Crops Program, AMS, USDA, 1400 Independence Avenue SW., STOP 0237, Washington, DC 20250–0237; Telephone: (202) 720–2491, Fax: (202) 720–8938, or Email: *Antoinette.Carter@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 final rule in conformance with Executive Orders 12866, 13563, and 13175.

This final rule has been reviewed under Executive Order 12988, Civil Justice Reform. This final rule is not intended to have retroactive effect. 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 final rule will establish the

quantity of spearmint oil produced in the Far West, by class, which handlers may purchase from, or handle on behalf of, producers during the 2016–2017 marketing year, which begins on June 1, 2016.

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.

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 to USDA the establishment of a salable quantity and allotment percentage for such class or classes of oil in the forthcoming marketing year. Recommendations for volume control are intended to ensure that market requirements for Far West spearmint oil are satisfied and orderly marketing conditions are maintained.

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 the percentage used to calculate each producer's prorated share of the salable quantity. It is derived by dividing the salable quantity for each class of spearmint oil by the total of all producers' allotment bases for the same class of oil. Each producer's annual allotment of salable spearmint oil is calculated by multiplying their respective total allotment base by the allotment percentage for each class of spearmint oil. A producer's allotment base is their quantified share of the spearmint oil market based on a statistical representation of past spearmint oil production, with accommodation for reasonable, normal adjustments to such base as prescribed by the Committee and approved by USDA.

Salable quantities and allotment percentages are established at levels intended to fulfill market requirements and to maintain orderly marketing conditions. Committee recommendations for volume control 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 October 21, 2015, and recommended salable quantities and allotment percentages for both classes of oil for the 2016–2017 marketing year. By a vote of 6–1, the Committee recommended the establishment of a salable quantity and allotment percentage for Scotch spearmint oil of 958,711 pounds and 45 percent, respectively. With a unanimous vote, the Committee recommended the establishment of a salable quantity and allotment percentage for Native spearmint oil of 1,209,546 pounds and 50 percent, respectively. One Committee member did not vote in either motion.

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 2016–2017 marketing year, which begins on June 1, 2016. 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 recommended a salable quantity of Scotch spearmint oil of 958,711 pounds and an allotment percentage of 45 percent for the upcoming 2016–2017 marketing year. Motions for allotments of 41, 43, 46, 47, and 48 percent were made by members during the meeting but were ultimately not carried due to insufficient votes or a lack of seconding by other Committee members. To arrive at these recommendations, the Committee utilized 2016–2017 sales estimates for Scotch spearmint oil, as provided by several of the industry's handlers, historical and current Scotch spearmint oil production, inventory statistics, and international market data obtained from consultants for the spearmint oil industry.

Trade demand for Far West Scotch spearmint oil is expected to decrease from the 1,000,000 pounds anticipated in the 2015–2016 marketing year to 900,000 pounds in 2016–2017. Industry reports indicate that the decreased trade demand estimate is the result of decreased consumer demand for spearmint flavored products, especially chewing gum in China and India, as fruit flavors are gaining consumer preference. Strong, recovering production of spearmint oil in competing markets, most notably Canada, has also factored into the Committee's assessment of the market.

Production of Far West Scotch spearmint oil increased from 1,093,740 pounds in 2014 to an estimated 1,229,258 pounds for 2015. This increase in production, along with a simultaneous decrease in the demand estimate for the forthcoming 2016–2017 marketing year, is consistent with the Committee's desire to bolster the Scotch spearmint oil salable reserve inventory to ensure that the market is fully supplied. With the reserve pool of Scotch spearmint oil nearly exhausted, salable carry-in would be the only cushion to any unanticipated supply shocks that may affect the industry.

The Committee estimates that there will be 233,752 pounds of salable carry-in of Scotch spearmint oil on June 1, 2016. This figure, which is the primary measure of excess supply, would be up dramatically from the 4,494 pounds carried-in the previous year on June 1, 2015. The Committee further estimates that salable carry-in will grow to 292,463 pounds at the beginning of the 2017–2018 marketing year, if current market conditions and projections are maintained. This anticipated level of carry-in would be above the quantity that the Committee considers favorable (generally 150,000 pounds). However, without any Scotch spearmint oil in the reserve pool, the Committee believes that this higher salable carry-in is manageable.

