



THE SECRETARY OF AGRICULTURE
WASHINGTON, D. C.
20250-0100

June 23, 1994

MEMORANDUM FOR: MACK MCLARTY, THE WHITE HOUSE
FROM: SECRETARY MIKE ESPY
SUBJECT: Weekly Report for the Week of June 20, 1994

KEY DEPARTMENTAL NEWS

U.S.-Canada Consultations

On June 27, U.S. Trade Representative Mickey Kantor and I will lead the U.S. delegation for a U.S.-Canada meeting in Chicago, Illinois to continue ongoing discussions involving dairy, poultry, grain, sugar, and peanut butter. Agriculture Minister Ralph Goodale and Trade Minister Roy McClaren will lead the Canadian delegation.

Crop Insurance Reform Advances

The Senate Agriculture Committee marked up the Administration's crop insurance reform proposal on June 22. The relevant House subcommittee is expected to mark up the proposal next week. The comprehensive proposal would eliminate current ad-hoc agricultural disaster programs and would establish a crop insurance program to protect against agricultural losses. This will save taxpayer funds and provide greater certainty of risk protection for agricultural producers.

Colon Cancer Test Developed

USDA Agricultural Research Service (ARS) scientists have developed a non-invasive procedure to diagnose colon cancer. This breakthrough will allow physicians and medical scientists to test this inexpensive procedure in mass screening programs for the early detection and prevention of this disease.

THE WEEK AHEAD

Navajo-Hopi Settlement

For decades, Navajo and Hopi Indians have claimed title to the same land in northeastern Arizona. The Department of Justice plans to schedule a meeting with USDA and the U.S. Department of the Interior on June 27 to discuss some of the issues in this case, including transfer of National Forest System Lands, access, finality, and protection of existing rights.

Upcoming Program Announcements

The *Fruit Agricultural Chemical Usage* report on June 27 will estimate chemicals used and application rates in 1993 for 27 selected crops in nine States. This information was last collected for the 1991 crop year. On June 28, USDA will release *Profitability of Farm Businesses: A Regional, Farm Type, and Size Analysis*, which shows the wide income variance among farms, a third of which are not profitable. The report also shows the major part played by larger and more specialized farms in the total production of U.S. agriculture. USDA also will publish on June 28 *Effects of Government Programs on Corn Production Costs and Returns, 1991 and 1992*. The report will stress that gross value of production, production costs, and net returns are all higher when the direct effects of government programs are incorporated into corn cost and return estimates. Government programs raised corn net returns after cash expenses by \$24 per planted acre in 1991. Greater yields and higher deficiency payments in 1992 added nearly \$44 to net cash returns.

Farm Weather Outlook and Update

Below normal rains have diminished soil moisture in the eastern Corn Belt as the crucial corn pollination period begins in early July. Showers brought relief on June 20 and 21. The USDA National Weather Service's outlook for June 26-30 calls for hot weather to continue over much of the Corn Belt, but for rain to be normal to above normal. Crop conditions surveyed indicate that major crops are progressing well, except for Ohio, where 18 percent of the corn is rated poor to very poor. Scattered thunderstorms are expected to bring some relief to crops. The outlook of hot, dry weather over the central Great Plains will hasten winter wheat maturity and promote harvest progress. In the Southeast and Delta, the forecast of unseasonably warm weather and periodic showers favors crop development.

Administering the Underserved Areas Act

The Department of Housing and Urban Development (HUD) asked USDA for help on defining "rural" areas and then determining which are "underserved." These classifications are needed for administration of the Underserved Areas Act of 1992.

HUD has oversight authority for the Act, which requires that Government-Sponsored Enterprises, principally Fannie Mae and Freddie Mac, target more home mortgage lending activities to underserved areas. USDA analysts will participate in a roundtable discussion on this subject at HUD on June 28.

CONGRESS

Congressional hearings

Today, the House Natural Resources Subcommittee on National Parks, Forests and Public Lands marked up H.R. 3732, the Idaho Wilderness bill, designating over 1.2 million acres of national forest lands as wilderness. The bill also opens up over three million acres of national forest land for logging, mining, and road construction. This Subcommittee also held a hearing today regarding the status of Federal and State efforts to restore the Florida Everglades.

The Senate Energy and Natural Resources Subcommittee on Water and Power held a hearing today on implementation of the Central Valley Improvement Act in northern California.

The House Agriculture Subcommittee on Foreign Agriculture and Hunger held a hearing today to review long-term trade strategy and export policies. Chris Goldthwait, General Sales Manager of the USDA Foreign Agricultural Service, testified.

A hearing was held today by the House Small Business Subcommittee on Rural Enterprises, Exports and the Environment on H.R. 4555, a bill to help establish community rural health networks in chronically underserved areas.

The House Agriculture Subcommittee on Specialty Crops and Natural Resources held a hearing today on H.R. 4063, a bill to establish a special protection unit for the Bull Run River and Little Sandy River watersheds in the Mt. Hood National Forest in Oregon. Robert Breazeale, Acting Chief of the Forest Service, testified.

On June 28, the House Agriculture Committee will mark up draft legislation to implement the agricultural provisions of the Uruguay Round of the General Agreement on Tariffs and Trade.

On June 29, the Senate Agriculture Committee will hold a hearing on S. 2050 and S. 2084, the Administration's pesticide reform bills. Deputy Secretary Richard Rominger will testify.

The House Agriculture Subcommittee on Specialty Crops and Natural Resources will hold a hearing on June 29 regarding log import restrictions.

On June 29, Acting Assistant Secretary for Economics Keith Collins will testify before the House Agriculture Subcommittee on General Farm Commodities regarding the economic environment for the 1995 Farm Bill.

Congressional visits and activities

Assistant Secretary for Natural Resources and Environment Jim Lyons was asked by the Senate Appropriations Committee to prioritize USDA's funding requests for the Pacific Northwest Forest initiative.

USDA officials met with staff from the offices of Congressman Jim Ross Lightfoot, Senator Tom Harkin, as well as the Ames, Iowa Chamber of Commerce and Iowa State University about the possibility of developing a center for veterinary biologics.

Congressman Charles Stenholm introduced H.R. 4562, a bill which would require the Secretary of Agriculture to enter into an agreement with the National Academy of Sciences to coordinate recommendations for public policy changes to implement an improved inspection program for meat and poultry products.

REGULATORY ACTION

The Office of Management and Budget determined four rulemakings out of 26 the USDA Forest Service had submitted were significant under Executive Order 12866. They are: Timber Sale Performance and Payment Bond Form Revision (final rule); State and Private Forest Assistance Stewardship Incentive Program (final rule); Occupancy and Use of Developed Sites and Areas of Concentrated Public Use (final rule); and Animal Damage Management (proposed rule published in *The Federal Register* on July 13).

PRESS

Press Contacts with USDA

NBC's Dateline is developing three different stories relating to USDA. One story is on the safety of imported meat products. Another explores the accuracy of food labeling and will include reviews of the Food and Drug Administration's nutrition label and USDA's safe cooking and handling label. The program continues to research a story on the USDA Farmers Home Administration (FmHA) \$1 million-plus delinquent borrowers.

CBS's 60 Minutes is researching a story on alleged discrimination against white males in the Federal government. Producers are looking at Equal Employment Opportunity (EEO) officers and the fact that most of them are women or minorities. *CBS* may interview Karl Mertz, the USDA EEO officer in Georgia who made intolerant remarks in public about sexual preference and subsequently was transferred to another position.

ABC's 20/20 is working on a similar story on alleged discrimination against white males. *ABC* has expressed particular interest in a recent consent decree issued by a California judge, which states that 40 percent of California's Forest Service employees must be women or minorities.

An op-ed article I wrote outlining USDA's efforts to improve the meat and poultry inspection system ran in *Roll Call* today.

The Phoenix Republic is interested in doing a story about a recent USDA Economic Research Service (ERS) study on cow/calf production by ranchers in 10 Western States. The study shows that ranchers raising cattle on public lands make a greater profit than those ranching on mostly private land. The study gives credence to the Administration's arguments for increasing grazing fees on public lands.

The Miami Herald has called repeatedly to discuss this spring's sharp drop in tomato prices and any role the North American Free Trade Agreement might have in the decline. January-May data show imports have declined slightly while domestic shipments have increased.

Associated Press and *Associated Press Radio* asked what crops USDA has deregulated and how long the Monsanto Company field tested its GTS-40-3-2 soybeans. USDA Animal and Plant Health Inspection Service (APHIS) has deregulated Calgene's Flavr Savr tomato and BXN cotton lones and Monsanto's GTS-40-3-2 soybeans. On June 21, APHIS held a public hearing on whether to consider deregulation of Upjohn's genetically engineered squash.

The Chicago Tribune asked if exotic animal auctions are increasing and how USDA regulates these activities. APHIS licenses Class B animal dealers to hold auctions. There were 140 animal auctions in FY93. Earlier, APHIS had not been tracking the number of auctions, only the number of animal dealers.

Significant Freedom of Information (FOIA) Requests

CBS News requested copies of records on settlement payments resulting from employee complaints.

Reuters asked for copies of travel records for me and the Deputy Secretary. *CBS News* also asked for the Deputy Secretary's travel records.

In response to a request from the *Wildlife Damage Review*, over 1,700 pages were released concerning actions taken by APHIS to protect threatened and endangered species.

WEEK IN REVIEW

A. Important Events

Exxon Valdez Oil Spill Update

The Exxon Valdez Oil Spill Trustee Council recently released the Draft Environmental Impact Statement for the Oil Spill Restoration Plan. The Trustee Council will be soliciting public comment for 45 days. The plan provides long-term guidance for restoring the resources and services injured by the spill. The USDA Forest Service represents the Department as one of six members of the Trustee Council.

Black Hills Revised Forest Plan

The proposed revised Forest Plan and draft environmental impact statement for the Black Hills National Forest in South Dakota and Wyoming was released on June 20. This is the first revised forest plan to be released under the National Forest Management Act's requirement for revised forest plans every 10-15 years.

1994 Federal Tax Refund Offset Program

Collections to date from the 1994 Tax Refund Offset Program already exceed \$32.2 million. This exceeds the \$13.3 million collected in 1993. The increase in collections is greatly attributed to USDA Food and Nutrition Services, which referred over 187,000 delinquent debtors in 1994. The USDA agencies participating in the program referred over 210,000 accounts with a value of \$870 million to the Internal Revenue Service for offset against tax refunds due delinquent debtors.

USDA Participates in Biomass Conference

USDA participated in the Liquid Fuels, Lubricants, and Additives from Biomass Conference, sponsored by the Society for Engineering in Agricultural, Food, and Biological Systems. The conference was held in Kansas City, Missouri, June 15-17. In this session, university researchers shared their findings related to processing and converting feedstocks, such as bananas, cellulose materials, tallow, and cotton gin residues into ethanol, biodiesel, and wood oil.

Ukraine Notices of Default

The USDA Commodity Credit Corporation (CCC) has been notified by two U.S. banks that their efforts to collect defaulted payments from Ukraine have not been successful. CCC has received two official Notices of Default and claims from one U.S. bank for a total of \$4.7 million. The other U.S. bank indicated that it will submit three Notices of Default and claims.

Funded Housing Program

During the past week, FmHA provided funding of over \$52 million single family direct loans for 489 existing houses and financing for 734 existing houses in rural areas. Based upon industry standards, these loans will create 1,447 jobs for construction and other related fields. FmHA also provided guarantees of over \$9 million for single family private sector loans to fund 91 new houses and financed the purchase of 60 existing houses in rural areas. This will create about 240 jobs.

Drinking Water and Other Projects

During the past week, the USDA Rural Development Administration (RDA) provided funding of over \$4 million in grants to install new drinking water systems and improve existing systems in rural communities, referred to as "colonias" along the U.S.-Mexico border in New Mexico. Funding will provide new water systems to 462 residents and improve drinking water systems to ensure safe water to 2,073 existing residents.

RDA also provided funding of about \$10 million during the past week for loans and grants to install or improve new drinking water and wastewater disposal systems. The major projects funded are in Arizona, Arkansas, Missouri, and North Carolina.

B. Controversies

A major access road along Cherokee National Forest's Citico Creek, a stream important for threatened and endangered species habitat, recreational fishing, and aesthetics, is scheduled for repair after being nearly destroyed by heavy floods last March. Reconstruction of the road in 1979 drew criticism from the Tennessee Water Quality Control Division because of stream sedimentation. This has the potential of becoming controversial in the next few months.

The USDA Forest Service and the U.S. Department of Justice, using the Georgia Dormant Minerals Act, announced the intent to initiate action in early July to extinguish mineral rights on about 60,000 acres of the Chattahoochee National Forest in Georgia. That law allows surface rights owners to reclaim mineral rights where those rights have not been exercised and where no taxes have been paid for seven years. A member of

the Georgia Public Service Commission, who also is a representative of the Georgia Tribe of the Eastern Cherokees, told Forest Service personnel that there may be a challenge to Federal ownership of the property in question, claiming the land was illegally taken from the Cherokees in the late 1830s.

The Sierra Club and the Oregon Natural Resources Council filed suit on June 15 in U.S. Federal Court in Eugene, Oregon challenging the Willamette National Forest's Warner Fire Recovery Project. The lawsuit alleges the project's logging activities would significantly harm a designated old-growth forest reserve and biologically significant roadless areas. The Warner Creek Fire in October 1991 was caused by arson and is located within an area covered by the Administration's Forest Plan. The Forest Service seeks to log about 9 million board feet from the 9,000 acres burned.

SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES

National Service News

USDA will run 42 different AmeriCorps projects, designed to fight hunger, improve nutrition, preserve national forests, improve community environmental quality, promote rural development, increase rural water delivery, and boost ongoing flood-relief efforts in the Midwest. Funded in part by grants from the Corporation for National and Community Service (CNCS), the USDA program will be the largest single Federal agency component of the Administration's National Service initiative. CNCS awarded USDA 1,200 AmeriCorps slots and \$2.6 million in operating funds. Additional funding for the program will be provided from existing USDA programs and non-profit organizations serving as partners at individual sites. The 1,200 participants in USDA National Service programs will be placed in 32 States, representing every region of the country. On June 20, Assistant Secretary Lyons conducted interviews with *The Houston Chronicle*, *Corpus Christi Caller-Times*, and *The Galveston Daily News* regarding the Administration's AmeriCorps service grants.

Empowerment Zones and Enterprise Communities (EZ/EC)

To assist with the review process in a timely manner, USDA has requested assistance from members of the President's Community Enterprise Board. During July and August, each application will be reviewed by at least two employees. Application review training for the team will be provided the last week of June. The Department has received 325 notices from communities indicating their interest in the program. After an informal survey of Governors' offices, USDA anticipates that it may receive up to 245 rural and 273 urban EZ/EC applications.

SECRETARY'S SCHEDULE FOR NEXT WEEK

On June 24, I will visit USDA's Meat Animal Research Center in Clay Center, Nebraska to view progress in the development of the microbial, rapid-test for meat inspection, which will facilitate identification of bacterial contamination.

On June 25, I will deliver the keynote address at the annual convention of the Institute of Food Technologists in Atlanta, Georgia.

On June 27, I will co-lead with Ambassador Kantor a meeting in Chicago, Illinois to discuss trade issues with our counterparts from Canada.

