

Raisin Administrative Committee

3445 N. First Street, Suite 101
P.O. Box 5217
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ADMINISTERING THE FEDERAL MARKETING
AGREEMENT AND ORDER REGULATING THE
HANDLING OF CALIFORNIA RAISINS

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Circular No. 5
2005/2006 Crop Year
January 30, 2006

TO: Members, Alternates, and Packers

SUBJECT: Terms & Conditions Applicable to an Export Replacement Offer for Cash or Raisins in Lieu of Cash for Natural (sun-dried) Seedless Raisins

USDA has approved the RAC's November 29, 2005, recommendation for a Natural (sun-dried) Seedless Export Replacement Offer from February 1, 2006 through September 30, 2006, subject to the availability of reserve pool cash or raisins to support the program. The program will be funded first in reserve pool cash. If cash is not available, the program will be funded with reserve raisins. Export pricing for this program is described in the attached Exhibits.

- I. **Period Covered: Shipments – February 1, 2006 through September 30, 2006.**
- II. Tonnage eligible - all free tonnage Natural (sun-dried) Seedless raisins produced from grapes grown in California and exported to countries eligible for reserve pool sales and exported during the period of this offer.
- III. Cash adjustment and computed prices for eligible export tonnage will be noticed in exhibit format attached. (See Exhibit "A-1").

Raisin replacement, if cash is not available, will occur in accordance with the schedule as designated for cash. If it is determined that sufficient cash is not available, applications (RAC-100) must be filed together with the appropriate documentation and payment in accordance with the attached exhibits. (See Exhibit "B-1")

- IV. Cash adjustment or raisin replacement releases will be made to packers from the reserve pool income or raisins, as applicable. Documented exports will qualify for the cash adjustment or raisin replacement at a rate computed in the exhibit as noticed. The export statement contained on Page 5 of the 2005/2006 Marketing Policy addresses the declared procedures for export funding.
- V. Sweatbox tonnage for computing the Natural (sun-dried) Seedless adjustment payment shall be determined by dividing the eligible packed free tonnage exported by .93959. The base price of Natural (sun-dried) Seedless raisins used for computing the adjustment payment shall be the 2005/2006 final announced free tonnage price as determined on or before February 15, 2006.

VI. Date for determining the cash adjustment or raisin replacement releases shall be the ocean on-board bill of lading date. Ships scheduled to sail during the period of this offer, but which are delayed due to weather or other uncontrolled circumstances, shall be accepted as having sailed during the period of this offer. Those situations whereby land bridges are necessary, the RAC President must be notified in advance. Packers shall notify the RAC, in writing, of any such delay in ship's sailing which is the result of weather or other uncontrolled circumstances. Such notification shall be made within 15 calendar days following the close of the applicable shipping period.

VII. Packers shall qualify for cash adjustment payment or raisin replacement releases by submitting a **signed** Application (RAC-100C or RAC-100); a trucker's bill of lading identifying the varietal and pack style; an original ocean on-board bill of lading; or original non-negotiable copy of the on-board bill of lading; and a duty paid certificate, where applicable, or arrange for exporters to provide such documents directly to the RAC. Further documentation may be required as the replacement program develops or compliance verifications are requested, such as USDA's quality and condition certificate (Form FV-146) or USDA's Report of Inspection (Form FV-66). (Original Ocean Bill of Lading, only).

Applications and trucker's bill of lading shall be submitted within 15 calendar days of the shipment date; ocean on-board bill of lading within 45 calendar days of the laden on-board date; and duty paid documents within 120 calendar days of the laden on-board date.

VIII. Packers who arrange for exporters to furnish export documentation shall include the name(s) of the exporter(s) and the packer/exporter contract number(s) on their applications.

The exporter shall include the name(s) of the packer(s) from whom the raisins were purchased and the packer/exporter contract number(s) on each document or their cover letter for such documentation submitted to the RAC.

IX. The RAC shall make the cash adjustment or raisin replacement releases to each packer within 30 calendar days of the receipt of all the required documentation for each export shipment. However, for shipments beginning October 1, 2005 cash adjustments to handlers may be delayed until reserve pool funds are available.

X. For exports to Northern China ports (all ports north of Hong Kong), the export price will be as scheduled on the applicable attached Exhibits. With the presentation of Duty Paid documents for release in China, an adjustment to the Hong Kong (China) price will be made.