The 2016–2017 Scotch spearmint oil salable quantity of 958,711 pounds recommended by the Committee represents a decrease of 306,914 pounds from the salable quantity established the previous marketing year (1,265,625 pounds). Of the total salable quantity established for the 2015–2016 marketing year, the Committee believes that 36,367 pounds of annual allotment will go unfilled as a result of producers who did not produce their entire annual allotment and who do not have any Scotch spearmint oil in the reserve pool to fill the deficiency. Therefore, the

Committee estimates the total available supply for the 2015–2016 marketing year to be just 1,233,752 pounds (4,494 pounds of carry-in plus 1,265,625 pounds of salable quantity less the 36,367 pounds of anticipated unused annual allotment).

The Committee estimates the 2016–2017 marketing year trade demand for Scotch spearmint oil at 1,000,000 pounds. When considered in conjunction with the 2015–2016 marketing year total available supply, the Committee expects that there will be 233,752 pounds of available carry-in of Scotch spearmint oil on June 1, 2016. That carry-in, when combined with the recommended 2016–2017 marketing year salable quantity of 958,711 pounds, will result in a total supply of 1,192,463 pounds of Scotch spearmint oil for the 2016–2017 marketing year. This quantity is expected to fully satisfy estimated market demand of 900,000 pounds.

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 maintain orderly marketing conditions. The recommended salable quantity of Scotch spearmint oil for the upcoming marketing year is less than the 1,265,853 pound salable quantity established for the previous year. Even so, the Committee expects that the market will be fully supplied for the 2016–2017 marketing year. In addition, the Committee expects that Scotch spearmint oil inventories will be replenished after being completely exhausted during the 2013–2014 marketing year.

The Committee believes that the recommended salable quantity will adequately meet demand, as well as result in a larger carry-in for the following year. The Committee developed its recommendation for Scotch spearmint oil salable quantity and allotment percentage for the 2016–2017 marketing year based on the information discussed above, as well as the computational data outlined below.

(A) *Estimated carry-in of Scotch spearmint oil on June 1, 2016: 233,752 pounds.* This figure is the difference between the revised 2015–2016 marketing year total available supply of 1,233,752 pounds and the estimated 2015–2016 marketing year trade demand of 1,000,000 pounds.

(B) *Estimated trade demand of Scotch spearmint oil for the 2016–2017 marketing year: 900,000 pounds.* This estimate was established by the Committee and is based on input from producers at six Scotch spearmint oil production area meetings held in mid-October 2015, as well as estimates provided by handlers and other meeting participants at the main meeting held October 21, 2015. The average estimated trade demand derived from the six production area producer meetings was 1,027,666 pounds, which is 6,084 pounds less than the average of trade demand estimates submitted by handlers. Far West Scotch spearmint oil sales have averaged 1,023,729 pounds per year over the last three years, and 954,578 pounds over the last five years. Given the anticipated market conditions for the coming year, the Committee decided it was prudent to anticipate the lower trade demand at 900,000 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 were undertaken in the 2014–2015 marketing year, and several other previous marketing years.

(C) *Salable quantity of Scotch spearmint oil required from the 2016–2017 marketing year production: 666,248 pounds.* This figure is the difference between the estimated 2016–2017 marketing year trade demand (900,000 pounds) and the estimated carry-in on June 1, 2016 (233,752 pounds). This salable quantity represents the minimum amount of Scotch spearmint oil that may be needed to satisfy estimated demand for the coming year.

(D) *Total estimated allotment base of Scotch spearmint oil for the 2016–2017 marketing year: 2,130,469 pounds.* This figure represents a one-percent increase over the revised 2015–2016 total allotment base of 2,109,375 pounds as prescribed by the order under § 985.53(d)(1). The one-percent increase equals 21,094 pounds of Scotch spearmint oil. This total estimated allotment base is generally revised each year on June 1 due to producer base being lost because of the bona fide effort production provisions of § 985.53(e). The adjustment is usually minimal.