On June 28, I will visit USDA's Summer of Safety National Service Program at the Ida B. Wells Public Housing Development in Chicago, Illinois.

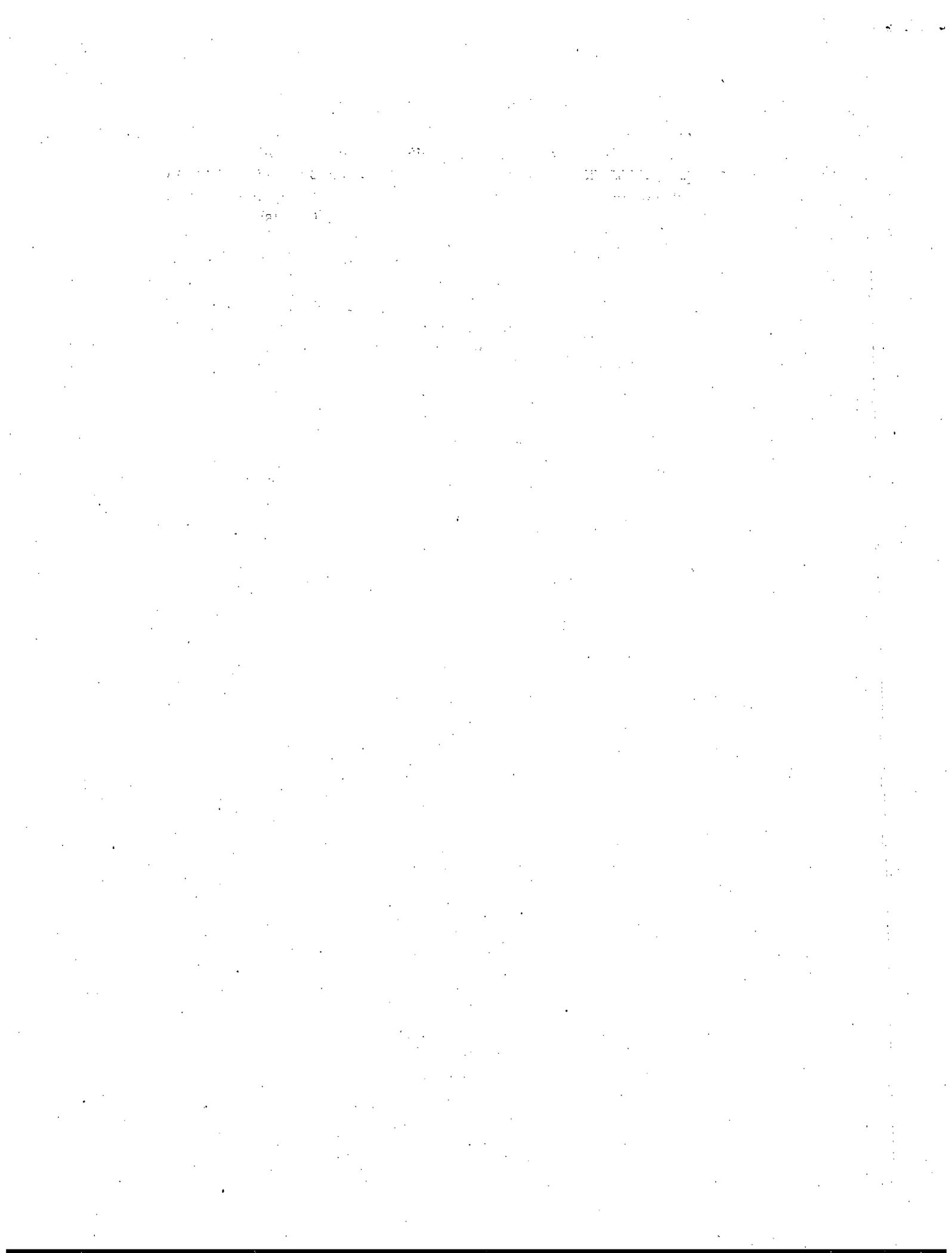
On June 29, I will participate in events in Seattle, Washington to promote U.S. exports of apples to China.

SECRETARY'S SCHEDULE FOR NEXT MONTH

On July 31 or August 1, I will attend a fundraiser in California for Congressman Richard Lehman.

DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK

Deputy Secretary Rominger will join Vice President Gore at the Presidential Management Council's Customer Service Group meeting on June 28.





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WASHINGTON, D. C.
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June 30, 1994

MEMORANDUM FOR: MACK MCLARTY, THE WHITE HOUSE
FROM: SECRETARY MIKE ESPY
SUBJECT: Weekly Report for the Week of June 27, 1994

KEY DEPARTMENTAL NEWS

Historic Shipment of U.S. Apple Exports to China Announced

On June 29, I announced the first shipments of U.S. apples to China. Under the terms of a recent agreement between USDA and the People's Republic of China, Red Delicious and Golden Delicious apples from certain growers in Washington State can now be shipped to that country. This will result in millions of dollars in new export opportunities for U.S. apple producers. When I visited the People's Republic of China last October, we discussed apples as one of our key areas of interest for market access into that country. We hope to expand trade in the near future to include apples from other States and that the Chinese market will eventually open to a wide variety of U.S. fruits and vegetables.

Uruguay Round Agriculture Costs Held at \$1.7 Billion

Office of Management and Budget Director Leon Panetta stated on June 28 that the Administration would not seek additional farm program cuts to help pay for the General Agreement on Tariffs and Trade (GATT) implementation. This demonstrates the Administration's commitment to the American farmer and U.S. agriculture and should ensure agriculture's support for the agreement. Agriculture gains under the Uruguay Round of the GATT will contribute significantly to offsetting the cost of reduced tariffs due to the trade agreement. Under the agreement, agricultural outlays are expected to fall by \$1.7 billion over Fiscal Years 1995 through 1999. Reduction in export subsidies will contribute an estimated \$1 billion, while decreased deficiency payments and other USDA Commodity Credit Corporation outlays from higher exports will total an additional \$700 million over the period.

Agriculture to Benefit from EPA Rule on Ethanol

The Environmental Protection Agency (EPA) announced today the final rule regarding the renewable oxygenate requirement in the reformulated gasoline (RFG) program required by the Clean Air Act. The final rule requires that 30 percent of the oxygenates in the RFG program come from renewable sources, which principally means ethanol. The requirement will be phased in over two years. Ethanol is perhaps the most important rural and agricultural issue across the Midwest, and the rule will have a significant impact on ethanol production. Full implementation of the requirement will increase ethanol production by 500 million gallons per year, increase the average price of corn by 8 cents per bushel, save \$440 million per year in farm program payments, and increase annual farm income by \$260 million. Acting Assistant Secretary for Economics Keith Collins participated in EPA constituent and Hill briefings on the rule. I issued a news release and did a radio teleconference with 40 broadcasters, which will be distributed to over 300 outlets across the Midwest. The Department also sent out the President's actuality to these same outlets.

Reorganization Bill Awaits House Floor Consideration

H.R. 3171, the USDA reorganization bill, was placed on the House suspension calendar this week. The bill did not move on the floor, however, because of a serious disagreement between various House Members regarding an amendment that was placed on the bill during committee markup. The amendment, offered by Congressman Gary Condit, would require the Department to establish an Office of Environmental Risk, which would issue risk/benefit analyses on major regulations relating to public health, safety, and environment. Negotiations continue to modify or delete the amendment. The Senate has already passed a reorganization bill that does not contain a similar provision.

THE WEEK AHEAD

Senate to Consider Appropriations Bill After Recess

The Senate Appropriations Committee has reported H.R. 4554, making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies for FY95. The bill will be taken up by the full Senate after the July 4 recess.

Meeting to Discuss E. Coli Issues

USDA is helping plan a special consensus conference entitled "*E. coli* 0157:H7 Infections: An Emerging National Health Crisis." The conference, sponsored by the American Gastroenterological Association Foundation, will be held July 11-13 in Washington, D.C. The purpose is to gather and exchange information on *E. coli* 0157:H7 from experts in the fields of gastroenterology, epidemiology, public health, microbiology, food science, and industry, as well as the public.

Tongass National Forest Timber Sale

The USDA Forest Service will announce within the next week a schedule to make 71 million board feet of timber available for bidding by independent sale operators on the Tongass National Forest. The Alaska Pulp Corporation's (APC) closure of its pulp mill in Sitka, Alaska last September forced USDA to cancel the company's 50-year timber contract. Recognizing the importance of the timber industry to the local economy, USDA is expanding the independent sale program on the Tongass.

Farm Weather Outlook and Update

The USDA National Weather Service's outlook for July 1-4 calls for much-above to above-normal temperatures, except along the Canadian border. Precipitation should be normal to above normal from the Pacific Northwest into the Northern Plains, across the Corn Belt and Northeast, and in coastal areas of the Southeast and eastern Gulf Coast. Below-normal precipitation is predicted in parts of the interior Southeast, Delta States, and from west Texas to California.

Showers improved soil moisture and warm temperatures promoted rapid crop growth across the nation's major crop areas. The exception was hot, dry weather late last week and through the weekend from west Texas into southern California. Temperatures in the Southwest of well above 100 degrees F stressed irrigated crops. Winter wheat harvest progressed well between showers in the central Great Plains.

CONGRESS

Congressional hearings

The House Merchant Marine and Fisheries Subcommittee on Environment and Natural Resources held a hearing today on recovery of endangered Columbia River salmon stock.

The House Agriculture Subcommittee on Environment, Credit and Rural Development today marked up H.R. 4217, the Administration's crop insurance reform proposal.

On July 1, the Senate Environment and Public Works Subcommittee on Clean Water, Fisheries and Wildlife will hold a hearing regarding endangered species conservation on public lands. This is the second in a series of hearings concerning reauthorization of the Endangered Species Act.

On July 5, the Senate Agriculture Subcommittee on Agricultural Research, Conservation, Forestry and General Legislation will hold a field hearing in Rapid City, South Dakota on ecosystem management and forest planning. Dave Unger, Associate Chief of the Forest Service, will testify.

On July 6, the Senate Energy and Natural Resources Subcommittee on Water and Power will hold a field hearing on plans for a coordinated approach to resolving ecological problems related to water quality, water quantity, endangered species, and wildlife habitat in the Klamath Basin. The hearing will be at the Oregon Institute of Technology in Klamath Falls, Oregon.

Congressional visits and activities

The House Subcommittee on Human Resources and Intergovernmental Relations requested on June 23 that the Department provide documentation of contacts between USDA Administrators, Tysons Foods, and the Arkansas Poultry Federation from January 20, 1993 to April 1, 1994.

Mike Dunn, Administrator of the USDA Farmers Home Administration (FmHA), will visit the Triple Oaks Apartment Project in Quincy, Florida, July 5-6. The visit to this migrant housing project was requested by Congressman Pete Peterson, who expressed concerns about vacancy rates and other migrant housing issues.

Today through July 6, Congressman Bruce Vento is accompanying Jack Thomas, Chief of the Forest Service, on an oversight trip to an Intermountain Region Wilderness Area.

REGULATORY ACTION

The Department's zero tolerance Poultry Enhancement Program (PEP) proposed regulation cleared the Office of Management and Budget today and will be published in *The Federal Register* soon.

On June 20, the USDA Business and Industry Loan Program's proposed rule was sent to *The Federal Register* for publication. In the rule, FmHA proposes to amend its Business and Industry loan servicing regulations. This provides for a 60-day public comment period.

USDA published in *The Federal Register* this past week a notice of intent to reestablish the Science and Education National Research Initiative Advisory Committee. The Committee will advise on areas of agricultural research to be supported, priorities to be adopted, and procedures to be followed in implementing programs of research grants to be awarded competitively through the National Research Initiative Competitive Grants Program. A list of potential nominees is being collected.

PRESS

Press Conferences

Today, USDA participated in the Environmental Protection Agency's announcement of its final decision on using renewable oxygenates in the reformulated gasoline program. (See *Key Departmental News*.)

On June 29, I participated in a press conference in Seattle, Washington to announce the first shipment of U.S. apples to China. (See *Key Departmental News*.)

Press Contacts with USDA

See at the end of this report the June 29 *Chicago Tribune* article regarding the National Service AmeriCorps project.

Associated Press asked for a USDA report on tar content in cigarettes.

Knight-Ridder Financial News Service and *Associated Press Radio* asked about USDA's role in regulating Calgene's genetically altered canola plant. After granting field test permits, USDA is now asking for public comments to determine if this plant should continue to be regulated.

Reuters News Service and *NHK-TV*, a Japanese public television station, requested information regarding the June 21 public hearing on the Upjohn Company's genetically engineered squash.

USDA was notified that *60 Minutes* visited a Tyson Foods Company plant in Green Forest, Arkansas. *60 Minutes* is working on an in-depth profile of Don Tyson, Chief Executive Officer of Tyson Foods. The story will include a segment investigating allegations that USDA has given the poultry industry preferential treatment on inspection due to close ties between the Administration and the company. This story will likely run this week.

Significant Freedom of Information (FOIA) Requests

The National Security Archive requested records regarding my trip to China.

The New York Times asked for copies of my travel records. *CBS News* also requested from the General Services Administration (GSA) copies of all Federal Department reports of senior level aircraft travel. GSA provided copies of these reports to *CBS News* and several Congressional staffs on June 24.

Newhouse News Service requested records regarding grants and assistance to Congressman Nick Smith's district.

The National Association of State Departments of Agriculture requested results of reviews of 1,000 meat packing plants, including the deficiencies found in each plant.

WEEK IN REVIEW

A. Important Events

USDA and Mexican Officials Meet on Meat and Poultry Inspection

Acting Assistant Secretary for Marketing and Inspection Services Pat Jensen led a team of USDA officials to Mexico this week to discuss Mexico's proposed rules on inspection of meat and poultry products entering Mexico. Mexico had issued regulations scheduled to go into effect this week, and there was much concern among U.S. industry regarding the interpretation and implementation of the regulations. USDA and Mexican officials were able to resolve most of the concerns regarding the regulations, which should be implemented without major incident as a result of these efforts.

Impact of USDA Rural Development Administration Programs

The USDA Rural Development Administration (RDA) estimates that its credit programs in FY94 have impacted the economy by creating 9,344 jobs and saving 11,154 more jobs in rural America. RDA funding during the past week provided the upgrade of existing drinking water systems for 2,352 residents, the upgrade of sewer systems for 170 residents, and for the creation of new sewer systems for 250 users.

Farmers Home Administration Loans Make A Difference

This past week, FmHA made over \$49 million in direct loans, creating 1,200 single family homes in rural areas. Based on industry standards, 1,426 jobs were created.

Violation of Gypsy Moth Quarantine

During a routine import inspection conducted by Agriculture Canada, gypsy moth (GM) egg masses and first instar larvae were found on a shipment of Colorado spruce trees shipped from Minnesota, previously a GM-free State. Bork Tree Farm in Hinkley, Minnesota shipped 1,000 Colorado spruce and Austrian pine trees. Federal and State plant regulatory officials traced the shipments and discovered egg masses at eight nurseries in Minnesota, as well as on stock shipped to Nebraska, Missouri, and Colorado. The Minnesota Department of Agriculture issued an emergency order to all

Minnesota nurseries to treat potentially infested stock from this particular tree farm with Dimilin. USDA Animal and Plant Health Inspection Service (APHIS) required Dimilin treatments on the tree farm sites where the infested stock was temporarily held. This incident represents a significant violation of the Federal GM quarantine and is currently being investigated by USDA.