XI. If an importer or foreign buyer transships raisins under the terms and conditions of this offer, to another country, which has a higher adjusted price, the Committee will deny cash adjustment or raisin replacement payments to handlers for export to such importer or foreign buyer. The period during which handlers will be denied cash adjustment or raisin replacement for exports to such importer or foreign buyer shall be announced by the Committee at the time the denial is reviewed and subject to approval by the Secretary.

- XII. If export documentation required to substantiate eligible exports is received by the RAC after 120 days of the date of the on-board bill of lading date, no cash adjustment or raisin replacement releases will be made by the RAC and the documentation will be returned to the handler. Such cases may be appealed to the Executive Committee to review the circumstances and justification for the delay in submission of documents. Those situations where a packer advises the RAC President that problems exist in obtaining the proper documentation, the President may extend the terms of these conditions. As stated, should the RAC President deny cash adjustment or raisin replacement, an appeal may be made to the Executive Committee.
- XIII. If a handler submits documentation for cash adjustment or raisin replacement for the export of non-California raisins or non-California raisins blended with California raisins or non-authorized varieties, such handlers will be denied cash adjustment or raisin replacement on those shipments. The Committee shall announce the length of time such cash adjustment or raisin replacement will be denied if the violation is found to be intentional, at the time the denial is reviewed and such denial shall be subject to approval by the Secretary.
- XIV. Any Handler who receives export tonnage returned by an importer for any reason will be charged back for the cash adjustment or raisin replacement previously made for that tonnage. Failure to notify the RAC President that product has been returned and an adjustment to the release is needed, may also invoke denial of future releases.
- XV. Handler shall allow verification of reports and records pursuant to Section 989.77 of the Federal Marketing Order and provide original documentation upon request by the President.

Handler shall allow the Committee, through its duly authorized representatives, and USDA Inspection Service access to any container for export shipments for the purpose of verifying its contents. USDA certification of container contents may be requested by RAC. Samples also may be required.

Handlers shall provide USDA Inspection Service with information as outlined in the **Agreement for Voluntary Participation in the RAC Export Programs as provided in paragraph XVI.**

XVI. **AGREEMENT FOR VOLUNTARY PARTICIPATION IN THE RAC EXPORT PROGRAMS FOR ALL AUTHORIZED VARIETIES**

The Raisin Administrative Committee, with the approval of the SECRETARY, periodically establishes Export Programs a handler can utilize to augment California raisin sales in the international marketplace. The domestic free-tonnage price for California raisins may be valued higher than that of other raisin producing countries. The program is designed to effectively blend the price a handler pays for raisins shipped into the export market. The industry supports funding for the export program through the sale of its reserve raisins. The program currently provides to make reserve cash or raisins available for sale to handlers at a blended sales price "cash back or raisin back" as acknowledged in previous paragraphs; the terms and conditions of the programs are

communicated to handlers by Circular. The programs are authorized under Sections 989.53(a) and 989.67(b) of the Federal Marketing Order.

A. To participate in the Export Program the handler will:

1. Submit the signed RAC-100C or RAC-100 application and provide complete original documentation or an original copy of non-negotiable bill of lading within the parameters outlined in the current Circular. Complete documentation generally will include documentation of the shipment from origin to final destination: truck bill of lading, ocean bill of lading, duty paid documents (if required), transfer documents from port of entry to final country destination when to a country other than that of the port of entry.
2. Apply only for shipments exported to countries eligible for reserve pool sales and exports pursuant to Sections 989.67(c) and 989.221 of the Federal Marketing Order.
3. Apply only for shipments exported that consist of raisins produced from grapes grown, processed, and packaged solely in the State of California and of the varietal type(s) specified by the current Circular.
4. Allow verification of reports and records pursuant to Section 989.77 of the Federal Marketing Order.
5. Allow the Committee, through its duly authorized representatives, and USDA Inspection Service access to any container for export shipments for the purpose of verifying its contents. USDA certification of container contents may be requested by RAC. Samples also may be required.
6. Provide USDA Inspection Service with a daily production schedule for exports and truck bills of lading indicating shipping date, pack code, varietal type, number and size of cases, country of destination, and shipment container number. USDA Inspection Service will use this information to verify container contents at their discretion.
7. Uniquely mark export cases with export case codes or other designations limiting use for export only.
8. All raisins for export under these programs shall have a Quality and Condition Certification (Form FV-146) or Report of Inspection (Form FV-66) from USDA Inspection Service.
9. Report to the RAC any export shipments returned or transshipped within 15 days so that the export or "cash adjustment or raisin back" adjustment due or previously distributed may be adjusted or credited accordingly.