(E) *Computed Scotch spearmint oil allotment percentage for the 2016–2017 marketing year: 31.3 percent.* This percentage is computed by dividing the minimum required salable quantity (666,248 pounds) by the total estimated allotment base (2,130,469 pounds).

(F) *Recommended Scotch spearmint oil allotment percentage for the 2016–2017 marketing year: 45 percent.* This is the Committee's recommendation and is based on the computed allotment percentage (31.3 percent), and input from producers and handlers at the October 21, 2015 meeting. The recommended 45 percent allotment percentage reflects the Committee's belief that the computed percentage (31.3 percent) may not adequately supply the potential 2016–2017 Scotch spearmint oil market demand.

(G) *Recommended Scotch spearmint oil salable quantity for the 2016–2017 marketing year: 958,711 pounds.* This figure is the product of the recommended salable allotment percentage (45 percent) and the total estimated allotment base (2,130,469 pounds) for the 2016–2017 marketing year.

(H) *Estimated total available supply of Scotch spearmint oil for the 2016–2017 marketing year: 1,192,463 pounds.* This figure is the sum of the 2016–2017 recommended salable quantity (958,711 pounds) and the estimated carry-in on June 1, 2016 (233,752 pounds).

Class 3 (Native) Spearmint Oil

The Committee also recommended a 2016–2017 Native spearmint oil salable quantity of 1,209,546 pounds and an allotment percentage of 50 percent at the October 21, 2015, meeting. These figures represent a decrease of 131,723 pounds and 5 percent, respectively, from the previous marketing year. To formulate this recommendation, the Committee utilized Native spearmint oil sales estimates for the 2016–2017 marketing year, as provided by several of the industry's handlers, as well as historical and current Native spearmint oil market statistics.

The Committee estimates that there will be 609,603 pounds of Native spearmint oil in the reserve pool on June 1, 2016. This figure, which is the excess Native spearmint oil production held in reserve by producers, is up from the previous industry peak of 606,942 pounds on June 1, 2011. The 2016–2017 estimate is 163,765 pounds higher than the previous year's reserve pool level. Reserve pool levels of Native spearmint oil had been slowly moving toward the level that the Committee believes is optimal for the industry prior to the spike that is expected for the 2015–2016 marketing year. The increase in Native spearmint oil held in reserve is the direct result of greatly increased production and only moderately increased industry trade demand.

Far West Native spearmint oil production was 1,274,926 pounds in 2014, but jumped to 1,510,936 pounds in 2015, an 18.5 percent increase in just one year. In contrast, sales of Native spearmint oil have only been growing at around a 3 percent rate over the past five years. The Committee hopes that Native spearmint oil reserve pool inventory will reverse its current trend

over the course of the 2016–2017 marketing year and begin to decrease to levels that are deemed optimal for the industry as producers curtail excess production and utilize their reserve pool stock to fill some of their annual allotments.

As mentioned previously, Committee statistics indicate that demand for Far West Native spearmint oil has been slightly increasing in recent years, peaking at 1,390,984 pounds for the full 2014–2015 marketing year; the most recent full marketing year recorded. In addition, recorded sales for June through October of 2015 are running ahead of the same period last year. This trend is expected to continue even as imports of spearmint oil are also rising. Canada has more than doubled shipments of spearmint oil into the U.S. market from 2014 to 2015, and Chinese shipments are up 14 percent over the same period.

The one exception in imports, India, has reduced shipments during the last year. Recent reports used by the Committee indicate that spearmint oil produced in India is improving in quality, yet decreasing in acreage. Indian spearmint oil is increasingly regarded as an alternative to high quality, Far West Native spearmint oil, but production problems have limited importation into the U.S. market. As a result, imports from India, while still in demand, decreased in the past year. However, spearmint oil from India may return as a major threat to the Far West Native spearmint oil industry's domestic market share in the future.

During a recent tour of U.S. end-user companies, the chairperson and Committee staff received input that indicated sales of mint products both domestically and abroad have slowed down. This is largely the result of slowing economies in Europe and Asia. End-users also felt the inventories of Native spearmint oil that they currently have on hand are adequate for the time being. The end-users did indicate that they intend to continue to rely on Far West production as their main source of high quality Native spearmint oil, but such demand may be at lower quantities moving forward in response to current market factors.

