the trade demand area. Inshell hazelnut shipments may be shipped from one trade demand area country or market to other countries or markets that are also in the trade demand area. Based on hearing testimony, the United States is one region and should not be subdivided into two or more regions for the purpose of removing some states from the trade demand area.

The proposed amendments should provide the Board with the flexibility to take advantage of changing market conditions and do so on a timely basis. Thus, § 982.16 should be changed to: (1) Include all states in the U.S. in the inshell trade acquisition distribution area; and (2) allow the Board, with the approval of the Secretary, to add or remove countries or regions to or from the trade demand area. The proposed amendment would also make corresponding changes in the first sentence of paragraph (b) of § 982.52 to include all states of the United States in the trade demand area and add other countries or regions to the trade demand area, as recommended by the Board and approved by the Secretary. Likewise, a corresponding change should be made in the fourth sentence of paragraph (b) to prevent inshell export sales from being exported to countries or regions that are included in the trade demand area

(3) In paragraph (b) of § 982.33, Selection and term of office, the length of Board member and alternate member terms of office should be changed from one to two years and the number of consecutive terms a member could serve should be limited to three terms. Conforming changes should be made in provisions covering the qualifications of handlers nominating handler members (§982.30(b)) and weighting handler votes in the nomination process (§982.32(b)), and a minor change should be made in §982.32(a) to remove the reference to initial Board members. Finally, when nominating the fourth handler member and alternate member, as provided in §982.32(c), a correction in the criteria used to calculate a handler's minimum weighted vote should be made and the voting procedure should be amended to provide that eligible handlers vote for both the fourth member and fourth alternate member.

The term of office for Board members and alternates has been amended twice since promulgation of the order. The record indicates the reason for this amendment to change the term of office from one to two years is to relieve the administrative burden that yearly nominations procedures place on industry members and the Board's administrative staff. Nomination meetings, industry voting and ballot counting, and resultant certification paperwork have been required of the industry and the Board every year since 1959. When two-year terms were in effect from 1959 to 1986, the terms were staggered, so that half the members were nominated and selected each year. Staggered terms required that nomination referenda be held each year and, thus, did not relieve the burden on industry members or the Board's administrative staff.

This amendment would establish twoyear terms of office for Board members and alternate members with all terms beginning and ending at the same time. Thus, the nomination process would be conducted only once every two years, thereby reducing by half the administrative burden on industry members and the Board's administrative staff. Record evidence indicates that, because of the infrequent turnover of new members, the lack of staggered terms should not affect the continuity of Board membership.

Also, record evidence indicates that moving to two year terms of office would be beneficial to the Board's public member and alternate public member. The timing for annual nomination and selection of the Board's public member prevents that member from being an active and effective participant on the Board. Currently, the public member and alternate is nominated at the first meeting of the new Board, usually in late August. However, by the time the public member and alternate is subsequently selected by the Secretary, many important Board activities have been completed for the year. The proposed amendment to establish two-year terms of office would enable the public member and alternate public member to more actively participate in Board decisions because these members would be on the Board for a two-year period.

If the term of office is changed from one to two years, changes also should be made to three provisions regarding Board membership. Sections 982.30 and 982.32, regarding establishment of the Board and nomination of Board members, respectively, should be amended to provide that nominations of the three largest handler members be based on the handlers' tonnage during the previous two marketing years. Currently, nominations are based on the previous year's handled volume.

Paragraph (c) of § 982.32 contains an error in the wording which specifies the minimum weighted vote handlers may cast in nominating the fourth handler member and alternate to serve on the

Board. The current language says that if a handler eligible to vote for the fourth handler position handles less than one "percent," the handler's vote should be weighted as one ton. The term "percent" does not have any meaning without a reference as a percent of something. Testimony on this provision in the 1986 formal rulemaking proceeding shows that the intent of the industry was for the term to be ton and not percent. This error inadvertently occurred between publication of the proposed rule (50 FR 42545, October 21, 1985) and final rule (51 FR 29547, August 19, 1986) in the previous formal rulemaking proceeding in 1985/86. The Board has recognized the intent of the provision and has correctly recorded handlers' weighted votes when tabulating votes for the fourth handler member and alternate member. Thus, in the third sentence of paragraph (c) of §982.32, the term "percent" should be replaced with the term "ton."

Paragraph (c) of § 982.32 should also be amended by changing the last sentence regarding the casting of votes for the fourth handler member and alternate member. Current paragraph (c) provides that handlers vote for one candidate and the candidate receiving the highest number of votes shall be the fourth handler member nominee and the candidate receiving the second highest number of votes shall be the fourth handler alternate member nominee. This proposal provides that each eligible handler shall cast two separate votes: one for the fourth handler member and one for the fourth handler alternate member. The candidates who receive the highest numbers of votes in each category would be the nominees.

Currently, paragraph (b) of § 982.33 limits the number of consecutive one year terms a member may serve to six terms. To maintain the order's intent that members and alternates should not serve more than six consecutive years, paragraph (b) should be amended to provide for a maximum of three consecutive two-year terms of office. If approved in referendum and by the Secretary, the three term limit would begin with the first nominations held after completion of this formal rulemaking process. Thus, any standing Board members and alternates nominated and selected for the first two year term would be eligible to serve two additional terms, regardless of past service. Also, this amendment would not restrict a member who has served three consecutive terms from then serving three consecutive terms as an alternate member or for an alternate member who has served three