

small entities acting on their own behalf. Thus, both statutes have small entity orientation and compatibility.

There are approximately 10 producers, 5 of which are also handlers who would be subject to seasonal handling regulations under the order, but none have been recommended since the early 1970's. Small agricultural producers have been defined by the Small Business Administration (13 CFR 121.601) as those having annual receipts of less than \$500,000, and small agricultural service firms are defined as those whose annual receipts are less than \$5,000,000. The majority of the remaining South Texas tomato producers and handlers may be classified as small entities.

The order was initially established in March 1959, to help the industry solve its marketing problems and maintain orderly marketing conditions. It was the responsibility of the Texas Valley Tomato Committee (committee), the agency established for local administration of the marketing order, to periodically investigate and assemble data on the growing, harvesting, shipping, and marketing conditions of tomatoes. The committee endeavored to achieve orderly marketing and improve acceptance of Texas tomatoes through establishment of minimum size and quality requirements. When regulated, fresh tomato shipments consisted only of those grades and sizes desired by consumers, thus, tending to increase returns to producers and handlers.

During the first year the order was in effect, there were 2,488 producers and 61 handlers of South Texas tomatoes. Over the years, commercial production and handling of tomatoes grown in South Texas have declined significantly. As a consequence, handling requirements have not been applied since the early 1970's and there is no indication that the industry will be revived or that regulations will be needed.

In September 1994, the Department conducted interviews with former and remaining industry members to determine whether they expected a revival of South Texas tomato production in the next two years. Industry members did not give any indication that the industry would be revived. Former industry members that were interviewed stated that they did not plan to resume tomato production. They reported that the decline in the industry was caused by a lack of new tomato varieties adaptable to South Texas, which could make it more competitive with Mexico and Florida.

Further, as stated above, there are currently only 10 producers, 5 of which

are also handlers. Without an adequate number of producers and handlers, the Department cannot appoint the required committee of members and alternates, or otherwise continue the operation of the order.

The committee holds a certificate of deposit in the amount of \$3,778.16, which matures on September 23, 1995, and a savings account that totals \$514.23. At the last meeting in 1991, the committee recommended that any funds exceeding the expense of termination should be donated to an institution that conducts research for agriculture in the Lower Rio Grande Valley of South Texas.

Therefore, based on the foregoing, pursuant to § 608c(16)(A) of the Act and § 965.84 of the order, the Department is considering the termination of Marketing Order No. 965, covering tomatoes grown in the Lower Rio Grande Valley in Texas. If the Secretary decides to terminate the order, trustees would be appointed to continue in the capacity of concluding and liquidating the affairs of the former committee, until discharged by the Secretary.

Section 608c(16)(A) of the Act requires the Secretary to notify Congress 60 days in advance of the termination of a Federal marketing order.

Based on the foregoing, the Administrator of the AMS has determined that this action would not have a significant impact on a substantial number of small entities.

#### List of Subjects in 7 CFR Part 965

Marketing agreements, Reporting and recordkeeping requirements, Tomatoes.

For the reasons set forth in the preamble, 7 CFR part 965 is proposed to be removed.

#### PART 965—[REMOVED]

1. The authority citation for 7 CFR part 965 continues to read as follows:

**Authority:** 7 U.S.C. 601–674.

2. Accordingly, 7 CFR part 965 is removed.

Dated: June 20, 1995

**Lon Hatamiya,**  
Administrator.

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BILLING CODE 3410–02–P

#### Commodity Credit Corporation

#### 7 CFR Part 1494 and 1570

#### Export Bonus Programs

**AGENCY:** Commodity Credit Corporation, USDA.

**ACTION:** Advance Notice of Proposed Rule Making.

**SUMMARY:** This document requests comments on three options to reform the USDA/Commodity Credit Corporation's Export Bonus Programs: The Export Enhancement Program (EEP), the Dairy Export Incentive Program (DEIP), the Sunflower Oil Assistance Program (SOAP), and the Cottonseed Oil Assistance Program (COAP). Options for reform of these export bonus programs are being considered as an effort to respond to the General Agreement on Tariff and Trade (GATT) Uruguay Round Agreement that established new mandates for USDA/CCC's export subsidy programs. Additionally, the reform options considered could make these programs more flexible in responding to changing world market conditions and serve to fulfill policy goals for increased administrative efficiency and lower program costs.