As such, spearmint oil handlers, who regularly help predict trade demand for Far West Native spearmint oil, estimate demand to range between 1,000,000 and 1,400,000 pounds (with a weighted average of 1,350,000 pounds) for the upcoming 2016–2017 marketing year. The Committee used the handlers' input when it established the estimated 2016–2017 marketing year Native spearmint oil trade demand of 1,275,000 pounds. The estimated carry-in of 142,657 pounds of Native spearmint oil on June 1, 2016, in conjunction with the Committee-recommended salable quantity of 1,209,546 pounds, will result in an estimated total available supply of 1,352,203 pounds of Native spearmint oil during the 2016–2017 marketing year. The Committee expects that 77,203 pounds of salable Native spearmint oil will be carried into the 2017–2018 marketing year, a reduction of 65,454 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 a previous year or years, but is available for sale in the current year under a previous year's annual allotment. It is the primary measure of excess spearmint oil supply under the order as it represents overproduction in prior years that is currently available to the market without restriction. Reserve pool oil, on the other hand, represents the amount of excess spearmint oil production held off the market under marketing order provisions and can only be marketed under certain conditions.

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 while maintaining orderly marketing conditions. With that in mind, the Committee developed its recommendation for Native spearmint oil salable quantity and allotment percentage for the 2016–2017 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, 2016: 142,657 pounds.* This figure is the difference between the revised 2015–2016 marketing year total available supply of 1,465,990 pounds and the estimated 2015–2016 marketing year trade demand of 1,323,333 pounds.

(B) *Estimated trade demand of Native spearmint oil for the 2016–2017 marketing year: 1,275,000 pounds.* This estimate was established by the Committee and is based on input from producers at six Native spearmint oil production area meetings held in mid-October 2015, as well as estimates provided by handlers and other meeting participants at the October 21, 2015, meeting. This figure represents a decrease of 31,500 pounds from the previous year's estimate. The average estimated trade demand for Native spearmint oil from the six production area meetings was 1,323,333 pounds, whereas the handlers' estimates ranged from 1,000,000 to 1,400,000 pounds. The average of Far West Native spearmint oil sales over the last three years is 1,340,045 pounds. The Committee chose to be conservative in the establishment of its trade demand estimate to avoid oversupplying the market in the face of increasing production.

(C) *Salable quantity of Native spearmint oil needed from the 2016–2017 marketing year production: 1,132,343 pounds.* This figure is the difference between the estimated 2016–2017 marketing year estimated trade demand (1,275,000 pounds) and the estimated carry-in on June 1, 2016 (142,657 pounds). This is the minimum amount of Native spearmint oil that the Committee believes will be required to meet the anticipated 2016–2017 marketing year trade demand.

(D) *Total estimated allotment base of Native spearmint oil for the 2016–2017 marketing year: 2,419,091 pounds.* This figure represents a one-percent increase over the revised 2015–2016 total allotment base of 2,395,140 pounds as prescribed by the order in § 985.53(d)(1). The one-percent increase equals 23,951 pounds of Native spearmint oil. This estimate is generally revised each year on June 1 due to producer base being lost because of the bona fide effort production provisions of § 985.53(e). The revision is usually minimal.

(E) *Computed Native spearmint oil allotment percentage for the 2016–2017 marketing year: 46.8 percent.* This percentage is calculated by dividing the required salable quantity (1,132,343 pounds) by the total estimated allotment base (2,419,091 pounds) for the 2016–2017 marketing year.

(F) *Recommended Native spearmint oil allotment percentage for the 2016–2017 marketing year: 50 percent.* This is the Committee's recommendation based on the computed allotment percentage (46.8 percent), the average of the computed allotment percentage figures from the six production area meetings (47.3 percent), and input from producers and handlers at the October 21, 2015, main meeting. The recommended 50 percent allotment percentage is also based on the Committee's belief that the computed percentage (46.8 percent) may not adequately supply the potential market for Native spearmint oil in the 2016–2017 marketing year.

(G) *Recommended Native spearmint oil 2016–2017 marketing year salable quantity: 1,209,546 pounds.* This figure is the product of the recommended allotment percentage (50 percent) and the total estimated allotment base (2,419,091 pounds).