U.S.-Canada Talks End Without Resolution

The recent U.S.-Canada wheat trade talks I attended on June 27 in Chicago, Illinois ended without a negotiated resolution. However, the talks did leave the door open to future discussion.

USDA Announces 1994/95 EEP Package for Wheat

USDA announced on June 29 a well-received 24.59-million-metric-ton, multi-country package of incentives under the Department's Export Enhancement Program (EEP) to boost sales of U.S. wheat during the 1994/95 international marketing year. Sales will be made to buyers in the 74 countries announced through normal commercial channels at competitive world prices. Export sales will be facilitated with cash bonus payments. This will enable U.S. exporters to compete at commercial prices in these markets.

B. Travel

On June 29, I participated in ceremonies in Seattle, Washington marking the first export shipment of U.S. apples to China. (*See Key Departmental News.*)

I visited USDA's National Service Summer of Safety program at a public housing development in Chicago, Illinois, June 28. (*See Secretarial Work on Presidential Initiatives.*)

On June 27, I participated in meetings with Canadian trade officials regarding outstanding trade issues. (*See Week in Review.*)

On June 24, I toured USDA's Meat Animal Research Center in Clay Center, Nebraska to view progress in the development of a microbial, rapid-test for beef and pork inspection, which will help identify bacterial contamination.

I delivered the keynote address at the annual convention of the Institute of Food Technologists in Atlanta, Georgia on June 25.

C. Major Speeches

On June 25, I spoke at the annual convention of the Institute of Food Technologists.

D. Hill Testimony -- I did not testify before Congress this week.

SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES

National Service News

On June 28, I visited USDA's Summer of Safety program in the Ida B. Wells public housing development in Chicago, Illinois. I met with program participants, toured the project area, and visited areas where gardens and trees will be planted.

Empowerment Zones and Enterprise Communities (EZ/EC)

USDA expects to receive by today's deadline more than 250 applications for rural designation as Empowerment Zones and Enterprise Communities. Over 70 USDA employees representing each mission area, as well as employees from other Departments and Agencies, will engage in a comprehensive review.

Health Care Reform

Assistant Secretary for Food and Consumer Services Ellen Haas attended a ceremony in Sacramento, California on June 29 commemorating the 20th anniversary of the Women, Infants, and Children (WIC) program. Her remarks emphasized the program's development over a 20-year period, most notably, the Administration's funding increases and contributions to enact comprehensive health care reform. Haas also spoke on the School Meals Initiative for Healthy Children and participated in the Chefs Collaborative 2000, a gathering of national chefs in California on June 27.

On June 29, USDA Extension Service sponsored a National Health Information Center presentation on interactive communication technology in the health care field. Dr. Walter Cairns, Director of the HealthLink Program at Stanford University, led a talk about HealthLink's potential contribution to national health care reform, particularly in rural areas where comprehensive services and facilities may be lacking. The seminar included a demonstration of the HealthLink system, a remote-site health care delivery tool utilizing touch-tone telephone technology with a touch-sensitive screen (Smartphone).

Under Secretary for Small Community and Rural Development Bob Nash spoke at a rural development conference in Memphis, Tennessee on June 27 regarding rural development and rural health issues.

The USDA Rural Electrification Administration (REA) advanced \$49,780 in grant funds to the Baptist Medical Center in Arkadelphia, Arkansas. The Center was one of several awardees for 1993 funding under the Distance Learning and Medical Link Grant Program. This establishes a 67-mile link with a flagship facility in Little Rock, Arkansas to transmit X-rays, scans, and other patients' images from rural Pulaski County to Little Rock, where medical data can be evaluated.

Pacific Northwest Economic Adjustment Initiative

RDA approved funding on June 22 for several projects in California related to the Administration's Pacific Northwest Economic Adjustment Initiative. The Karuk Tribe received a \$150,000 grant to acquire and expand a hardware store, which will create several jobs. Arcata Economic Development Corporation received \$163,900 to provide a revolving loan fund and technical assistance for use in Forest Service contracting and receivable financing for eight small and emerging businesses in several counties, estimated to create 16 jobs. The City of Week received \$150,000 to extend water and sewer lines to South Interchange Commercial Park to facilitate 13 small/emerging businesses, estimated to create 50 jobs.

Early Warning Radio System Progress

The transmitter for the northeast Alabama pilot project is tested and ready for shipment to Cherokee Electric Cooperative. Three additional transmitters are being prepared for subsequent site sponsors. USDA has invited participation in the program by electric and telephone cooperatives and companies for several proposed sites in Texas. The National Weather Service (NWS) continued work on an agreement that will set the responsibilities of the site sponsor and NWS. This agreement is near completion and will be important in speeding negotiations for each site.

SECRETARY'S SCHEDULE FOR NEXT WEEK

I will be in the office all week.

SECRETARY'S SCHEDULE FOR NEXT MONTH

On July 31 or August 1, I will attend a fundraiser in California for Congressman Richard Lehman.

DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK

On July 6, Deputy Secretary Richard Rominger will participate in the President's Management Council Meeting.

Americorps' recruits sweep into the city

By Ray Quintanilla
TRIBUNE STAFF WRITER

U.S. Department of Agriculture Secretary Mike Espy swept up piles of broken glass at the Madden Park housing development Tuesday to underscore the Clinton administration's resolve to improve conditions for America's poor.

"The administration is going to clean up America," Espy said, pushing a broom over an asphalt basketball court in the South Side development at Ellis Avenue and Pershing Road.

The agriculture secretary arrived to give a pep talk and promote Clinton's Americorps, a domestic national service program.

Some 50 program participants will clean up and plant upwards of \$60,000 in donated flowers, trees and vegetables at Madden Park. In a few weeks, the group will begin the same work at the Ida B. Wells development.

The recruits, as part of the agriculture department's "Summer of Safety" program, also will help residents of both developments form neighborhood watch groups.

"This is a program where students can give something back to the communities. We cannot do anything without the participation and goodwill of the people we are trying to help," Espy added.

His visit marks the third time, since April, that top administra-

tion officials, including the president and First Lady Hillary Rodham Clinton, have made Chicago Housing Authority developments the backdrop for social ills they want to address.

The president pushed for passage of his crime bill and an assault weapons ban while touring the Robert Taylor Homes earlier this month. Department of Housing and Urban Development Secretary Henry Cisneros even spent a few nights at the Taylor project to see what was needed to improve life in public housing.

Since then, Cisneros has embraced CHA Chairman Vincent Lane's plan to demolish many of the high-rise buildings in favor of scattered-site and smaller developments.

Now the agriculture department is getting into the action by putting youth, who will earn \$147 a week and a \$1,000 educational bonus upon completion of the program, into some of the toughest public housing developments to get residents to spruce up.

Some residents said they're skeptical of politicians who promote efforts designed to help them. "There's been a lot of talk ... and very little done," said David Smith, 47, a Madden Park resident.

Smith said once the students disperse in August, much of the garbage, broken glass and other



Tribune photo by Eduardo Contreras

Agriculture Secretary Mike Espy (left) helps Terrell Davis, 18, of the Chicago High School of Agricultural Sciences during Americorps' cleanup Tuesday at the Ida B. Wells development on South Ellis Avenue.

refuse, will slowly return.

About half of the recruits come from the Wells development. The rest come from across the city.

"I don't see how they expect people to volunteer to do anything. I clean up in front of my house, that's it," said Glenda Watkins, who lives in Madden Park with her husband and five children. "I think the work they'll do is good," she added.

For the workers themselves,

even small tasks such as sweeping can improve residents' lives, they said.

"I've never seen so much glass in my life. It's terrible, and to think kids were playing around all this stuff isn't very good," said Sheena Hodges, 16, who lives in the 9800 block of South Union Avenue.

Madden Park has 487 dwelling units and is one of the CHA's smallest developments. It also has

one of the housing agency's lowest vacancy rates at 3.1 percent.

Nearly one in four of the 2,700 units at the Wells development is vacant. That doesn't worry the program's organizers. "Only one person has quit because of questions about safety," said Barbara Valerious, principal of the Chicago High School for Agricultural Sciences, who is overseeing the youths' efforts.

"That's not bad," she added.



THE SECRETARY OF AGRICULTURE
WASHINGTON, D.C.
20250-0100

July 7, 1994

**MEMORANDUM FOR: MACK MCLARTY AND LEON PANETTA,
THE WHITE HOUSE**
FROM: SECRETARY MIKE ESPY
SUBJECT: Weekly Report for the Week of July 4, 1994

KEY DEPARTMENTAL NEWS

Wildfire Kills 12 Federal Firefighters

12 firefighters were killed while battling a wildfire on U.S. Department of Interior Bureau of Land Management (BLM) lands. Two firefighters are missing. Three persons were hospitalized with burns and heat exhaustion. A joint USDA Forest Service/BLM investigation team has been dispatched. I am planning to visit the site, and Assistant Secretary for Natural Resources and Environment Jim Lyons and Chief of the Forest Service Jack Ward Thomas have travelled to Colorado.

The South Canyon fire on Storm King Mountain near Glenwood Springs, Colorado was started July 4 by lightning. Strong winds caused a major increase in fire activity on the control lines. The fire increased in size, from 100 to 2,000 acres. The entrapment of firefighters occurred on July 6 around 9 p.m. Approximately 50 Forest Service and BLM firefighters were on the scene.

The Forest Service's National Fire Information Desk opened July 4 to report on fire activity. The national preparedness level is at Level III, which exists when two or more areas are experiencing incidents requiring a major commitment of national resources. Other Western States, including California, are experiencing new large fire activity.

Flooding Hurts Georgia, Alabama, and Florida Agriculture

Tropical storm Alberto has flooded approximately 30 counties in west/central Georgia. Some areas, including Macon and Americus, are surrounded by water, with roads and bridges washed out and dams broken. Reports from 11 counties indicate over 180,000 acres of cropland impacted. Major crops damaged include peanuts, cotton, and corn. At least eight more counties in southwestern Georgia are expected to be impacted in the next few days due to cresting of the Flint,

Ocmulgee, and Chattahoochee Rivers. While the extent of agricultural damage is undetermined at this time, preliminary estimates are \$10 million to \$20 million. I will also be travelling to Georgia to view the damaged areas.

Alabama Governor Jim Folsom has asked for disaster declarations for eight counties. The towns of Elba and Geneva, along with other low-lying areas in Coffee and Geneva Counties, have been evacuated. Roads and railroad beds are damaged, causing safety hazards. Flooding continues, with additional counties in the southern portion of Alabama under warnings.

Twelve Florida counties have been affected by flooding. A portion of Interstate 10 is closed, along with other roads and bridges. Livestock, cotton, corn, soybeans, peanuts, and vegetables have been damaged.

Poultry Enhancement Program To Be Released

The Department's Poultry Enhancement Program (PEP), a proposed regulation to significantly reform and improve the Federal poultry inspection system, received clearance from the Office of Management and Budget (OMB) this week. The PEP contains sweeping improvements in the poultry inspection system and marks a major step towards a science-based system of food inspection. The proposed PEP rule is expected to be published on July 11 in The Federal Register.

Safe Cooking and Handling Labels Now Being Used

On July 6, USDA regulations went into effect mandating that safe cooking and handling instructions appear on the packaging of all raw poultry and meat products. All raw ground poultry and meat were required to meet such labeling requirements on May 27. These instructions on packaging remind consumers that some raw meat and poultry may contain dangerous bacteria and these products must be handled properly to avoid foodborne illness. These labels are an important component of the Department's effort to reduce foodborne illnesses, such as outbreaks of E-coli and salmonella, which often increase during the summer picnic and outdoor cooking season.

Survey Recognizes School Meals Initiative for Healthy Children

National survey results just released show strong support for USDA's School Meals Initiative for Healthy Children. The survey found widespread recognition of and support for the program. Of the representative sample of over 1,000 adults, over 71 percent had heard about USDA's plan to improve the nutrition in school lunches. More than 89 percent of respondents believed it is important to serve healthier meals in schools. The response was almost 95 percent when asked to adults in households with children under 18 years old. In the survey, about 81

percent of those questioned think it is important to serve meals lower in fat and about 89 percent support the Department taking action to provide school meals that reflect the most current nutrition recommendations.

THE WEEK AHEAD

ITC Decision on Impact of Canadian Wheat Imports Nears

The International Trade Commission (ITC) will hold a public briefing on July 8 regarding its Section 22 investigation on the impact of Canadian wheat imports on the wheat price support program. ITC Commissioners are expected to issue short statements regarding their individual findings on whether wheat imports are rendering ineffective or materially interfering with the wheat price support program. On July 15, the ITC is then expected to issue its final report and recommended remedy, if any. Based on this report, as well as other factors, the President is then expected to determine what action, if any, should be taken. If material interference is occurring or expected to occur, Section 22 of the Agricultural Adjustment Act of 1933 would allow the President to impose tariffs or quotas on imported wheat.

The ITC decision will strongly influence the ongoing trade discussions and disputes between the United States and Canada. To date, these discussions have involved a number of commodities including wheat, barley, peanuts, sugar, poultry, eggs, and dairy. A conclusive finding of material interference by the ITC would support the view that Canadian wheat imports should be restrained and would strengthen the U.S. position and negotiations including discussions regarding use of Article 28 of the General Agreement on Tariffs and Trade (GATT). A divided finding or a finding that supports no material interference would strengthen the Canadian claim that both Section 22 and Article 28 action are unjustified and should be abandoned by the United States.

Summit Meeting of Chesapeake Bay Partners

The Environmental Protection Agency has organized a summit meeting of all partners in the Chesapeake Bay Program. Invitees to the July 14 meeting represent the leadership of over 10 State and Federal government departments and agencies, including USDA. A public signing ceremony of a new agreement focusing on ecosystem management by agencies involved in the Chesapeake Bay Program will be the centerpiece of the meeting.

Forest Research Advisory Council to Meet

The Forest Research Advisory Council, a newly formed advisory committee, will meet for the first time July 13-15 in Washington, D.C. This diverse group from Federal and State government, private industry, academia, and interest groups is to provide advice on the Department's cooperative forestry research efforts, including the research program of the Forest Service.

USDA Announces Agriculture and the Environment Forums

USDA's Soil Conservation Service (SCS) will sponsor a series of eight public forums on natural resource issues. The forums, to be held across the country this summer, focus on the theme: "Agriculture and the Environment: Listening to the Grassroots." The first forum will be held July 14 in Spokane, Washington. Assistant Secretary Lyons and SCS Chief Paul Johnson will be on the panel at the Spokane forum. Other forums will be in Springfield, Illinois; Abilene, Texas; Reading, Pennsylvania; Sioux Falls, South Dakota; Longmont, Colorado; Columbus, Georgia; and Sacramento, California.