**DATES:** Comments must be submitted on or before July 26, 1995.

**ADDRESSES:** Comments should be sent to L.T. McElvain, Director, CCC Operations Division, Export Credits, Foreign Agricultural Service, U.S. Department of Agriculture, AG Box 1035, Washington, D.C., 20250–1035; FAX (202) 720–2949 or 720–0938. All comments received will be available for public inspection at the above address during regular business hours.

**FOR FURTHER INFORMATION CONTACT:** Christopher E. Goldthwait, General Sales Manager, at the address stated above. Telephone (202) 720–5173. The U.S. Department of Agriculture (USDA) prohibits discrimination in its programs on the basis of race, color, national origin, sex, religion, age, disability, political beliefs and marital or familial status. Persons with disabilities who require alternative means for communication of program information (braille, large print, audiotape, etc.) should contact the USDA Office of Communications at (202) 720–5881 (voice) or (202) 720–7808 (TAD).

#### SUPPLEMENTARY INFORMATION:

#### Background

Since 1985, USDA/CCC has operated export subsidy programs for a variety of commodities, including wheat and wheat flour, barley and barley malt, rice, poultry, table eggs, vegetable oils, pork and dairy products. Wheat and wheat flour have received the largest share of subsidy dollars, accounting for 75 percent of the total export subsidies in 1994.

The Uruguay Round Agreements Act (Public Law 103-465; 108 Stat. 4809) directs that U.S. export subsidies be used to encourage the commercial sale of U.S. agricultural commodities in world markets at competitive prices and not be limited to responding to unfair trade practices. Export subsidies will be progressively reduced to conform to the United States' GATT commitments. Meeting these mandates will require the development of a program that uses less subsidy but leaves U.S. commodities in a more competitive position at the end of the GATT phase-in period.

The Administration's 1995 Farm Bill Proposal announced program objectives that would guide its efforts to make USDA's export subsidy programs more responsive to world market conditions in the post-Uruguay Round period and to further fulfill certain policy goals. The following policy objectives were defined by the proposal:

1. Increase the cost-effectiveness of export subsidy programs by encouraging the lowest possible subsidies to achieve the maximum level of subsidized volume;
2. Increase the flexibility of exporters to respond to changing market conditions;
3. Reduce administrative complexity and cost;
4. Provide safeguards against fraud and exports of foreign-origin products; and
5. Be consistent with U.S. trade policy goals.

The Administration's Farm Bill Proposal announced that the Trade Policy Review Group (TPRG) (an interagency working group comprised of representatives from the Departments of Agriculture, State and Treasury; the Office of the U.S. Trade Representative; the Office of Management and Budget; the Council of Economic Advisors and the National Economic Council), would develop proposals for comment, including the auction concept described in the Farm Bill Proposal as an example of a concept that could fulfill those reform objectives.

The concepts developed by the TPRG for public consideration include: 1. The quarterly auction; 2. a pre-announced bonus mechanism; and 3. a market-oriented modification of the current program. Interested parties are invited to comment on these proposals, but need not limit their comments exclusively to the proposals outlined here. The Administration is seeking comment on a wide spectrum of concepts as it devises a program that embodies the reform principles stated above.

### Quarterly Auction

The auction reform is designed to increase the cost-effectiveness of export subsidies by increasing competition in the subsidy allocation process. Such reform would permit the achievement of a given level of export promotion (and, hence, subsidy-related export sales) at minimum budgetary cost. It would also increase the cost-effectiveness of the subsidies by increasing industry flexibility in allocating subsidies across markets, while protecting U.S. foreign policy and trade interests. These gains will be achieved in a way that meets the Administration's commitment to subsidize agricultural exports up to the Uruguay Round ceilings. Specifically, for each subsidized commodity, an auction system would allocate subsidies as follows:

The interagency process would determine maximum annual subsidized export volumes for a set of different markets. The markets would be defined as broadly as possible subject to the promotion of foreign policy and trade objectives. Markets could be specific countries if deemed appropriate. The interagency process could also define select destinations that would be ineligible for any subsidy for reasons that could include the dominant presence of non-subsidized competition, important U.S. foreign policy considerations, and/or a determination that subsidies are not needed for U.S. export growth. The sum of the regional maxima, across all regions, would be no lower than the annual GATT ceiling on U.S. subsidized export volume.