B. The RAC will:

1. Provide “cash adjustment or raisin back” adjustment as per the terms of this offer upon submission of all required documentation for each export shipment or by agreed to policy if amended.
2. Inform handlers, per instruction of the Secretary, of any ineligible importers or foreign buyers for which “cash adjustment or raisin back” adjustments will be denied.

C. Non-Compliance

A handler found to be in non-compliance with program parameters (applying for export shipments containing non-California raisins, submitting false or altered documentation, etc.) by the RAC will not only be denied “cash back or raisin back” reimbursement for the specific shipment, but will also be denied participation in the program (length of suspension will be determined by the RAC). Such violation will be reported to USDA for further action or remedy.

Whenever the RAC President denies “cash back or raisin back” adjustment due to non-compliance with this agreement and current Circular program parameters, the handler will have the right to appeal. The appeal process will consist of review by the RAC Executive Committee. If the denial were upheld, there would be recourse to appeal to the full Committee and the Secretary.

Handler Acknowledgement

I have read and understand the foregoing terms and conditions and agree to participate in the export program. I certify that all raisins exported for which an application is made under the export program are 100% in origin from grapes grown, processed, and packaged solely in the State of California and are of the authorized ERO varietal. I further certify that only raisins produced in California, with Committee approval, to be eligible for export program incentives, will be identified to the RAC for "cash adjustment or raisin back". I agree to comply with the terms and conditions specified herein and in the applicable RAC Circular.

Handler

RAC

Handler Name: _____

RAC President: _____

Officer Name: _____

Date: _____

Officer Title: _____

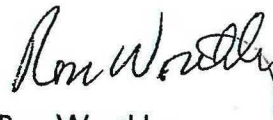
Signature: _____

Date: _____

Please note: This cash adjustment or raisin replacement offer is made to approved raisin packers who have an RAC-5 on file and have signed the agreement for voluntary participation in the RAC Export Program. The RAC has no responsibility to notify exporters or foreign buyers of the terms of this offer or demand their submission of documentation. Packers should notify their exporters and foreign buyers of the necessary terms and conditions of this offer and answer any questions they may have applicable thereto. The RAC does not establish or address pricing between a handler and his importer.

We will be happy to answer questions applicable to the provisions of this offer.

RAISIN ADMINISTRATIVE COMMITTEE



Ron Worthley
President/General Manager

EXHIBIT "A-1"
100% CASH-BACK
February 1, 2006 TO September 30, 2006
NATURAL SEEDLESS RAISINS