Upcoming Program Announcements

USDA's *Crop Production Report* on July 12 will contain the first 1994 production forecasts for durum wheat, other spring wheat, oats, and barley, in addition to an updated forecast of winter wheat production. *World Agricultural Supply and Demand Estimates*, also to be released on July 12, will update U.S. and foreign production, use and price forecasts for the 1994/95 crop marketing years. The July 12 *Changing Structure of U.S. Dairy Farms*, among other information, shows that large dairy farms (with 100 or more milk cows) housed nearly half of the U.S. dairy herd in 1993. These dairies, representing 13.6 percent of all U.S. farms with milk cows, were responsible for about half of total milk production. On July 13, USDA will release *The U.S. Presence in Mexico's Agribusiness*. It states that U.S. investment in Mexico is expected to increase with the implementation of the North American Free Trade Agreement. It also reviews U.S. investment in Mexico from 1987 to 1992 and evaluates its impact on the U.S. and Mexican economies.

Farm Weather Outlook and Update

Favorable weather is anticipated across the Corn Belt as corn and soybeans begin the crucial reproductive phases of development. The recent increase in soil moisture, especially beneficial for the eastern half of the Corn Belt, is expected to be enhanced by above-average rainfall for July 10-14, according to the latest USDA National Weather Service outlook. Midwest temperatures are expected to be near normal, while above-average temperatures accompanying near- to above-

normal rainfall in the Southeast and Great Plains will promote cotton, oilseed, and grain development. In contrast, unfavorably hotter-than-average temperatures and limited seasonal rainfall amounts in the West will increase demands for irrigation of crops as well as the potential for forest fires.

CONGRESS

Congressional hearings

On July 8, the House Science, Space and Technology Subcommittee on Technology, Environment and Aviation will hold a field hearing in Racine, Wisconsin on maintaining ozone levels as prescribed by the Clean Air Act.

The Senate Energy and Natural Resources Committee will hold two field hearings on USDA and the Department of the Interior proposed regulations concerning rangeland reform and livestock grazing fees. One hearing will be in Richfield, Utah on July 11, and the other in Casper, Wyoming on July 15.

The House Natural Resources and Government Operations Committees will hold a joint oversight hearing July 12 on communication site fees on public lands.

The Senate Environment and Public Works Committee will hold a July 12 hearing on possible changes to current floodplain management and flood control policies.

On July 12, the House Science, Space and Technology Subcommittee on Technology, Environment and Aviation will hold a hearing to assess the contributions of and barriers to technological innovation in the rural United States. Under Secretary for Small Community and Rural Development Bob Nash will testify.

On July 13, the House Agriculture Committee will conduct a mock markup of General Agreement on Tariffs and Trade (GATT) implementing legislation.

Congressional visits and activities

I will be forwarding a legislative report concerning S. 1345, "The Equity in Educational Land-Grant Status Act of 1993," as authored by Senator Jeff Bingaman to Senate Indian Affairs Committee Chairman Dan Inouye this week. The Department will indicate its encouragement and support of educational efforts relative to the establishment of 29 Indian Tribal colleges as mandated by this legislation. The legislative report also requests a number of legislative changes to provide clarification and easier administration of such colleges.

The Administration's crop insurance reform bill was marked up and passed by the

relevant subcommittee last week. Full House Agriculture Committee consideration has not yet been scheduled, but is expected this month.

On July 8, USDA Forest Service Regional Director of Physical Resources Ellie Towns will speak following Senator Hank Brown's keynote address to the Water Congress, which is jointly sponsored by the Colorado Water Congress and the Colorado Municipal League. Members of the Colorado State Legislature, mayors, and city managers are expected to attend. Senator Brown's remarks are expected to include Forest Service efforts to renew several municipal water permits on the Arapaho and Roosevelt National Forests. His previous statements accused the Forest Service of discouraging use of historical reservoirs and taking water rights.

Mining law conference began last week. The Senate presented their mark to the House and staffers met this week. Conference will resume after the recess.

REGULATORY ACTION

The comment period is open until September 15 on the recently released draft environmental impact statement (DEIS) on the conditional availability of certain lands in the Beaverhead National Forest in Montana for oil and gas leasing and subsequent exploration and development.

The proposed regulations on the Poultry Enhancement Program which propose significant reform of the poultry inspection program will be published next week. (See "*Poultry Enhancement Program To Be Released*" under Key Departmental News.)

The Department's proposed pathogen reduction legislation is presently undergoing review at the Office of Management and Budget. This proposed legislation includes important reform of both the Federal Meat Inspection Act and the Poultry Products Inspection Act. It includes recall authority of meat and poultry products and "trace back" authority.

PRESS

Press Contacts with USDA

An article by *The Washington Post* may run in the coming week regarding alleged waste in the USDA Office of Communications.

In its July 11 issue, *Newsweek* is expected to publish an article on public land use issues, including a section on the Boundary Waters Canoe Area Wilderness, Superior

National Forest in Minnesota. The magazine also is almost ready to publish an article discussing the process for implementing ecosystem management and listening to customers that was used in the Idaho Sawtooth National Forest.

Good Morning America has contacted officials of Utah's Dixie National Forest about the site for a show. The tentative theme is "Life in the Rural West."

See article, "Espy Touts Clinton Health Care Reforms" at end of this report.

Significant Freedom of Information (FOIA) Requests

The Washington Post has requested my travel records as well as those for Under Secretary Nash and Acting Assistant Secretary for Marketing and Inspection Services Pat Jensen.

WEEK IN REVIEW

A. Important Events

Discussions Held on Mexico's Meat Inspection Procedures

Acting Assistant Secretary Pat Jensen completed two days of talks, June 28-29, with Mexican officials regarding the implementation of that country's new meat and poultry inspection procedures. The United States and Mexico reached agreement in the three principal areas of concern to U.S. industry, such as inspection rates, labelling, and product detained pending results of residue testing. Mexico has dropped its previous requirement that all meat imports be subject to 100 percent inspection. Now, most U.S. meat exports to Mexico will be subject to random inspection, with a maximum inspection rate of 25 percent. On labelling, Mexico will require labels on one side of a box instead of the original requirement that would have required labels on two sides. On residue testing, Mexico indicated that product will not be held pending routine monitoring analysis of samples. Mexico has also indicated a willingness to work with USDA and the U.S. industry to resolve problems as they may arise. These new inspection procedures went into effect on July 1.

Sugar Marketing Allotments Unnecessary for FY94

USDA announced on July 6 that marketing allotments for domestic sugar will not be established during FY94. This announcement is in accordance with provisions of The Agricultural Adjustment Act of 1938, as amended, which require the Secretary to make quarterly re-estimates of sugar consumption, stocks, production, and imports. Based on these re-estimates, the Secretary determines if allotments are to be instituted, adjusted, or suspended. This determination is based on June estimates of the U.S. sugar situation and outlook for the remainder of the fiscal year.

Brazil Reduces Duty on Beef

Brazil reduced the duty from 10 percent to zero on all types of imported beef. The reduction is reportedly to allow for greater imports during the winter dry season, when beef supplies from pasture fattened cattle decline. Brazil's beef imports, which reached an abnormally high 250,000 tons in 1990, were 20,000 tons in 1993.

Guatemala May Restrict U.S. Apple Imports

Guatemala has indicated that it will likely use import permits to limit imports of U.S. apples in the second half of the year to protect domestic producers. Permits will be limited or not issued if Guatemala determines that apple imports will hurt the domestic fruit industry. This appears to be in violation of Guatemala's GATT accession agreement, under which it agreed to eliminate import permit requirements for apples, along with other commodities effective June 30. Restrictions could seriously disrupt U.S. apple exports to that country, which totaled about \$1 million in 1993. In addition, U.S. apple exports to Guatemala have been rising sharply. Under the terms of the Uruguay Round agreement, Guatemala will establish a small tariff rate quota on imported apples, effective January 1, 1995.

Taiwan Submits GATT Agricultural Offer

Taiwan submitted its agricultural offer to the United States as part of the GATT accession process. Bilateral meetings with the Taiwanese are scheduled for the week of July 18 in Washington, D.C., with Working Party meetings set for the following week in Geneva, Switzerland.

Florida Tomato Producers File Dumping Suit

Florida growers, concerned about large supplies and low prices this past winter and early spring, filed a dumping suit against Mexico. USDA vegetable analysts have followed the situation and report that Florida growers have had high yields on both their winter and spring crops. Further, imports of fresh-market tomatoes for the first five months of 1994 were down about 3 percent from 1993.

Undercooked Franks Recalled

Wilson Foods Corporation of Oklahoma City, Oklahoma voluntarily recalled about 228,000 pounds of its Wilson and Corn King Jumbo Franks on July 6. Some of the franks may have been undercooked and could make people ill if eaten. The franks were distributed to retail food stores throughout the United States in one-pound and three-pound packages.

Primate Deaths in Arizona

Two primates died in separate incidents at the Biosphere II, a licensed exhibitor in Arizona. This information was obtained during the course of a routine USDA inspection. The USDA Animal and Plant Health Inspection Service is investigating.

Bilateral Technical Trade Discussions

USDA is conducting formal bilateral discussions with key U.S. trading partners to facilitate timely resolution of phytosanitary matters. Over the past six weeks, USDA held such discussions with Japan, Korea, People's Republic of China, Chile, and Mexico, resulting in progress on a number of issues. The next meeting, with Taiwan, is scheduled for the last week of August.

B. Travel

On July 6, I joined Senator Jay Rockefeller for a health care event in Wheeling, West Virginia. (*See Presidential Initiatives/Health Care Reform.*)

C. Major Speeches

Senator Jay Rockefeller and I addressed the Wheeling, West Virginia Rotary and Kiwanis Clubs on July 6 regarding health care reform. (*See Presidential Initiatives/Health Care Reform.*)

D. Hill Testimony -- I did not testify before Congress this week.

E. Controversies

Next week, two companies will present to USDA their opposition to the Department's recent proposed debarment actions. Sysco Food Services, Inc. is scheduled to meet USDA officials on July 13 and Borden, Inc. on July 15. Counsel for Borden and Meadow Gold Dairies, Inc. will be represented as a single entity. Three consumers of poultry products and three livestock producers filed suit in Federal District Court in Des Moines, Iowa seeking to require USDA to establish a zero tolerance pathogenic contaminant standard and trimming procedures for poultry, similar to those which presently exist for beef. The suit, Kenney, et al. v. Espy, alleges that the Secretary of Agriculture in 1993 instituted, through directives issued by the USDA Food Safety and Inspection Service (FSIS), a program to control any potential source of pathogenic contamination on beef. The complaint also seeks to set aside USDA regulations which allow for the absorption and retention of water in poultry. As noted previously, the Department has proposed significant reform of the poultry inspection program through the PEP. In addition, the poultry and meat inspection programs and variations between the inspection requirements of meat and

poultry are being closely scrutinized by the Department. It should be noted that meat and poultry are subject to separate laws which authorize their respective inspection programs.

The U.S. District Court for the Southern District of West Virginia, in Cook v. Espy, upheld the Department's position that the "inaccessible resources" provision of the Food Stamp Act of 1977 does not apply to household vehicles. Legislation in 1990 and 1991 provided for the exclusion of resources deemed "inaccessible," that is, resources for which, if sold, a household could not expect to realize any appreciable gain. USDA has estimated that applying the inaccessible resources provision to vehicles could increase food stamp issuance by \$300 million to \$500 million per year. The first court to rule on this issue, the U.S. District Court for the District of Arizona, found on December 16, 1993, in Valenzuela v. Espy, that the Department's interpretation of the statute was unreasonable. Six cases are pending on this issue throughout the country.

SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES

Health Care Reform

As part of the Administration's outreach for health care, I joined Senator Jay Rockefeller in a health care event in Wheeling, West Virginia on July 6. We visited with a family that supports universal coverage and held a press conference. While in Wheeling, we also addressed the Rotary and Kiwanis Clubs.

Assistant Secretary for Food and Consumer Services Ellen Haas will be in Chicago, Illinois July 11 to chair a roundtable meeting on "Food and Nutrition Needs for Minority Populations." This regional meeting is a follow-up to a roundtable earlier this spring in Washington, D.C. While in Chicago, Haas meets with local editorial boards and reporters about the School Meals Initiative for Healthy Children.

Empowerment Zones and Enterprise Communities (EZ/EC)

Over 220 applications were filed for rural designation as Empowerment Zones and Enterprise Communities. On July 12, Housing and Urban Development Secretary Henry Cisneros and I will participate in an event to showcase the importance of the EZ/EC program. Approximately 60 USDA employees representing each mission area, as well as employees from other departments and agencies, will engage in the comprehensive review of the applications. Three Empowerment Zones and 30 Enterprise Communities will be chosen from these applicants.

Customer Service

USDA work continues on improving customer service. Plans are being formulated to hold customer service training sessions for Team USDA field staff representing several Department agencies. In Illinois, USDA and The Nature Conservancy are working with citizens to develop a project that addresses resource concerns in the five county Cache River Watershed. The project's major objective is to improve water quality and protect the Cache River Wetlands.

Forest Plan/Pacific Northwest Economic Adjustment Initiative

Judge Jackson granted the Government's motion to transfer to Judge Dwyer in Washington State Northwest Forest Resource Council v. Thomas, the industry challenge to the Forest Service portion of the April 13 Record of Decision.

On July 12, I will meet with Swedish Minister of Agriculture Karl Erik Olsson to discuss forestry issues related to the Pacific Northwest and Sweden's new forest policy. Chief of the Forest Service Jack Ward Thomas will also take part in the discussion. Sweden and the United States are participating in a continuing dialogue on development of criteria and indicators for sustainable management of temperate and boreal forests.

SECRETARY'S SCHEDULE FOR NEXT WEEK

On July 13, I will address the Federal Quality Institute in Washington, D.C.

My schedule for next week is presently being developed. As previously noted, travel plans include going to both Colorado and Georgia to address wildfire and flooding issues.

SECRETARY'S SCHEDULE FOR NEXT MONTH

My monthly schedule is being developed at this time.

DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK

Deputy Secretary Richard Rominger will be in the office all week.

7/6/94

AM-WV--Espy Visit, Bjt,410

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Espy Touts Clinton Health Care Reforms

AP Photo WHEI

WHEELING, W.Va. (AP) Rural Americans should have the same quality of health care as federal employees who can decide what type of coverage they want, U.S. Agriculture Secretary Mike Espy said Wednesday.

Espy and other Cabinet members this week are traveling the country to tout President Clinton's proposed health care reforms, especially his plan to provide universal coverage.

"I just simply don't believe that rural areas deserve any less than urban areas, so that is why we are here to promote a plan that is fair for everyone, a plan that has universal access, a plan that has long-term care for people like Stephanie," Espy said.

Espy accompanied U.S. Sen Jay Rockefeller, D-W.Va., to the home of a Wheeling couple who have little insurance and a 23-year-old daughter, Stephanie, with cerebral palsy.

Espy and Rockefeller spent about 45 minutes at the home of Steve and JoAnn Bosworth before the agriculture secretary addressed about 150 members of area civic groups.

Bosworth said his daughter must remain on a respirator and requires 24-hour care that is only partially covered by Medicaid. The only other insurance the family has is through the Department of Veterans Affairs and covers only Bosworth.

"I sure wish that you had gone where we had just come from and looked at Stephanie on that bed fighting for life, just trying to fight for a chance to make it," Espy said at the luncheon. "I think her fellow Americans should help her."

Espy spoke about his own health care plan through the federal government.

"It's affordable. It's flexible. It's available," he said.

"It's subsidized by the federal taxpayers, and I just don't really believe that Stephanie should have less than what I have."

The Bosworths, who said they were contacted by Rockefeller's office Friday about the visit, said they both support some form of universal health care coverage that would alleviate some of the burden of caring for their daughter.