For each of the markets distinguished in the interagency process, USDA/CCC would conduct quarterly auctions in which exporters make bids that specify a dollar amount of export subsidy and the quantity of commodity to be exported.

**Quarterly Volumes.** Prior to each auction, USDA/CCC would announce the proportion of the overall annual subsidized export volume that is to be auctioned. The quarterly allocations would be designed to avoid distortions in inter-seasonal trade. USDA/CCC would retain flexibility to award subsidies for less volume than it has announced if it faces bonus bids that are too high. Announced quarterly auction volumes would add up, over the GATT year and across all geographical regions, to the overall (worldwide) GATT maximum volume of subsidized exports. Regional volumes would add up to a total that is consistent with the interagency guidelines.

**Successful Bids.** USDA/CCC would allocate subsidy rights to the lowest

bidders. Stated differently, USDA/CCC would choose winning bids in order to achieve the quarterly subsidized volume allocation at minimum cost in dollar subsidies.

**Maximum Bonuses.** Taking into account the same factors that are currently considered in accepting or rejecting bids—as well as GATT limits—USDA/CCC would set maximum bonus levels to be allowed in awarded bids for each auction. These maximum levels would be secret. Bids with bonus levels higher than the USDA/CCC-determined maximum levels would be rejected. If, because of these limits, a region's allocation of subsidized export volume is not met in a given quarter—and the next quarter is in the same GATT year—the balance of the allocation would be shifted to future quarters in the same GATT year.

**Export Flexibility.** Winning bidders would be required to export the agreed-upon quantity some time during the 12 months (or less) that follow the award. The exporters would be free to allocate the subsidies to individual sales as they choose. Under the Uruguay Round Agreement, subsidized sales should not be conditioned or linked to other (non-subsidized) sales. The export subsidy rights obtained by a winning bidder would be transferable/tradeable in whole or in part. In other words, a winning bidder could sell his or her right to the agreed-upon per-unit subsidy for either all of the agreed-upon subsidized export volume or part of this volume. USDA/CCC must be notified of any such transactions.

**Subsidy Payments.** Subsidy payments would be made, on a pro rata basis, at the time that verification of eligible exports is presented to USDA/CCC.

**Commodity Definitions.** For purposes of defining the commodity that is eligible for export subsidy in a given auction, USDA/CCC would seek to be as unrestrictive as possible subject to practicality, maintaining a minimal standard of product quality, and advancing trade and foreign policy objectives.

**Penalties for Non-compliance.** If an exporter has subsidy rights, but does not "exercise" these rights by exporting the requisite commodity volume, USDA/CCC will take authorized actions to encourage performance, such as debarment proceedings when an exporter exhibits a pattern of non-performance. Such a measure would be taken in order to discourage frivolous bids.

**Interagency review and evaluation.** If bonus levels are significantly different across markets (suggesting that regional restrictions may be too tight) or

particularly high for certain commodities, interagency review would be called for, with opportunity for corrective action as deemed necessary.

#### Pre-Announced Bonus

Under the pre-announced bonus mechanism, for each commodity, USDA/CCC would publish a TPRG-cleared list of (regional) destinations. Particularly sensitive countries could have limits on the quantity of subsidized export sales or be excluded. On a periodic basis (weekly or biweekly) USDA/CCC would announce the eligibility of a quantity of commodity and the bonus level to be paid per metric ton (or other unit). A single bonus would apply to all quantities of a particular commodity.

**Bonus Awards.** Exporters would register for the bonus on a first-come, first-served, basis and awards would be made up to the announced quantity. The announced quantity would be available for a minimum of several business days, but at USDA/CCC's discretion, any unused bonus could remain available for offers until the next scheduled announcement. Differential adjustments would be available for regions where there is a significant freight disadvantage. Exporters would request differential adjustments when making an offer for the pre-announced bonus, and would be constrained to use the bonus within the specified region.

**Export Reporting.** After export, exporters would report to USDA/CCC the destinations, quantity and limited transaction information for the sales for which a bonus award was used. For sensitive destinations, exporters would need to report immediately on sales so that USDA/CCC could ensure compliance with limits on export volumes.