EUROPE-CONSUMER

(1) BASE PRICE	\$ 1,210.00
CASH BACK	\$ 560.00
	<u>\$ 650.00</u>

**CZECH REPUBLIC, SLOVAKIA, HUNGARY,
POLAND, RUSSIA & OTHER CIS COUNTRIES**

(1) BASE PRICE	\$ 1,210.00
CASH BACK	\$ 560.00
	<u>\$ 650.00</u>

JAPAN

(1) BASE PRICE	\$ 1,210.00
CASH BACK	\$ 460.00
	<u>\$ 750.00</u>

PHILIPPINES

(1) BASE PRICE	\$ 1,210.00
CASH BACK	\$ 460.00
	<u>\$ 750.00</u>

KOREA - CONSUMER

(1) BASE PRICE	\$ 1,210.00
CASH BACK	\$ 560.00
	<u>\$ 650.00</u>

KOREA - BULK

(1) BASE PRICE	\$ 1,210.00
CASH BACK	\$ 460.00
	<u>\$ 750.00</u>

(1) **TAIWAN - CONSUMER**

BASE PRICE	\$ 1,210.00
CASH BACK	\$ 560.00
	<u>\$ 650.00</u>

EUROPE - BULK

(1) BASE PRICE	\$ 1,210.00
CASH BACK	\$ 460.00
	<u>\$ 750.00</u>

ALL OTHERS

(1) BASE PRICE	\$ 1,210.00
CASH BACK	\$ 460.00
	<u>\$ 750.00</u>

HONG KONG

(1) BASE PRICE	\$ 1,210.00
CASH BACK	\$ 460.00
	<u>\$ 750.00</u>

**NORTHERN CHINA (ALL PORTS NORTH OF
HONG KONG)****

(1) BASE PRICE	\$ 1,210.00
CASH BACK	\$ 460.00
	<u>\$ 750.00</u>

**ASEAN - (BRUNEI, INDONESIA, MALAYSIA,
SINGAPORE, THAILAND & VIETNAM)**

(1) BASE PRICE	\$ 1,210.00
CASH BACK	\$ 460.00
	<u>\$ 750.00</u>

TAIWAN - BULK

(1) BASE PRICE	\$ 1,210.00
CASH BACK	\$ 460.00
	<u>\$ 750.00</u>

**Duty paid documents are required under the Terms and Conditions per Circular #5 dated 1/30/06 paragraph X for NORTHERN CHINA (All ports North of Hong Kong).

(1) The base price will be adjusted to the final established RBA 2005 Field Price on or before 2-15-06.

EXHIBIT "B-1"
ERO - RAISIN-BACK
February 1, 2006 TO September 30, 2006
NATURAL SEEDLESS RAISINS

EUROPE-CONSUMER

(1) BASE PRICE	\$ 1,210.00	49.550%	\$ 599.55
RESERVE	\$ 100.00	50.450%	\$ 50.45
			\$ 650.00

**CZECH REPUBLIC, SLOVAKIA, HUNGARY,
POLAND, RUSSIA & OTHER CIS COUNTRIES**

(1) BASE PRICE	\$ 1,210.00	49.550%	\$ 599.55
RESERVE	\$ 100.00	50.450%	\$ 50.45
			\$ 650.00

JAPAN

(1) BASE PRICE	\$ 1,210.00	54.326%	\$ 657.35
RESERVE	\$ 202.86	45.674%	\$ 92.65
			\$ 750.00

PHILIPPINES

(1) BASE PRICE	\$ 1,210.00	52.633%	\$ 636.86
RESERVE	\$ 238.86	47.367%	\$ 113.14
			\$ 750.00

KOREA - CONSUMER

(1) BASE PRICE	\$ 1,210.00	45.740%	\$ 553.46
RESERVE	\$ 177.92	54.260%	\$ 96.54
			\$ 650.00

KOREA - BULK

(1) BASE PRICE	\$ 1,210.00	54.749%	\$ 662.47
RESERVE	\$ 193.44	45.251%	\$ 87.53
			\$ 750.00

TAIWAN - CONSUMER

(1) BASE PRICE	\$ 1,210.00	43.624%	\$ 527.85
RESERVE	\$ 216.67	56.376%	\$ 122.15
			\$ 650.00

EUROPE - BULK

(1) BASE PRICE	\$ 1,210.00	58.559%	\$ 708.56
RESERVE	\$ 100.00	41.441%	\$ 41.44
			\$ 750.00

ALL OTHERS

(1) BASE PRICE	\$ 1,210.00	58.559%	\$ 708.56
RESERVE	\$ 100.00	41.441%	\$ 41.44
			\$ 750.00

HONG KONG

(1) BASE PRICE	\$ 1,210.00	53.056%	\$ 641.98
RESERVE	\$ 230.10	46.944%	\$ 108.02
			\$ 750.00

**NORTHERN CHINA (ALL PORTS NORTH OF
HONG KONG)****

(1) BASE PRICE	\$ 1,210.00	53.056%	\$ 641.98
RESERVE	\$ 230.10	46.944%	\$ 108.02
			\$ 750.00

**ASEAN - (BRUNEI, INDONESIA, MALAYSIA,
SINGAPORE, THAILAND & VIETNAM)**

(1) BASE PRICE	\$ 1,210.00	52.633%	\$ 636.86
RESERVE	\$ 238.86	47.367%	\$ 113.14
			\$ 750.00

TAIWAN - BULK

(1) BASE PRICE	\$ 1,210.00	52.633%	\$ 636.86
RESERVE	\$ 238.86	47.367%	\$ 113.14
			\$ 750.00

**Duty paid documents are required under the Terms and Conditions per Circular #5 dated 1/30/06 paragraph X for NORTHERN CHINA (All ports North of Hong Kong).
(1) The base price will be adjusted to the final established RBA 2005 Field Price on or before 2-15-06.