"We haven't had a vacation in 19 years. We don't do things together as a family," Mrs. Bosworth said.

Rockefeller said the family was "playing by the rules," but their government failed them.

"The system is meant to work for you and isn't," he said.

"That's the crisis."



THE SECRETARY OF AGRICULTURE
WASHINGTON, D. C.
20250-0100

July 14, 1994

MEMORANDUM FOR: LEON PANETTA, THE WHITE HOUSE
FROM: SECRETARY MIKE ESPY
SUBJECT: Weekly Report For Week Of July 11, 1994

KEY DEPARTMENTAL NEWS

USDA Moves Quickly To Help Flood Victims

On July 13, I joined President Clinton in Georgia to tour flood damaged areas and discuss recommendations to help victims. We boarded a helicopter in Albany, Georgia and surveyed the flood's impact. Food assistance is being provided, and as of this afternoon, 560,158 pounds of USDA food valued at \$382,957 has been donated for distribution through the American Red Cross (ARC) and other non-profit organizations for feeding people at shelter sites in Georgia, Florida, and Alabama.

Georgia received approval to begin operating a Disaster Food Stamp Program in Dougherty County. This has allowed emergency food stamps to be issued for seven days, through July 18, to local residents who may be temporarily eligible. The State estimated that 3,500 households that do not currently receive food stamps will apply for disaster food stamp assistance. To date, USDA has provided over \$1 million in food stamps to 3,757 current and new households through the emergency program. Also in Georgia, USDA personnel have divided into teams to make initial damage survey reports. They are also working to determine where water control structures should be placed.

In Florida, damage assessments have begun. USDA is informing affected residents under the Emergency Watershed Protection and other USDA programs. Floodwaters in most of the currently stricken areas are expected to recede by the end of the week. However, new areas are expected to be flooded.

In Alabama, USDA staff are in flooded areas coordinating Emergency Watershed Protection plans and other program assistance. Preliminary damage estimates are \$2 million-\$2.5 million.

USDA Actions Regarding Western Fires and Fire Victims

I traveled last week to Colorado to personally meet with the forest fire fighters, view the devastation of the Colorado Canyon Creek Fire, and work with USDA Forest Service employees to review this serious situation. In addition, three individuals perished in a helicopter crash during firefighting activities in New Mexico. Following my trip to Colorado, I directed immediate review and identification of available assistance to the families of the Canyon Creek Fire victims, and if necessary to develop legislative or regulatory measures which would provide such assistance.

USDA, in conjunction with the efforts of the Office of Management and Budget and the Department of Justice (DOJ), has identified relief authorized under the Public Safety Officer's Benefits Act, administered by DOJ. This Act applies to all fire personnel and provides a one-time, tax-free benefit to eligible survivors of firefighters. The amount of the payment, which adjusts each year, is \$127,499 this year. Eligible survivors include children, spouses, or parents. DOJ immediately forwarded applications to Forest Service Regional Personnel Offices for distribution to the families. In addition, Forest Service personnel will be working closely with the families to assist them as well as to complete the applications. The Forest Service will then promptly forward them to DOJ for processing. DOJ indicates that they intend to complete review and approval of these applications in one week. It is then expected to take a week for the Department of Treasury to provide payments to the approved family beneficiaries.

In addition, the Federal Employees Compensation Act (FECA), administered by the Department of Labor, covers all permanent, temporary, seasonal, or part-time Federal employees. Under this Act, employees injured or killed while performing official duties are entitled to full medical expense coverage, including hospitalization. The Act also provides monthly benefit payments to survivors of victims. In the case of the firefighting fatalities, the benefit payment to surviving spouses will be based on 50 percent of the deceased's salary until the spouse remarries. Dependents will receive 15 percent of the deceased's salary through high school and for an additional four years if the dependent pursues a college degree full time. Two of the 16 victims in the firefighting tragedies had a spouse or dependents. Parents may also be eligible for wage loss payments. FECA also provides some monies for burial and transportation expenses.

USDA will continue to closely work with the families and offer assistance. We expect to conduct memorial services at the Department later this month. Furthermore, an interagency fire investigation team comprised of Forest Service, National Weather Service, and Bureau of Land Management staff is examining the circumstances, documentation, directions, and other pertinent information on the fires.

International Trade Commission Report

As reported in the last White House Report and in a separate July 8 memorandum, the individual Commissioners of the U.S. International Trade Commission (ITC) released their findings on July 8 in the Section 22 investigation of Canadian wheat imports. In a unanimous finding, they indicated that imports were interfering materially with the purpose of U.S. farm programs. Specific details of the findings will be made available on July 15, when the ITC submits its report to the President.

Crop Insurance Reform Subject To Problematic Amendment

The Senate may take up the Administration's comprehensive crop insurance reform package on the floor this week. A variety of amendments are being considered, including disaster assistance for the victims of flooding in the Southeast. In the House, full Agriculture Committee markup is expected next week. A controversial amendment is expected to be offered by Congressman Tim Penny at the markup. The reform bills passed by the Senate Agriculture and House Subcommittee require the Appropriations Committee to fund a portion of the program proposed in the reform bill. The amendment would eliminate this requirement by imposing substantial reductions in incentives to farmers and in expense reimbursement to insurance agents. Commodity groups are generally in support of the Penny amendment, and the insurance agents are adamantly opposed. If unsuccessful in Committee, the amendment will be offered on the floor, where Congressman Richard Durbin is expected to support it. The Department is working with all parties to resolve this emerging problem.

USDA Reorganization Still At Risk

Negotiations over the Condit amendment to legislation which would authorize reorganization of the Department continue. The Condit amendment requires the establishment of an Office of Environmental Risk that will perform risk-benefit analysis of all major regulations. This week, Departmental and Office of Management and Budget officials met to discuss the strategy and substance of this issue, including a meeting with staff of House Chairmen with jurisdiction over environmental issues. Alternative language to the amendment is being developed. On July 15, Deputy Secretary Richard Rominger and I are holding a meeting with all major commodity and other agricultural organizations to discuss the Condit amendment and the importance of passage of the reorganization bill this year.

THE WEEK AHEAD

Pathogen Reduction Proposed Legislation Clearance Likely Next Week

The Department's Pathogen Reduction proposed legislation is likely to receive interagency clearance next week and will immediately be sent to Congress. The proposal contains many significant new authorities, such as mandatory recall, civil penalties, and traceback that will strengthen the overall food safety efforts at the Department. There is intense Congressional, consumer, and industry interest in the proposal, which will be the subject of a hearing before Senator Tom Daschle's Subcommittee on Agricultural Research, Conservation, Forestry, and General Legislation on July 26.

Animal Health Meeting In Mexico

An animal health binational meeting with Mexico is planned for July 19-21. An important topic for Mexico will be the recently proposed USDA regulation to control tuberculosis in imported Mexican steers. Mexico believes USDA's proposed rule is overly restrictive. Adopting this proposed rule over Mexican objections could result in parallel action on U.S. imports into Mexico.

Upcoming Reports

USDA pending reports include: *USDA Taking Steps to Improve Foreign Food Aid Deliveries*; and *Agricultural Outlook*, which will feature the annual overview of the world grain market, and an analysis of occupational health and safety issues for farmers and farmworkers. Other articles in *Agricultural Outlook* will cover the taxation of farmland, a farm interest rate forecast, and an update on U.S. agricultural crops.

Farm Weather Outlook And Update

Warmer than normal weather over most of the nation is expected by the USDA National Weather Service through July 18. Above-average rainfall is likely in the Northern Plains, the Corn Belt, the Southeast, and the Delta. The moisture would benefit immature small grains and sugarbeets in the Plains and reproductive corn and soybeans across the Corn Belt. Additional rain would, however, keep peanut and cotton areas of the Southeast unfavorably wet. No change is expected in the Western States, where hot, dry weather is expected.

Tropical Storm Alberto and its remnants spread heavy rain across the Southeast for nearly a week. The heaviest hit areas were Georgia and southeastern Alabama. Storm totals reached 24.5 inches in Americus, Georgia, while widespread 8-15 inches of rain caused extensive flooding in the State.

CONGRESS

Congressional Hearings

Today, the Senate Indian Affairs Committee conducted a hearing regarding Indian religious freedom.

A hearing to review the production outlook of U.S. farms was held today by the House Agriculture Subcommittee on General Farm Commodities.

On July 13 and today, the House Public Works and Transportation Subcommittee on Water Resources and Environment held hearings on issues related to the reauthorization of Superfund.

The Senate Energy and Natural Resources Committee will hold a field hearing in Casper, Wyoming on July 15 on both the USDA and the Department of the Interior proposed regulations concerning rangeland reform and livestock grazing fees.

On July 19, the Senate Environment and Public Works Subcommittee on Clean Water, Fisheries, and Wildlife will hold a hearing on reauthorization of the Endangered Species Act.

The House Merchant Marine and Fisheries Subcommittee on Environment and Natural Resources on July 19 will conduct a hearing on H.R. 4481, the National Aquatic Ecosystem Restoration Act and H.R. 4289, the Waterways Restoration Act. Assistant Secretary for Natural Resources and Environment Jim Lyons will testify on the Waterways Restoration Act.

On July 19, the House Natural Resources Subcommittee on National Parks, Forests, and Public Lands will hold a hearing on H.R. 233 and H.R. 4083. The proposed bills would designate a segment of the North Fork of the Payette and the Lower Salmon Rivers in Idaho as components of the National Wild and Scenic Rivers System.

A hearing on proposed changes to current floodplain management and flood control policy will be held on July 20 by the Senate Environment and Public Works Committee.

The Senate Energy and Natural Resources Committee will mark up S. 721, a bill to amend the Land and Water Conservation Fund Act, on July 20.

Congressional Visits And Activities

It is possible that the Administration's proposed legislation on crop reform is expected to be taken up in the Senate this week. Markup in the House Agriculture Committee is expected next week. *(See Key Departmental News)*

Assistant Secretary for Food and Consumer Services Ellen Haas met with Senator Tom Daschle on July 12 to discuss the School Meals Initiative for Healthy Children.

The Senate Agriculture Committee will hold a symposium on July 15 regarding the future of the conservation reserve and other programs.

Congressman Larry LaRocco contacted Assistant Secretary Lyons with concerns regarding the health of forests in Idaho. USDA is working to address his concerns that the dead and dying trees in the forests pose a high risk for potential wildfires.

REGULATORY ACTION

On July 18, USDA is working to make available for public review permitting decisions for six water facilities on the Roosevelt National Forest in Colorado.

PRESS

Press Conferences

Deputy Secretary Richard Rominger, Assistant Secretary for Natural Resources and Environment Jim Lyons, and USDA Soil Conservation Service (SCS) Chief Paul Johnson announced on July 13 results of the USDA's 1992 National Resources Inventory (NRI) at a media briefing. *(See Week in Review)*

On July 12, Secretary of Housing and Urban Development Henry Cisneros and I held a media event to review the application process, discuss the status of the Empowerment Zone and Enterprise Community (EZ/EC) Federal Competitive Initiative, and release the names of community applicants. *(See Secretarial Work on Presidential Initiatives)*

Assistant Secretary for Food and Consumer Services Ellen Haas took part in a national press conference today on the Summer Food Service Program. The Children's Defense Fund hosted the press conference at a school in Washington, D.C. to draw attention to the important role the Summer Food Service Program can play in the health of African-American children.

Press Contacts With USDA

The Crusaders, a television tabloid news program, is preparing a story on the farm loan account of a USDA Farmers Home Administration (FmHA) \$1 million-plus borrower in default, who was recently included in a health care televised conference call with the First Lady.

ABC's Prime Time contacted USDA concerning a story they are considering regarding food stamp fraud to be aired in the fall. The story is expected to focus on food stamp coupon trafficking in California and the Department's move to Electronic Benefits Transfer of benefits as an improvement over the paper coupon.

Significant Freedom Of Information (FOIA) Requests

The Wall Street Journal requested copies of my daily schedules.

WEEK IN REVIEW

A. Important Events

National Joint Council Meeting On Poultry Enhancement Program

Acting Assistant Secretary for Marketing and Inspection Services Pat Jensen met with the regional presidents of the National Joint Council of the American Federation of Government Employees to discuss their concerns relative to the proposed Poultry Enhancement Program. The proposed program was unveiled on July 11 and published in *The Federal Register* on July 13. This proposed rule would, when adopted, result in significant reform of the poultry inspection system and mandatory enforcement of a zero tolerance policy on fecal matter on poultry.

Fees For TV Tower Leases Questioned

A General Accounting Office (GAO) report states that the fees collected for use of public lands as sites for use as television towers are significantly below the fair market value. The report says the USDA Forest Service has 6,000 such leases and estimates it collects about 10 percent what the leases are worth. The report says Congressional action has blocked Federal agencies from raising the rates charged broadcasters. The broadcasters dispute the GAO findings.

National Resources Inventory Released

On July 13, USDA released its 1992 National Resources Inventory (NRI), which is the most comprehensive and valid natural resource database on private lands in the world, and is used by natural resource professionals throughout the country. It

provides national and state information on soil erosion rates, land use changes, conservation treatment needs, and other information on the status, condition, and trends of soil, water, and related resources on the nation's nonfederal land. A constituent briefing for environmental and agricultural groups was provided.

The NRI contains significant findings relative to agriculture's impact on the environment. Specifically, the NRI indicates that erosion on all cropland is down by about 1 billion tons of soil per year since 1982, and a dramatically lower rate of wetlands are being converted to agricultural uses, down to 50,000 acres per year as compared to the 250,000-350,000 acres per year commonly used in national debates. The NRI, conducted every five years by USDA, allows for estimates to be made of natural resource trends since 1982.

USDA Hosts Minority Roundtable

Assistant Secretary for Food and Consumer Services Ellen Haas hosted a health and nutrition minority roundtable in Chicago, Illinois on July 11. More than 50 health and nutrition experts participated, including representatives from the Chicago Urban League, Illinois Hunger Coalition, and the American Indian Health Organization. Congressman Richard Durbin also attended the event. The roundtable focused on three themes: identification of health problems related to nutrition and diets of minority populations; food preparation and consumption habits of minorities; and effectively communicating to reach minority communities with healthful eating messages.

USDA Conference Devoted To Rural Development Issues

USDA Rural Development Administration Acting Administrator Wilbur Peer attended the 1994 Rural Economic Development Conference in St. Louis, Missouri, July 12-13. The conference was sponsored by USDA and devoted to rural development issues, including the Distance Learning and Medical Link Grant Program.

Pesticide Update

A memorandum of understanding between USDA and the Environmental Protection Agency concerning alternatives for pesticides undergoing regulatory scrutiny will be completed on July 15, as indicated by Deputy Secretary Richard Rominger at a hearing June 29 before the Senate Agriculture Committee.

Proposed Hass Avocado Imports From Mexico

At a meeting of the U.S.-Mexico Technical Working Group on Phytosanitary Issues, Mexican officials presented the results of a nine-month research project to assess the fruit fly host status of the Hass variety avocado. Officials also presented a protocol

for the shipment of Hass variety avocados from certain municipalities in Michoacan to limited markets in the United States. USDA will evaluate the proposal and prepare a response. The issue has generated intense interest and opposition from members of the California Congressional delegation.