**Export Flexibility.** Comments are especially invited on whether pre-announced bonuses should be awarded with the requirement that exporters may only bid if they have firm export sales contracts, or whether there should be no such requirement. In the later case, a secondary market for the transfer of export bonus awards might be permitted among eligible exporters. Transactions in this secondary market would be required to be reported to USDA/CCC.

#### Market-Oriented Modifications

This reform option is designed to modify current USDA/CCC export subsidy programs to make them more efficient and more responsive to changing world market conditions. It incorporates several market-oriented changes into the existing program operation structure.

**Current System.** Currently, export subsidy program operations are conducted on a transaction-by-transaction basis. After TPRG clearance, USDA/CCC announces program allocations for each commodity at the beginning of that commodity's marketing year. Allocations specify the maximum quantity of exports that USDA/CCC is willing to subsidize to each country or region. Exporters then submit to USDA/CCC an offer for each export transaction, including proposed selling price and requested bonus per metric ton or other unit. First, USDA/CCC reviews the export sales price to ensure that it is not below world market levels. Second, USDA/CCC reviews the bonus to ensure that it does not exceed the difference between the higher U.S. domestic price and the approved sales price. If USDA/CCC approves both the price and bonus, the exporter is so notified by USDA/CCC. The exporter confirms the sale with the foreign buyer.

USDA/CCC encourages bids by competing exporters. Following each day's bonus awards, USDA/CCC publishes the quantity and the subsidy amount for each sale awarded.

**Reform Option.** The following market-oriented modifications in this system can better reach the objectives specified in the Administration's Farm Bill guidance. These modifications are designed to restore to the exporter the incentive to achieve higher selling prices and to reduce the current export subsidy program's market intrusiveness. The modifications might include the following:

**Regional Allocations.** Making all allocations regional or grouping countries by other, non-geographic, criteria, with few countries excluded from the program. Within regions, quantitative limits would be applied to specific sensitive destinations;

**Programming.** Full GATT authorized quantities would be announced at the beginning of the marketing year, but adjustments to allocations among regions could be made on short notice throughout the year;

**Bonus Focus.** The emphasis in USDA/CCC's price/bonus review would be more on bonus, with exporters better able to anticipate likely levels of bonus awards. This would be accomplished by: (a) Limiting differences in bonus awards within a particular region and shipping period; (b) announcing the average bonus approved on a regional basis rather than for each transaction; and (c) responding to trade inquiries with specific reference to USDA/CCC's view of changes in market conditions since the latest announced bonus award for a particular region;

**Export Flexibility.** Exporters would be permitted to shift a bonus award between different transactions within the same region and similar shipping period, with notification to USDA/CCC;

**Program Graduation.** Countries or regions would be "graduated" from their eligibility for subsidy if the U.S. becomes fully price competitive in some regions later in the GATT phase-in period.

#### Consideration of Comments

Additional comments on other program modifications that are responsive to the Uruguay Round Agreements Act and the policy principles outlined herein are encouraged. All comments submitted by interested parties will be carefully considered. After consideration of the comments received, USDA/CCC will consider what changes should be made to its export subsidy programs. Some of the above-described changes would require additional notice and consideration of comments from interested parties via the rulemaking process. Others, such as restructuring the programs by geographical regions, could be adopted by changing internal policies and procedures.

Signed at Washington, DC, on June 21, 1995.

**Christopher E. Goldthwait,**

*General Sales Manager and Vice President,  
Commodity Credit Corporation.*

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## NATIONAL CREDIT UNION ADMINISTRATION

### 12 CFR PART 701

#### Fees Paid By Federal Credit Unions

**AGENCY:** National Credit Union Administration (NCUA).

**ACTION:** Request for comments.

**SUMMARY:** The NCUA Board is considering a restructuring of the operating fee scale for natural person federal credit unions. It is proposing that all such credit unions with assets of \$500,000 and less be exempt from paying any operating fee. In addition, it is proposing that all natural person federal credit unions with assets over \$500,000 but equal to or less than \$750,000 pay a minimum operating fee of \$100.

**DATES:** Comments must be postmarked or posted on NCUA's electronic bulletin board by August 25, 1995.

**ADDRESSES:** Mail comments to Becky Baker, Secretary of the Board, National