(H) *Estimated available supply of Native spearmint oil for the 2016–2017 marketing year: 1,352,203 pounds.* This figure is the sum of the 2016–2017 recommended salable quantity (1,209,546 pounds) and the estimated carry-in on June 1, 2016 (142,657 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 Committee's recommended Scotch and Native spearmint oil salable quantities and allotment percentages of 958,711 pounds and 45 percent, and 1,209,546 pounds and 50 percent, respectively, are based on the goal of 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 each, thus avoiding extreme fluctuations in inventories and prices.

The salable quantities presented in this rule 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 in § 985.51 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 marketing year may transfer such excess spearmint oil to producers who have produced less than their annual allotment. In addition, on December 1 of each year, producers that have not transferred their excess spearmint oil to other producers must place their excess spearmint oil production into the reserve pool to be released in the future in accordance with market needs and under the Committee's direction.

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 50.4 percent, while the average initial allotment percentage in the same five-year period for Native spearmint oil is 51.4 percent.

Costs to producers and handlers resulting from this rule are expected to be offset by the benefits derived from a more stable market and increased returns. In conjunction with the issuance of this final rule, USDA has reviewed the Committee's marketing policy statement for the 2016–2017 marketing year. The Committee's marketing policy statement, a requirement whenever the Committee recommends volume regulation, fully meets the intent of §§ 985.50 and 985.51 of the order.

During its discussion of potential 2016–2017 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'' (*http://www.ams.usda.gov/publications/content/1982-guidelines-fruit-vegetable-marketing-orders*) has also been reviewed and confirmed.

The establishment of these salable quantities and allotment percentages would allow for anticipated market needs. 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 2016–2017 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, approximately 38 producers of Scotch spearmint oil, and approximately 92 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 $7,500,000, 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 12 of the 38 Scotch spearmint oil producers, and 28 of the 92 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 production of spearmint oil and are not financially able to hold spearmint oil for sale in future years. In addition, small producers generally do not have a large assortment of 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 their operation for a period of time. Reasonable assurance of a stable price and market provides all producing entities with the ability to maintain proper cash flow and to meet annual expenses. The benefits for this rule are expected to be equally available to all producers and handlers regardless of their size.

This final rule establishes the quantity of spearmint oil produced in the Far West, by class, which handlers may purchase from, or handle on behalf of, producers during the 2016–2017 marketing year. The Committee recommended this rule 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 coordinate their spearmint oil production with the expected market demand. Authority for this action is provided in §§ 985.50, 985.51, and 985.52 of the order.

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. Historically, 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 little impact on the retail prices for those goods.

In 2013, 2014, and 2015, the Committee set salable percentages at levels that resulted in most, if not all, of the spearmint oil production being made available to the market. This was in response to the increased demand for spearmint oil from the Far West due to increased utilization by end-users and the reduced supply of spearmint oil coming from other production areas, both domestic and foreign.

Although there is still strong demand for spearmint oil, competing areas (mainly Canada) have experienced better than expected production in 2015 and will create some marketing pressure for spearmint oil from the Far West. In addition, the slowing of international markets for spearmint flavored products has negatively impacted the demand for domestically produced spearmint oil. Thus, the lower salable quantities and allotment percentages recommended by the Committee for the 2016–2017 marketing year are intended to be responsive to the changing environment of the spearmint oil market.

In the late 1990's, the Committee recommended higher than normal salable percentages in hopes of gaining market share. This approach did not work, and in the following years the salable percentage was reduced in order to work through the excess spearmint oil production and resulting build-up of inventory. In order to avoid a similar scenario moving forward, the Committee, relying heavily on the information provided to it by spearmint oil handlers during the October 21, 2015, meeting, ultimately recommended reducing the 2016–2017 marketing year salable percentages from the previous year to better align the available supply with market demand. The Committee reported that recent producer prices for spearmint oil are $18.00 to $20.00 per pound.