Imported Mexican Cattle

USDA added provisions to its protocol for spaying of imported Mexican heifers by requiring veterinarians who do the spaying to use local anesthesia and use acceptable suture material to close incisions. The new protocol took effect on July 12.

B. Travel

On July 13, I accompanied the President in Albany, Georgia to tour areas devastated by recent flooding. I also traveled to northeastern Alabama on July 8 to view agricultural damage. *(See Key News)*

In Colorado on July 8, I toured the forest fire areas and visited with firefighters. I was joined by Assistant Secretary for Natural Resources and Environment Jim Lyons and USDA Forest Service Chief Jack Ward Thomas. *(See Key News)*

C. Major Speeches

On July 12, I addressed the Federal Quality Institute in Washington, D.C., focusing on USDA's ongoing efforts to streamline and modernize its services to better serve the American public.

D. Hill Testimony -- I did not testify before Congress this week.

E. Controversies

People for the Ethical Treatment of Animals (PETA) held a demonstration at USDA on July 8 to protest the use of a face brand as a permanent identification for cattle entering the United States from Mexico. USDA currently has a proposed rule to permit the face branding of heifers entering the United States. The Department is reviewing various alternatives to face branding in conjunction with the comments submitted as part of the proposed rule process.

Mt. Shasta, a dominant landmark on the Shasta-Trinity National Forest in California, has become the focus of a major conflict between Native American traditional cultural values and a proposed downhill ski area. The USDA Forest Service is currently doing an effects analysis as part of the process leading to a decision.

SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES

Empowerment Zones And Enterprise Communities Update

By the June 30 deadline, over 500 applications for Empowerment Zones and Enterprise Communities (EZ/EC) (over 220 rural applications were received) had been received from around the United States. Nine EZs, six urban and three rural, and 95 ECs, 65 urban and 30 rural, will be designated through a nationwide competition. The designated winners will have access of up to \$3 billion of Federal resources. Secretary of Housing and Urban Development Henry Cisneros and I held a media event on July 12 to review the application process, discuss the status of the initiative, and release the names of the applying communities.

Customer Service

USDA is moving ahead to improve customer service. A pilot training course, entitled "Putting Customers First," is being conducted July 18-20 for USDA staff in cooperation with the Federal Quality Institute. Plans are also continuing to hold customer service training sessions for Team USDA field staff in a combined effort by several Department agencies.

USDA's Soil Conservation Service West Virginia office has found an effective way to tell its customers about its projects and conservation operations. The State conservationist reports that SCS is using *The Market Bulletin*, the official newsletter of the State's Department of Agriculture, as a vehicle to inform the public about SCS's activities.

National Service News

USDA conducted final grant negotiations with the Corporation for National and Community Service. The Department also completed cooperative agreements necessary for starting a special summer National Service program in Washington, D.C. In addition, recruitment brochures and posters have been printed and distributed to all 42 service sites throughout the United States. The toll-free information number for USDA AmeriCorps recruitment has already handled over 500 telephone inquiries.

Early Warning Radio System Progress

USDA began sending letters to potential sponsors of Early Warning System sites proposed in Arkansas by the National Weather Service. Letters of introduction to this initiative were sent on July 1 to Arkansas statewide electric and telephone associations.

Forest Plan/Pacific Northwest Economic Adjustment Initiative

The Ninth Circuit Court of Appeals ruled on July 7 that the USDA Forest Service violated the Endangered Species Act by failing to initiate consultation on two existing forest plans following the listing of salmon species. Thousands of projects on these two national forests may be enjoined as a result of this ruling. This decision may seriously affect USDA's ability to implement its forest programs nationwide.

In other Forest Plan news, USDA has developed charters for advisory committees necessary to implement the Administration's forest plan. USDA is working with other Federal partners on a public involvement strategy to clearly define a process for public input in forest plan implementation.

President's Council On Sustainable Development

Deputy Assistant Secretary for Natural Resources and Environment Tom Hebert will be the keynote speaker at the July 18 workshop entitled "Applying Ecological Integrity Principles to the Management of the Upper Mississippi River System." This is a workshop of the President's Council on Sustainable Development's Natural Resource Management and Protection Mid-West Working Group. July 20-22, Assistant Secretary for Natural Resources and Environment Jim Lyons will attend the fifth meeting of the Council in Chicago, Illinois. He will moderate the Natural Resources Management and Protection Task Force Workshop. The theme of the workshop is "How is Sustained Economic Prosperity Dependent upon the Integrity of Natural Systems?"

USDA Chairs Roundtable Discussion On Information Superhighway

On July 7, USDA Rural Electrification Administration (REA) chaired a roundtable discussion with other Department agencies on the Information Superhighway and its role in rural America. Representatives from various trade associations met to discuss potential initiatives to be included in the 1995 Farm Bill, which may address the issue of the National Information Infrastructure and its importance to rural America.

SECRETARY'S SCHEDULE FOR NEXT WEEK

On July 20, I am scheduled to be at the National Performance Review meeting with Vice President Gore at USDA headquarters in Washington, D.C.

SECRETARY'S SCHEDULE FOR NEXT MONTH

My monthly schedule is being developed at this time.

DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK

Deputy Secretary Rominger will be in Alaska throughout the week. He will visit USDA facilities and projects there and address the Western Region joint summer meeting of administrators of Land Grant Colleges in Fairbanks.



THE SECRETARY OF AGRICULTURE
WASHINGTON, D. C.
20250-0100

July 21, 1994

MEMORANDUM FOR: LEON PANETTA, THE WHITE HOUSE
FROM: SECRETARY MIKE ESPY
SUBJECT: Weekly Report for the Week of July 18, 1994

KEY DEPARTMENTAL NEWS

Senate Takes Up Agriculture Appropriations; Disaster Assistance Included

The Senate passed its version of the FY95 Agriculture Appropriations bill on July 20, which includes funding for all USDA programs except the Forest Service (which is in the Interior appropriations funding measure). As passed by the Senate, the bill includes authority and funding for farm disaster payments on 1994 crops and additional funding for a number of other Department programs, which will help in responding to the Georgia, Florida, and Alabama flood situation, as well as disasters which occurred earlier in the year (such as Southeast ice storms). The bill includes \$10 million for emergency community water assistance grants, \$15 million for very low-income housing repair grants, \$25 million for additional emergency loans to farmers, and \$23 million for the emergency conservation program. The availability of this funding is subject to an emergency declaration by the President.

The Senate also approved two amendments offered by Senator Jesse Helms and an additional amendment offered by Senator Dale Bumpers, which have as their basis Helms' dissatisfaction concerning an ARS employee whose Equal Employment Opportunity (EEO) duties as manager of EEO programs were removed after he made statements that he could not support current USDA EEO policies. These amendments appear to prohibit the use of funds to compel or encourage USDA employees to:

- 1) recruit on the basis of sexual orientation, homosexuals for employment; or
- 2) embrace, except, condone, or celebrate homosexuality as a legitimate or normal lifestyle.

The amendments also would prohibit the removal of any USDA employee from a position without a public hearing because of remarks made during personal time regarding Department policies. They would also require that the ARS employee who was relieved of his EEO responsibilities be returned to his former duties.

Firefighters Remembered

On July 17, I traveled to attend a memorial service in Silver City, New Mexico for fallen USDA Forest Service firefighters. A fire investigation team continues to examine the circumstances, documentation, directions, and other pertinent information on the South Canyon Fire in Colorado, where 14 firefighters died on July 6. The Occupational Safety and Health Administration issued a letter of intent to the investigation team that it will also conduct an investigation. The National Transportation Safety Board and the USDA Forest Service are investigating the crash of a helicopter on an initial attack mission on New Mexico's Gila National Forest where three people were killed and two injured.

The National Federation of Federal Employees in Washington, D.C. reportedly will issue a statement on the Colorado fire fatalities. The statement's intent focuses on the group's concern for the safety of firefighters. It also affirms its support for legislation that will afford protection to temporary firefighters and their families through life insurance and medical benefits. The Department received clearance on a proposed amendment to the Forest Service appropriations measure for FY95 to provide additional financial assistance to families of firefighters for funeral, travel, and internment expenses.

Flooding Work Continues at USDA

USDA Food and Nutrition Service Administrator William Ludwig has personally overseen the food stamp and commodity distribution donations to the flood victims in Georgia. Presently, 10 counties in the State have been approved for the Disaster Food Stamp Program. State officials indicated that there may be a request to add one more county. As of today, over 18,459 Georgia households have received nearly \$4.8 million in benefits. Both Florida and Alabama officials have indicated that, at least for the present, food stamp certification and issuance for disaster victims can be handled via expedited procedures in the regular Food Stamp Program. Over 625,000 pounds of commodities, valued at over \$417,000, have been delivered through the Disaster Commodity Program to the three States.

Alabama will receive \$2.3 million in assistance under the Emergency Watershed Protection program, which will provide relief from hazards to life and property in these areas. More hazard mitigation teams will assess damages and determine needs as the flood waters recede. Figures for Georgia and Florida are not currently known.

Crop Insurance Reform Legislation Passed by House Agriculture Committee

The Administration's comprehensive crop insurance reform legislation was passed by the House Agriculture Committee this week. The Committee rejected by a 35-13 vote an amendment offered by Congressman Tim Penny, which would have resulted in substantial reductions in program incentives to farmers, significant cuts in expense reimbursements to crop insurance agents, and potentially offsetting taxpayer benefits expected from the substantial reform of this program. I sent a letter to the Chairman and ranking Member of the Committee expressing the Department's concern with the amendment. Congressman Penny is expected to offer his amendment on the floor, and Congressman Richard Durbin is expected to support the amendment, since it requires all crop insurance costs to be treated as mandatory expenditures. USDA will be closely working with Members of the House in preparation for the debate on this important reform package.

Negotiations Continue on "Risk Assessment" Provision

Negotiations among various House committee chairmen continue regarding the controversial amendment to the Department's reorganization bill that would require USDA to establish an Office of Environmental Risk to perform risk-benefit analysis on major departmental regulations. In addition, I held a meeting last week with major commodity groups to discuss the problems the amendment would cause USDA and the budgetary consequences of not adopting reorganization legislation this year. If the reorganization measure does not pass, the Department will be required to restructure its programs and outlays in FY95 in order to achieve the \$140 million in savings which are assumed in the FY95 appropriations measure from implementation of reorganization of USDA.

THE WEEK AHEAD

Impact of Grazing Fee Disputed

A response to Senators J. Bennett Johnston and Malcolm Wallop's letter to Secretary Babbitt and to me regarding Public Lands Council's (PLC) claim that a proposed increase in grazing fees by the Department of the Interior (DOI) would drive some 50 percent of USDA Farmers Home Administration (FmHA) borrowers into default is expected to be sent shortly. The response will note that the statistical "evidence" PLC used was dubious, unscientific, and failed to take into consideration the process by which a FmHA borrower develops an annual Farm and Home Plan, servicing options, or other options that might be used to accommodate the increase. USDA staff are meeting with senior DOI staff on this issue to address appropriate action and are attempting to resolve the Department's differing views on an appropriate response.

Upcoming Reports

The annual *Farm Numbers and Land in Farms* report on July 28 will contain estimated number of U.S. farming operations and average farm size. The *Agricultural Prices* report on July 29 will focus on estimates of cattle grazing rates on privately owned nonirrigated land, as well as normal estimates of monthly prices received by farmers and quarterly prices paid by farmers for production inputs. The July 25 *Using Historical Information to Identify Consumer Concerns About Food Safety* is a study of how risk is perceived and points out that media emphasis over the time period studied shifted from acute food safety problems to chronic health problems. The July 28 report, *Competition in the U.S. Winter Fresh Vegetable Industry*, will discuss competition between Florida and Mexico for the U.S. winter market for certain vegetables.

Farm Weather Outlook and Update

The USDA National Weather Service's 30-day outlook for mid-July to mid-August favors mostly good development for crops in major crop regions east of the Rockies and irrigated areas of the Southwest. Forest fire potential will remain high throughout the western States. The forecast calls for temperatures to be mostly normal with above-normal averages over the desert Southwest and from the eastern Corn Belt into the mid-Atlantic and New England states. Precipitation is expected to be mostly above normal to normal. Below-normal or no rain is forecast over the desert Southwest and extreme southwest Texas.

Decreasing shower activity allowed flood waters to recede from central Georgia and Alabama into the Florida panhandle. Showers and favorable temperatures combined to produce near-ideal conditions for crop growth and pollination of corn over the Great Plains, Corn Belt, Delta, and parts of the mid-Atlantic States and New England. Hot, mostly dry weather produced rapid development of irrigated crops in the West, but stressed dryland crops from west Texas into the Pacific Northwest. Isolated hail in the western Great Plains caused minimal damage to crops. Heavy showers caused brief, localized flooding in the mid-Atlantic, Delta, and western Corn Belt States.

Pathogen Reduction Proposed Legislation Progresses

USDA's Pathogen Reduction proposed legislation remains in the interagency clearance process. While many of the comments received by the Department have been incorporated into the proposal, further discussions are continuing on key provisions. The Department's proposal, as drafted, contains significant new authorities, such as mandatory recall, civil penalties, and traceback that will strengthen the overall food safety efforts at USDA. The proposal will be the subject of upcoming hearings before the Senate Agriculture Subcommittee on Agricultural Research, Conservation, Forestry, and General Legislation, chaired by Senator Tom Daschle.

CONGRESS

Congressional Hearings

Today, the House Natural Resources Subcommittee on National Parks, Forests, and Public Lands marked up H.R. 3964, 3204, and 1562, as well as S. 310. The proposed bills would expand the boundary of the Santa Fe National Forest, designate the Chaco Culture Archaeological Protection Sites, and transfer lands to the Taos Pueblo Indians.

The House Agriculture Subcommittee on Environment, Credit, and Rural Development held a hearing today on H.R. 4129, the Rural Credit and Development Act. Under Secretary for Small Community and Rural Development Bob Nash testified. This legislation will permit the Farm Credit System to expand its service to rural development projects. The Department has not taken an official position on the legislation at this time. However, we anticipate that this legislation will be considered during the 1995 Farm Bill debate.

On July 23, the Senate Environment and Public Works Committee will hold a field hearing in Ronan, Montana on the Endangered Species Act Reauthorization.

On July 26, the House Agriculture Committee will hold a mock markup of legislation to implement the agricultural provisions of the Uruguay Round of the General Agreement on Tariffs and Trade.

The Senate Agriculture Subcommittee on Agricultural Research, Conservation, Forestry, and General Legislation is expected to hold a hearing on USDA's proposed pathogen reduction legislation on July 26. Acting Assistant Secretary for Marketing and Inspection Services Pat Jensen will testify.

On July 27, the House Agriculture Subcommittee on Department Operations and Nutrition will mark up S. 1406 and H.R. 2927, the Plant Variety Protection Act and S. 1627, the Federal Insecticide, Fungicide, and Rodenticide Act.

Congressional Visits And Activities

On July 19, the House passed H.R. 8, the Healthy Meals for Healthy Americans Act, which reauthorizes the Women, Infants, and Children, the Nutrition, Education, and Training, the Farmers Market Nutrition, the Summer Food Service, and the Child and Adult Care Food programs through FY98. Three provisions the Administration opposes are negotiated rulemaking, establishment of a universal, free school meal pilot program, and a provision which makes permanent the Commodity Letter of Credit pilot project sites.

