The Department reviews Committee recommendations and information, as well as information from other sources, and determines whether modification, suspension, or termination of the handling regulations would tend to effectuate the declared policy of the Act.

The Committee met on March 9, 1995, and recommended by a 14 to 1 vote to relax the effective dates of the regulatory period for oranges from continuous to July 15 through August 31, 1995, for one year. Committee members limited the relaxation to one year because of concerns about imported oranges being in commercial channels after August 31, and the need to study the impact of such a change. The Committee acknowledged that the Texas orange requirements only need to be in effect when there are shipments of Texas oranges.

The Committee member who voted in opposition to the recommended change expressed concern about the potential impact imported oranges could have on the marketing of Texas oranges if substandard imports are in commercial channels when the Texas orange shipping season begins. However, with this rule the quality and size regulations for both Texas and imported oranges will be effective when the Texas shipping season begins and all fruit handled during the Texas shipping season will be subject to these requirements.

According to the Committee, Texas orange shipments typically begin in mid to late September and end in mid to late June. The Texas citrus industry has been in a vigorous recovery since the freeze of 1989. Prior to the freeze, shipments of oranges during the 1986/87 season totaled 1,334,548 cartons, shipments for the 1987/88 season totaled 2,240,181 cartons, and shipments for the 1988/89 season totaled 1,220,101 cartons. The 1989/90 shipping season ended in early January 1990 due to the harsh freeze. There was no commercial production or shipments of oranges during the 1990/91 season due to the December 1989 freeze. Orange shipments were minimal during the 1991/92 season as the recovery from the freeze of 1989 was still underway. Shipments for the 1992/93 season totaled approximately 688,000 cartons and shipments in the 1993/94 season approximated 833,000 cartons. The Committee expects the 1994/95 season to be an excellent year for orange production and sales. A review of 1986/87 to 1993/94 Texas orange shipment data revealed that the industry's shipping season consistently runs from September through the following June. This pattern was consistent in both pre-freeze and post-freeze seasons.

The Department reviewed the Committee's recommendation and determined that the quality and size requirements for Texas oranges should be suspended for the period July 1 through August 31, when there are no Texas orange shipments. The regulatory period would begin in September and end in June. There have been production changes over the last five to six seasons. However, as mentioned above, the change in production is a result of the freeze of 1989. The change in production has not resulted in a change in the industry's shipping pattern. The industry's shipping pattern consistently begins in September and ends in June. Although shipping patterns have not changed to date, in the future there may be changes in production. An annual evaluation will be conducted to determine the impact of the suspension on the Texas orange industry. If it is determined that the suspension has been deleterious to the Texas orange industry, necessary modifications will be made.

Minimum grade and size requirements for fresh oranges grown in Texas are in effect under § 906.365 (7 CFR 906.365). This action suspends the provisions of § 906.365 that apply to oranges during the months of July and August.

Since the grade and size requirements for Texas oranges will be effective during the entire Texas shipping season, this change should not have an adverse impact on the Texas orange industry.

Section 8e of the Act provides that when certain domestically produced commodities, including oranges, are regulated under a Federal marketing order, imports of that commodity must meet the same or comparable grade, size, quality, and maturity requirements. Section 8e further provides that whenever two or more marketing orders regulating the same agricultural commodity produced in different areas of the United States are concurrently in effect, the imports shall be subject to the requirements applicable to the commodity produced in the area with which the imported commodity is in most direct competition. The Secretary has determined that oranges imported into the United States are in most direct competition with oranges grown in Texas regulated under M.O. No. 906, and has found that the minimum grade and size requirements for imported oranges should be the same as those established for oranges under M.O. No. 906.

Imported oranges are subject to minimum grade and size requirements under § 944.312 (7 CFR part 944.312). These requirements are in effect on a continuous basis because domestic oranges are subject to the minimum grade and size requirements under Marketing Order No. 906 on a continuous basis. This rule suspends section 944.312(a) for the period July 1 through August 31 indefinitely so that it is effective September 1 through June 30, the same time period that is effective in the Texas orange regulation. According to the Department's Market News Branch, U.S. fresh orange imports during the 1993/94 season (beginning November 1) totaled 37.2 million pounds, up nearly 60 percent from the 1992/93 total. The increase is attributable to additional supplies from Australia as compared with the prior season. Australia's largest shipments arrive in July and August. By comparison, U.S. orange imports averaged 48.3 million pounds per season from 1988/89 through 1992/93, ranging from a low of nearly 19 million pounds to 137.3 million pounds in 1990/91 when domestic supplies were reduced following freeze damage to the California crop. In both 1992/93 and 1993/94, Australia was the principal source of fresh orange imports. Other sources of orange imports were the Dominican Republic, whose largest shipments arrive in August and September, Mexico, Israel, and Jamaica. In the 1992/93 season, Australia accounted for 10.1 million pounds, or 43 percent of U.S. fresh orange imports and 20.7 million pounds, or 56 percent of the U.S. total in 1993/94. Mexico is an important source of orange imports during the fall and winter. Imports from Israel are most active during the winter, with imports from other countries widely distributed throughout the season.

This rule relaxes import requirements because the orange import regulations will not be in effect during the months of July and August. This may result in reduced costs to importers. This action should not have an adverse impact on the Texas industry, however, because its shipping season does not begin until September. Domestic producers will not be significantly impacted, since all oranges in commercial channels during the domestic shipping season would be subject to the same minimum grade and size requirements.

The purpose of these changes is to assure that applicable quality requirements are in place only during such periods as needed by the Texas orange industry to provide a consistent supply of oranges of acceptable quality to fresh market outlets.