Spearmint oil production tends to be cyclical. Prior to the inception of the marketing order in 1980, extreme variability in producer prices was common. For example, the season average producer price for Washington Native spearmint oil in 1971 was $3.00 per pound. By 1975, the producer price had risen to $11.00 per pound, an increase of over 260 percent in just four years. Such fluctuations were not unusual in the spearmint oil industry in the years leading up to the promulgation of the order. For most producers, this was an untenable situation. Years of relatively high spearmint oil production, with demand remaining relatively stable, led to periods in which large producer stocks of unsold spearmint oil depressed producer prices. Shortages and high prices followed in subsequent years, as producers responded to price signals by cutting back production.

After establishment of the order, the supply and price variability in the spearmint oil market moderated. During the 20-year period from 1987 to 2006, the season average producer price for Native spearmint oil ranged from a high of $11.10 to a low $9.10 per pound, or a difference of 22 percent. No change in producer price from one year to the next during this period was more than $1.00 per pound. This is a remarkable record of price stability. From 2006 to 2008, prices jumped by $3.80 per pound as contracts tied to input costs were prevalent in the industry. During this time period, prices for fuel, fertilizer, and labor increased dramatically, resulting in higher contracted producer prices, and a resulting concurrent increase in the overall season average producer price for the industry.

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 producer prices for the period 1980–2014 (since the marketing order has been in effect) is 0.23, compared to 0.36 for the decade prior to the promulgation of the order (1970–79) and 0.49 for the prior 20-year period (1960–79). The coefficient of variation, as presented herein, was calculated by USDA from information provided by the Committee and the National Agricultural Statistics Service. This analysis provides an indication of the price stabilizing impact of the marketing order as higher CV values correspond to greater variability.

According to information compiled by the Committee, production in the shortest marketing year since the establishment of the order was about 47 percent of the 34-year average (1.92 million pounds from 1980 through 2014) 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 the cyclical nature of the spearmint oil industry, which were 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 increases to production costs. While prices for spearmint oil have been relatively steady, the cost of production has increased to the extent that plans to plant spearmint may be postponed or vacated indefinitely. Producers may also be 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. This 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 market.

By December 1 of each year, the Committee identifies any oil that individual producers have produced above the volume specified on their annual allotment certificates. Prior to December 1, such excess oil can be transferred to another producer to fill a deficiency in that producer's annual allotment as provided for in § 985.156(a).

The order allows limited quantities of excess oil to be sold by one producer to another producer to fill production deficiencies during a marketing year. A deficiency occurs when on-farm production is less than a producer's annual allotment. When a producer has a deficiency, the producer's own reserve oil can be utilized to fill that deficiency, or excess production (production of spearmint oil in excess of the producer's annual allotment) from another producer may also be secured to fill the deficiency. As mentioned previously, all of these provisions need to be exercised prior to December 1 of each year.

Excess spearmint oil not transferred to another producer to fill a deficiency is held in storage and, on December 1, is added to the reserve pool administered by the Committee pursuant to § 985.157. The Committee maintains the reserve pool for each class of spearmint oil. Once spearmint oil is placed in the reserve pool, such spearmint oil cannot enter the market during that marketing year unless USDA approves a Committee recommendation to increase the salable quantity and allotment percentage for a certain class of oil, subsequently making a portion of the reserve pool of that class of spearmint oil available to the market. Without an increase in the salable quantity and allotment percentage, spearmint oil placed in the reserve pool cannot be removed from the reserve pool and marketed in the marketing year in which it is initially placed in the reserve pool. However, producers may dispose of reserve spearmint oil from their own production, and held in their own account, under certain provisions in subsequent marketing years under the supervision of the Committee.

While the Committee administers the reserve pool of spearmint oil, ownership and physical possession of spearmint oil held in reserve does not transfer to the Committee. The Committee accounts for, and controls the release of, reserve spearmint oil, but does not take title to, or dispose of, any such oil of its own accord. Producers, at their sole discretion, make the decisions regarding the disposition of oil held in the reserve pool under any one of three possible mechanisms. First, producers may utilize reserve oil from their own production to fill intra-seasonal increases in the allotment percentage and salable quantity. Second, producers may fill an ensuing year's annual allotment from spearmint oil held in the reserve pool. Lastly, producers may exchange salable oil of the same class and quantity of reserve oil from their own production to rotate stock, so long as the Committee is properly notified and the oil is properly identified.