The Conference Committee is expected to meet this week on mining law reform. The Department has been asked by the House Agriculture Committee to comment on certain provisions of mining law reform and to discuss USDA's position on several issues, including suitability of lands for mineral development.

REGULATORY ACTION

The comment period is open until September 27 on the draft environmental impact statement (DEIS) on which lands would be available under certain conditions for oil and gas leasing and subsequent exploration and development on Montana's Custer National Forest and Bureau of Land Management land. The DEIS includes six alternative proposals and evaluates each for potential effects on the environment, economy, and other resources, as well as development opportunities. Copies of the DEIS will be distributed for public review the week of July 25. Briefings for the North Dakota Governor Edward Schafer and the State's Congressional delegations are planned for the first week in August in Bismarck, North Dakota.

PRESS

Press Conferences

On July 20, I joined Senators Tom Daschle, Tom Harkin, Patrick Leahy, Paul Simon, and Carol Moseley-Braun in a press conference about the benefits of universal coverage for rural health care. (*See Secretarial Work on Presidential Initiatives/Health Care Reform.*)

Today, I participated in a National Service event with Washington, D.C. Mayor Sharon Pratt Kelly to draw attention to a unique summer program sponsored jointly by USDA, the District of Columbia, and the D.C. Service Corps.

Press Contacts With USDA

Media interest in the U.S.-Canada grain trade dispute continues. *The Wall Street Journal* is researching a profile on Shelby, Montana and the impact of Canadian imports on the community. The town has been adversely affected by unfair Canadian practices.

ABC News is considering a story focusing on USDA officials' use of the Department's security detail. It also may do a story about the Department's news release process.

The Laurel Leader in Laurel, Mississippi inquired about an Equal Employment Opportunity dispute with Dixie Electric Power Association, the cooperative's minority membership, and the Mississippi NAACP. All concerned parties met last week to discuss possible resolution options.

Assistant Secretary for Food and Consumer Services Ellen Haas was interviewed recently by *NBC Nightly News* for a story about Electronic Benefits Transfer (EBT). She stressed EBT's electronic paper trail and how it facilitates finding and prosecuting food stamp trafficking.

Assistant Secretary Haas was interviewed by *The Chicago Tribune* and *The Wall Street Journal* for a story about Administration officials who were activists and advocates in previous positions.

Significant Freedom Of Information (FOIA) Requests

The Natural Resources Defense Council requested records regarding the health effects of dioxin.

CBS News asked for information on Equal Employment Opportunity dispute resolutions.

WEEK IN REVIEW

A. Important Events

Biomass Research Being Conducted at USDA

Scientists at the USDA Agricultural Research Service Plant Science Research Unit in St. Paul, Minnesota are providing expertise in crop breeding, production, and forage quality in a joint project on renewable energy resources. Collaborators include the U.S. Department of Energy, Electric Power Research Institute, and members of a consortium led by Northern States Power Company that includes the University of Minnesota, the Institute for Gas Technology, Tampella Power Corporation, and Westinghouse Electric Corporation. The project is exploring the feasibility of using alfalfa hay grown in a 50-mile radius around a power plant to produce biomass for generating electricity. The hay would be fractionated into leafy meal protein for livestock feed and residual stem material for conversion to electricity.

USDA Seeking Ways to Help South Africa

Deputy Under Secretary for International Affairs and Commodity Programs Dallas Smith met with World Bank officials on July 18 to discuss possible ways of cooperating on agriculture in South Africa. He also met with representatives of UniWorld and the U.S.-South Africa Trade Association to exchange information on agribusiness opportunities in South Africa.

Memorandum of Understanding Signed on Pesticide Recordkeeping

USDA completed a Memorandum of Understanding with the Environmental Protection Agency to help facilitate coordination in carrying out Section 1491 of the Food, Agriculture, Conservation, and Trade Act of 1990, which mandates recordkeeping requirements for certified applicators of Federally restricted-use pesticides.

Rapid Test Still Being Developed

Acting Assistant Secretary Jensen traveled to USDA's research facility in Athens, Georgia, where she met with scientists to discuss progress on developing a rapid test for microbial contamination of poultry. She reviewed the scientists' work to date and impressed upon them the necessity to continue moving forward in the rapid test's development for poultry.

New Canadian Rule Benefits U.S. Citrus Exporters

Canada has established a maximum residue limit for the insecticide chlorpyrifos on citrus fruit. This will eliminate the uncertainty for U.S. exporters, whose shipments of oranges alone to Canada topped \$101 million in CY93. The newly established limit is identical to the U.S. tolerance level and replaces the previous standard of zero tolerance.

B. Travel

On July 17, I traveled to Silver City, New Mexico to attend a memorial service for the fallen firefighters.

C. Major Speeches -- I gave no major addresses this week.

D. Hill Testimony -- I did not testify this week before Congress.

E. Controversies

A Federal judge ordered a 10-day temporary restraining order to halt construction of telescopes on Mount Graham in Arizona. The plaintiffs contend that the environmental impact statement of a large binocular telescope on the mountain had not been properly studied. The Arizona-Idaho Conservation Act of 1988 required USDA to issue the University of Arizona a special-use authorization for construction of the telescope. The Coronado National Forest Supervisor evaluated the proposed alternatives and identified Mount Graham's Emerald Peak as offering the least impact to the red squirrel. The judge is scheduled to issue a final decision by July 22.

Thomas Peckham, owner of Boulder Oaks Resort in California's Cleveland National Forest, recently lost an appeal for the termination of his special use permit, which was terminated for breach of terms and conditions. Peckham staged an unauthorized rally on a closed Forest Service road to raise money for his legal defense fund. USDA is investigating Congressman Duncan Hunter's concerns regarding this issue.

A battle between the Virginia Division of Forestry and the Potomac Appalachian Trail Club, two USDA Forest Service cooperators, is likely over the development of a five-acre environmental education facility on Virginia's Conway Robinson State Forest. The Virginia Division of Forestry is writing a master plan for the development using a \$50,000 National Resources Conservation and Education grant from the Forest Service. Some members of the Potomac Appalachian Trail Club, which has been developing a hiking trail network on the property, have criticized the proposal.

SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES

Health Care Reform

Senators Tom Daschle, Tom Harkin, Patrick Leahy, Paul Simon, Carol Moseley-Braun, and I held a press conference on July 20 to discuss the benefits of universal coverage for rural health care. Other participants were representatives from the National Farmers Union, the American Agriculture Movement, and the American Corn Growers. In accordance with the Administration's updated media strategy, I have begun to arrange health care events and interviews with editorial boards at newspapers in the Midwest and Southeast. USDA subcabinet and field officials also have been provided revised health care information and their awareness has been raised regarding the importance of universal coverage.

USDA's Cooperative Extension Service educators across the country will participate in a series of 10 regional meetings from August 4 to October 4, sponsored by the National Immunization Program at the Centers for Disease Control. These meetings are designed to highlight successful State and community-based programs and discuss methods for implementing the Administration's National Childhood Immunization initiative.

Regional reviews of the 280 grant applications for 1994 funding for the Distance Learning and Medical Link Grant Program have been completed and the results will shortly be received by USDA. Contractual arrangements are being made for a technical review of the top tier of applications, from which final selections will be made. While this review is in process, USDA will review the remaining applications and prepare correspondence to point out ways the applicants can improve their projects.

USDA Food and Nutrition Service officials met with Academy of Pediatrics Executive Director Joseph Sanders and others to discuss infant feeding and other issues of mutual interest concerning the Child and Adult Care Food Program and the Special Supplemental Food Program for Women, Infants, and Children (WIC). The Academy indicated an interest in a strong collaborative relationship as WIC moves towards large participation increases under full funding. Assistant Secretary Haas attended a meeting of Federal representatives on implementing the National Action Plan on Breast Cancer.

Native American Assistance

Under Secretary Moos met today with representatives of the American Indian Trade Development Council to discuss the USDA Market Promotion Program and how Native American groups can participate in this program.

USDA Farmers Home Administration Administrator Michael Dunn attended the Inter-Tribal Agriculture Council meeting in Washington, D.C. recently to discuss USDA reorganization and the potential impact of these activities on the 1995 Farm Bill and programs of interest to Native Americans.

SECRETARY'S SCHEDULE FOR NEXT WEEK

On July 27, I will address the National Future Farmers of America State Presidents Conference in Washington, D.C.

I will address the Agri-Dealer Legislative Conference in Washington, D.C. on July 28. The conference is hosted by the National Agricultural Chemicals Association, the Fertilizer Institute, and the Agricultural Retailers' Association.

SECRETARY'S SCHEDULE FOR NEXT MONTH

My monthly schedule is being developed at this time.

DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK

Deputy Secretary Richard Rominger will be in the office participating in USDA budget reviews.



THE SECRETARY OF AGRICULTURE
WASHINGTON, D. C.
20250-0100

July 28, 1994

MEMORANDUM FOR: LEON PANETTA, THE WHITE HOUSE
FROM: SECRETARY MIKE ESPY
SUBJECT: Weekly Report for the Week of July 25, 1994

KEY DEPARTMENTAL NEWS

Health Security Express

Today, I participated in a Health Security Express kick-off rally in New Orleans, Louisiana. Others in attendance were Department of Veterans Affairs Secretary Jesse Brown, Dr. Andrea Green Jefferson (wife of Congressman William Jefferson), New Orleans Mayor Mark Morial, and Pat Ford Roegner, Atlanta Regional Director of the Department of Health and Human Services. (*See Secretarial Work on Presidential Initiatives/Health Care Reform.*)

USDA Honoring Firefighters/Current Fire Situation

USDA continues to honor the firefighters recently killed while battling wildfires in Colorado and New Mexico. A temporary memorial has been established at the USDA Administration Building identifying each firefighter by name and photograph. In addition, USDA employees will be wearing purple lapel ribbons to honor the deceased. A memorial service for the firefighters will be on August 8 in the Jefferson Auditorium at USDA in Washington, D.C.

In addition, the Senate included language in the Interior Appropriations bill that was submitted by the Department, with Administration clearance, to provide for the funeral or disposition of remains, travel expenses of next of kin for such activities, and shipping of personal items to next of kin.

The investigation team for the South Canyon Creek Fire in Colorado has concluded most of its work and is completing its analysis. The analysis report will be presented to USDA in late August. A management review team will be appointed to review this accident report and develop proposed corrective actions that might be needed.

Lightning recently struck several areas of the West, igniting several new fires. The National Interagency Coordination Center continues to mobilize additional crews and equipment to reinforce existing fires and fight new wildfires. Continued high temperatures have maintained a high forest fire potential for all Western states. I will be appearing on *The Today Show* to address the fires, the work of the USDA Forest Service, and related issues.

House Action Expected on Crop Insurance Reform Legislation

The Administration's comprehensive crop insurance reform legislation may be considered by the full House next week. The legislation is likely to be subject to extensive debate due to an expected amendment from Congressman Tim Penny that is similar to his amendment that was defeated last week in the House Agriculture Committee. This amendment substantially cuts incentives to farmers and expense reimbursement to agents. The Department opposed the amendment during Committee markup. Subsequently, negotiations began between Agriculture and Appropriation Committee Members in an attempt to avoid a floor fight. The negotiations, however, broke down this week and USDA is developing a floor strategy with House leaders.

Ethanol Update

I sent a letter to Majority Leader George Mitchell this week expressing my opposition to any attempt to block the Environmental Protection Agency's ability to implement or enforce the Renewable Oxygenate Requirement rule which requires that at least 30 percent of the oxygenates in reformulated gasoline come from renewable resources. I also called several Senators and urged them to vote against the amendment.

Two USDA Administrators Named

This week I announced the appointment of Mike Taylor as Administrator of USDA's Food Safety and Inspection Service and Gus Schumacher as Administrator of the USDA Foreign Agricultural Service. Schumacher was formerly with the World Bank and was the Commissioner of Food and Agriculture for the State of Massachusetts. Taylor served as Deputy Commissioner for Policy of the Food and Drug Administration, and his appointment has received extensive favorable press coverage. I was interviewed by *The Wall Street Journal*, *The Washington Post*, and *The Los Angeles Times* on July 27 about the Department's efforts on reform of the meat and poultry inspection system and Taylor's appointment.

USDA Pressing for Action on Reorganization Legislation

Negotiations continue over the Condit amendment to legislation to reorganize USDA. The amendment requires the establishment of an Office of Environmental Risk to perform risk-benefit analysis of all major regulations. Negotiations on alternative language to the amendment continues.

THE WEEK AHEAD

Farm Weather Outlook and Update

The USDA National Weather Service's outlook through August 1 calls for temperatures to be mostly below normal to normal east of the Rockies and mostly above normal to normal elsewhere. Little or no rain is expected over most of Texas and the West, although normal totals are forecast for the southern Rockies and Arizona. Elsewhere, rainfall is expected to be mostly above normal to normal.

Flood water receded in south Alabama, Georgia, and the Florida panhandle. Favorable temperatures combined with showers to produce nearly ideal conditions for corn pollination and crop growth over much of the Corn Belt, Great Lakes, Delta States, East Coast, and central into the northern Great Plains. Hot, mostly dry weather increased dryland crop stress from Texas into the Pacific Northwest.

Pathogen Reduction Proposed Legislation

Acting Assistant Secretary for Marketing and Inspection Services Pat Jensen held a number of briefings this past week regarding the concepts of USDA's proposed Pathogen Reduction legislation. The briefings were to provide constituent groups with an understanding of the provisions of the proposed legislation and to solicit further input and comment as the Department refines this legislative proposal. The Department will hold similar briefings for Hill staff next week.

Upcoming Report

A Profile of Hired Farmworkers, 1992 Annual Averages will be released on August 1. A weekly average of 848,000 persons 15 years old and older did hired farmwork in the United States in 1992. These workers were more likely to be male, Hispanic, younger, less educated, and never married. They continued to have lower median weekly earnings of about \$200 than all wage and salary workers (\$380).

CONGRESS

Congressional Hearings

Today, the Senate Agriculture Subcommittee on Agricultural Research, Conservation, Forestry, and General Legislation held a hearing on reauthorization of the Federal Insecticide, Fungicide, and Rodenticide Act.

The House Agriculture Committee held a mock markup today of legislation to implement the agricultural provisions of the Uruguay Round of the General Agreement on Tariffs and Trade.

On August 1, the Senate Indian Affairs Committee will mark up S. 2269, a bill to protect Native American cultures and to guarantee the free exercise of religion by Native Americans.

Acting Assistant Secretary for Economics Keith Collins will testify August 2 before the House Agricultural Subcommittee on Environment, Credit, and Rural Development on the future of the Conservation Reserve Program.

On August 3, the House Foreign Affairs Subcommittee on Economic Policy, Trade, and Environment will hold a hearing on the Food For Peace concessional sales program. Christopher Goldthwait, General Sales Manager of the USDA Foreign Agricultural Service, will testify.

The House Judiciary Subcommittee on Administrative Law and Governmental Relations will hold an August 3 hearing on H.R. 4560, a bill to provide the consent of Congress to the Northeast Interstate Dairy Compact.