In any given year, the total available supply of spearmint oil is composed of current production plus salable 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, the reserve pool absorbs the surplus quantity of spearmint oil, thereby withholding it from the market, unless such oil is needed to fill unanticipated intra-seasonal increases in demand. In this way, excess spearmint oil is not allowed to oversupply the market and create price instability. Likewise, if production is insufficient in any given year to fully supply the market with spearmint oil, the reserve pool oil can be released to satisfy the market demand until production can be increased.

Therefore, 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. Reserve pool stocks, which increase in high production years, are drawn down in years where the crop is short.

An econometric model generated by USDA 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 2016–2017 marketing year for both classes of oil at 2,175,000 pounds, and that the expected combined salable carry-in will be 376,409 pounds. This results in a combined required salable quantity of 1,798,591 pounds (2,175,000 pounds of trade demand less 376,409 pounds of carry-in). Under volume control, total sales of spearmint oil by producers for the 2016–2017 marketing year will be limited to 2,544,666 pounds (the recommended salable quantity for both classes of spearmint oil of 2,168,257 pounds plus 376,409 of carry-in). This total available supply of 2,544,666 pounds should be more than adequate to supply the 2,175,000 pounds of anticipated trade demand for spearmint oil.

The recommended allotment percentages, upon which 2016–2017 producer allotments are based, are 45 percent for Scotch spearmint oil and 50 percent for Native spearmint oil. Without volume controls, producers would not be limited to these allotment levels, and could produce and sell an unrestricted quantity of spearmint oil. The USDA econometric model estimated that the season average producer price per pound (from both classes of spearmint oil) would decline about $1.45 per pound as a result of the higher quantities of spearmint oil that would be produced and marketed without volume control. The surplus situation for the spearmint oil market that would exist without volume controls in 2016–2017 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 should not result in fewer retail sales of such products.

The Committee discussed alternatives to the recommendations submitted for approval for both classes of spearmint oil. The Committee discussed and rejected the idea of not regulating any volume for both classes of spearmint oil because of the severe price-depressing effects that would likely occur without

volume control. The alternative to establish salable quantities and allotment percentages at the 2015–2016 marketing year's levels was discussed, but not put to any motion, for both classes of oil. The Committee also considered salable quantities and allotment percentages that were above and below the levels that were ultimately recommended for Scotch spearmint oil. Ultimately, the action taken by the Committee was to decrease the salable quantities and allotment percentages for both Class 1 and Class 3 spearmint oil from the 2015–2016 marketing year levels.

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 believes that the salable quantities and allotment percentages will achieve the objectives sought. The Committee also believes that if there is no volume regulation in effect for the upcoming marketing year, the Far West spearmint oil industry would return to the pronounced cyclical price patterns that occurred prior to the promulgation of the order. As previously stated, annual salable quantities and allotment percentages have been issued for both classes of spearmint oil since the order's inception. The salable quantities and allotment percentages established herein are expected to facilitate the goal of maintaining orderly marketing conditions for Far West spearmint oil for 2016–2017 and future marketing years.

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 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 2016–2017 marketing year. Accordingly, this action 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.

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 October 21, 2015, meeting was a public meeting and all entities, both large and small, were able to express views on the issues presented. A proposed rule concerning this action was published in the **Federal Register** on March 23, 2016 (81 FR 15450). 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 April 7, 2016, 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/rules-regulations/moa/small-businesses.* Any questions about the compliance guide should be sent to Antoinette Carter 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 2016–2017 marketing year starts on June 1, 2016, 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, and no comments were received.

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. Section 985.235 is added to read as follows:

§ 985.235 Salable quantities and allotment percentages—2016–2017 marketing year.

The salable quantity and allotment percentage for each class of spearmint oil during the marketing year beginning on June 1, 2016, shall be as follows:

(a) Class 1 (Scotch) oil—a salable quantity of 958,711 pounds and an allotment percentage of 45 percent.

(b) Class 3 (Native) oil—a salable quantity of 1,209,546 pounds and an allotment percentage of 50 percent.

Dated: June 10, 2016.

Elanor Starmer,

Administrator, Agricultural Marketing Service.

[FR Doc. 2016–14163 Filed 6–14–16; 8:45 am]

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