Congressional Visits And Activities

Senator Frank Murkowski contacted me with concerns about timber supply in southeast Alaska. He claims that the Wrangell sawmill, owned by the Alaska Pulp Corporation, will not have enough timber under USDA's independent timber sale schedule on the Tongass National Forest to continue operating. USDA has been responding to Senator Murkowski's concerns. Deputy Secretary Richard Rominger will be working closely with the Senator due to his recent return from forestry and conservation meetings in Alaska,

Three legislative tours focusing on the national forest timber program are being scheduled for the Congressional recess. Michigan's Hiawatha National Forest hosts the annual legislative trip, August 17-19. The Missouri Forest Products Association has invited the State's Congressional delegation to a tour on August 30 to explain the impact of declining timber volume on Missouri communities. The Monongahela

National Forest has been asked by the West Virginia Forest Management Review Commission to provide a field tour-forum, August 14-16, for discussion of timber issues on the forest.

USDA tobacco analysts had meetings with Congressmen Scotty Baesler and Charlie Rose to discuss future burley and flue-cured tobacco outlook and production possibilities. Congressman Baesler indicated plans to hire a full-time staff person to work on tobacco issues for the next three or four months, and he requested USDA assistance.

The House Agriculture Subcommittee on Specialty Crops held a meeting today on the sugar allotment and quota situation with Under Secretary for International Affairs and Commodity Programs Gene Moos and Deputy Under Secretary Dallas Smith present to comment on the Department's sugar policy.

REGULATORY ACTION

On April 28, USDA published two proposed rules to revise grazing and livestock management regulations. The original comment period was to expire today. The Department of the Interior extended the comment period to September 9. For consistency, USDA has made a similar extension.

PRESS

Press Contacts With USDA

On July 29, I will be interviewed by *NBC's Today Show* to discuss the status of forest fires and the Department's strategy for controlling them.

I was interviewed by *The Wall Street Journal*, *The Washington Post*, and *The Los Angeles Times* on July 27 regarding the Department's efforts to improve meat and poultry inspection and the appointment of Mike Taylor as Administrator of the USDA Food Safety and Inspection Service.

On July 22, *The Wall Street Journal* interviewed me about the U.S.-Canada wheat conflict.

The July 18 *Associated Press* story on increased food stamp fraud may generate more articles about the problem. USDA has tried to downplay the increase in fraud by pointing out that the increase was only one-tenth of 1 percent above the FY92 reported fraud.

The Wall Street Journal and *The Washington Post* are interested in doing a story on the case of Karl Mertz, the USDA employee transferred from his Equal Employment Opportunity position because of his intolerant remarks about homosexuals. The articles will also discuss Senator Jesse Helms' amendment which was offered to the Agriculture Appropriations bill, which would bar removing an employee for making remarks about homosexuality off-duty.

CBS News inquired about a Sabreliner jet owned by USDA. It was confirmed that the aircraft was obtained for use as a platform for infrared mapping of fires, not for use by former Secretary Ed Madigan. The aircraft has only been used for two passenger flights; one to transport fire logistics employees to a meeting; and the other trip to transport Interior Secretary Bruce Babbitt and others to Colorado during the recent fire strategy, en route to another destination.

Interview requests have been received by *The MacNeil-Lehrer Newshour*, *NBC*, and *Public Broadcasting Service* regarding wildfires. Of particular interest is the role fire plays in ecosystem management and how healthy forests help curtail the chance of catastrophic wildfires. There has been much media attention on the South Canyon Creek Fire fatalities and the investigations of the fire. Several magazines are looking into feature stories about wildfire, especially regarding how people reacted to the fatalities and what the life of a firefighter is like. *ABC Nightline* has put a hold on its plan to do a 30-minute documentary about the life of firefighting crews.

Significant Freedom Of Information (FOIA) Requests

Newsweek requested information regarding my travel.

WEEK IN REVIEW

A. Important Events

Response to Flooding

USDA will expand crop survey efforts in the flooded areas of Georgia, Alabama, and Florida. The survey will include questions to help determine crop losses from the floods and torrential rains, as well as provide estimates of acreage for harvest, yield, and production for a number of major crops. Ten additional Georgia counties are expected to request authorization to operate the Disaster Food Stamp Program. If approved, there would be 23 counties operating these disaster programs. To date, over 39,000 households are receiving disaster food assistance benefits at a cost of \$10.2 million.

U.S.-Canada Farm Trade Talks

The United States and Canada resumed talks on agricultural trade issues on July 27. This was an attempt to reach a solution that avoids sanctions and retaliatory moves by the two trading partners. I am working closely with Ambassador Kantor during these discussions. USDA is simultaneously preparing the Section 22 documents.

China to Purchase U.S. Wheat

USDA approved today the first sale of Export Enhancement Program wheat to China since the beginning of the new marketing year. The sale consists of 250,000 tons of soft red winter wheat for August-September shipment. The price is \$82 per ton, and the bonuses average just under \$45 per ton. The bonus level is about \$3 per ton lower than for sales to China made during April and May. China's total wheat imports are estimated at 7 million tons this season, up from a low 4.5 million tons of 1993/94 because of localized drought conditions and higher utilization. The most active seller to China in recent weeks is reportedly Canada, with many vessels loading off the Canadian west coast.

Canada Initiates Dumping Investigation

Revenue Canada initiated a new dumping investigation of fresh Red Delicious and Golden Delicious apples exported from the United States to Canada. The complaint, made by the Canadian Horticultural Council (CHC) on behalf of Canada's apple producers, alleges that U.S. apple exports are being dumped into Canada. Within 90 days, a preliminary decision is expected by Revenue Canada. Should it rule in favor of the CHC, apple imports from the United States would be subject to a duty equal to the estimated level of dumping.

Animal Legal Defense Fund Ruling

On July 22, the D.C. Circuit Court of Appeals unanimously held that the Animal Legal Defense Fund, Inc. (ALDF) and several individuals lacked standing to challenge regulations issued by USDA to ensure humane care and treatment of various animals used in research, for exhibition, or kept as pets. The ALDF and others had challenged the Department's regulations issued under the Animal Welfare Act as not sufficiently detailed to protect animals.

Food Stamp Cost-of-Living Adjustments

The Department has completed the FY95 cost-of-living adjustments to the Food Stamp Program's allotments, standard deduction, and income eligibility standards. The maximum allotment for a four-person household will increase from \$375 to \$386 per month. The net income eligibility limit will increase from \$1,196 to \$1,234, and the

maximum gross income standard will increase from \$1,555 to \$1,604. The standard deduction will increase from \$131 to \$134. The new numbers will be effective on October 1. Monthly Food Stamp Program numbers for May 1994 were released today. Approximately 27.5 million people received food stamps, a decrease of more than 200,000 from April. The program continues to serve about one in nine Americans.

Biocontrol Organisms Licensed

EcoScience Corporation and USDA reached an agreement licensing worldwide rights to the company to develop and commercialize biological control organisms to control postharvest wound and surface rot of fruit. The licensed organisms are naturally occurring yeasts that effectively control several molds and rot on apples and pears. The current world market for the postharvest treatment of fruits and vegetables is in excess of \$75 million per year.

Soil Conservation Service Employee Killed While on Duty

The USDA Soil Conservation Service reported that an employee was killed on July 18 in Vermillion Parish, Louisiana when a ditch caved in on him. The victim and several other employees entered the ditch to help rescue a worker trapped by an earlier cave-in.

Meeting Held on Codex Strategic Plan

On July 21, Acting Assistant Secretary Pat Jensen met with members of the Codex Alimentarius Commission's Steering Committee to discuss a U.S. Codex Strategic Plan. The Environmental Protection Agency and the Food and Drug Administration also participated in the meeting.

Medfly Situation in California

A single Medfly was trapped near the City of Upland, California on July 19. This detection is within the current quarantine boundary and within the current sterile release zone of the Cooperative Medfly Eradication Project and will not alter sterile Medfly releases or the duration of the project. USDA expected to find Medflies in the current treatment area this year. A ground spray of malathion and bait will be applied to host trees at the site where the fly was trapped, as well as on adjacent properties. The last Medfly detected in California was on January 20.

B. Travel -- I did not travel this past week.

C. Major Speeches

I made remarks today in New Orleans, Louisiana regarding the Administration's Health Care Reform initiatives and the need for universal coverage.

On July 27, I addressed the National Future Farmers of America State Presidents Conference in Washington, D.C.

On July 27, I addressed USDA Agricultural Stabilization and Conservation Service State Executive Directors.

D. Hill Testimony -- I did not testify this week before Congress.

E. Controversies

USDA received a number of calls recently about USDA Forest Service rescue attempts of a Boy Scout reported missing in the Santa Fe National Forest in New Mexico. Controversies arose when the Forest Service refused to authorize a non-emergency landing of a State Police helicopter in a designated wilderness area. The youth was rescued and found to be in excellent condition.

SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES

Health Care Reform

Today, I joined Veterans Administration Secretary Jesse Brown on the Health Security Express Bus Tour in New Orleans, Louisiana. My participation focused on rural health reform and highlighted many issues discussed during last week's rural health care press conference with Senators Tom Daschle, Tom Harkin, Paul Simon, and Carol Moseley-Braun.

USDA continued to promote the rural health care news conference held last week at the Capitol. We produced three USDA radio line stories, included information in the weekly farm broadcaster's newsletter, produced a video news release, which included a sound bite from each of the participating Senators. Over 150 news releases/photos were sent to rural and farm constituent groups and weekly newspapers in Iowa, Illinois, and South Dakota.

On July 26, Under Secretary for Small Community and Rural Development Bob Nash addressed the International Conference of the Community Development Society in Lincoln, Nebraska. He incorporated a legislative update on health care reform and reiterated the President's unwavering commitment to achieving universal coverage.

The USDA Farmers Home Administration (FmHA) sent updated information on the Administration's health care strategy to its State Directors across the country. The USDA Agricultural Stabilization and Conservation Service State Directors were also provided with this information during their recent meeting in Washington, D.C. The national office asked that they incorporate the idea of universal coverage whenever they address their constituents on rural development issues. State Directors were also asked to highlight the many community facilities loans approved by FmHA over the past several weeks. Funds to improve outpatient and emergency care facilities were recently approved in Maine, Wisconsin, Michigan, and Minnesota.

Senator Harris Wofford announced recently the approval of USDA funding for the construction of a 168-bed alzheimer facility in Pennsylvania. The Alzheimer Disease Alliance will serve a population area of 10,830. USDA's Farmers Home Administration State Director Cheryl Cook, Congressman William Coyne, Senator Harris Wofford (via telephone), Alzheimer Disease Alliance President Martha Bell, and local officials will participate in a groundbreaking ceremony on July 29. There has been much media interest in this event.

Assistant Secretary for Food and Consumer Services Ellen Haas will talk about the link between nutrition and health at both the American Heart Association's national conference in Chicago, Illinois on August 2 and the American Culinary Federation in San Francisco on August 1.

Forest Plan/Pacific Northwest Economic Adjustment Initiative

The Department of Justice is conducting settlement negotiations with the Pacific Rivers Council, which has indicated that it would settle its lawsuit if USDA would agree to stopping all timber harvesting in the Umatilla and Wallowa-Whitman National Forests in Oregon. The likelihood of settling on these terms is remote. The ruling has broader applications that would affect all 37 national forests within the area.

On July 29, Speaker Tom Foley will make the announcement of a \$400,000 grant for the purchase and remodeling of an existing building in Stevens County, Washington to create a small business incubator for seven companies.

SECRETARY'S SCHEDULE FOR NEXT WEEK

On July 31, I will travel to Fresno, California to hold various farmer and rancher meetings with Congressmen Richard Lehman. I will also join him at two fundraisers in his Congressional district.

On August 1, I will travel to Congressman Dan Hamburg's Congressional district to discuss a range of issues with him and his constituents.

SECRETARY'S SCHEDULE FOR NEXT MONTH

I will address the Midwestern Governors' Conference in Lincoln, Nebraska on August 22.

On August 31, I will take part in the South Dakota Agriculture Summit hosted by Congressman Tim Johnson in Huron, South Dakota.

DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK

On August 3, Deputy Secretary Richard Rominger will attend the Niagara County Fair in Buffalo, New York with Congressman John LaFalce.

Deputy Secretary Rominger will attend the President's Management Council meeting August 3.





THE SECRETARY OF AGRICULTURE
WASHINGTON, D. C.
20250-0100

August 4, 1994

MEMORANDUM FOR: LEON PANETTA, THE WHITE HOUSE
FROM: SECRETARY MIKE ESPY
SUBJECT: Report for the Week of August 1, 1994

KEY DEPARTMENTAL NEWS

U.S.-Canadian Wheat Dispute Settled

Over several days and this past weekend, U.S. Trade Representative Mickey Kantor and I met with our Canadian counterparts in Washington, D.C. to negotiate restraints on exports of Canadian wheat to the United States. U.S. and Canadian negotiators announced on August 1 that they have settled the dispute. Under the agreement, Canadian wheat shipments would be capped at 1.5 million tons over the next year, compared to 2.7 million tons imported during the previous year. The U.S. wheat industry and Members of Congress have indicated support for the agreement.

Ethanol Update

In a 51 to 50 vote on August 3, with Vice President Gore casting the decisive vote, the Senate defeated an amendment to prevent the Environmental Protection Agency (EPA) from enforcing the recent rule requiring that at least 30 percent of the oxygenates used in the reformulated gasoline program come from renewable resources, such as corn. In addition to letters expressing opposition to this provision, I also contacted Senators to personally express the Administration's objections. Other USDA officials also actively worked to defeat the amendment.

Federal Crop Insurance Reform Faces Floor Fight

The Administration's comprehensive Federal Crop Insurance Reform Act of 1994 will be debated on the floor of the House on August 5. The Act would eliminate off-budget, emergency agricultural disaster spending and would provide assistance to farmers through an expanded, mandatory crop insurance program. The proposal would save taxpayers about \$750 million over five years. Congressmen Tim Penny and Steve Gunderson will propose an amendment that would seriously compromise the effectiveness of the reformed program. The Department opposed the amendment during Committee markup, where it was easily defeated. On the House floor,

however, House Appropriations Subcommittee on Agriculture Chairman Richard Durbin, in addition to other Members of the Appropriations Committee, are expected to support the Penny-Gunderson amendment. House Agriculture Committee Chairman Kike de la Garza is expected to offer a substitute to the amendment. The Department expects to reiterate its concerns about the amendment and to express its view that the de la Garza amendment would not compromise the goals of the crop insurance reform program, yet would still target additional savings.

USDA Continues to Fight Forest Fires

A USDA Forest Service investigation team arrived in Missoula, Montana on July 30 to investigate a crash involving a contract airtanker making a fire retardant drop on one of the many lightning-caused fires in the area. The pilot and copilot were killed. The National Transportation Board and the Federal Aviation Administration were notified of the crash, but are leaving the investigation to USDA.

An August 8 memorial tribute to the fallen firefighters that were killed battling wildfires this summer will be held at USDA. I will participate, as well as Department of the Interior and state elected officials. The President and Vice President have been invited.

On August 1, I traveled to Leavenworth, Washington to tour the Incident Base Camp and meet with firefighters in Wenatchee National Forest. The town of Leavenworth is being threatened by the fires. In all, about 17,000 firefighters have been battling major fires in eight western states this past week. Almost 300 more wildfires have developed over the past 24 hours. Approximately 2 million acres have been burned nationally. Equipment committed includes 836 fire engines, 106 helicopters, and 26 air tankers. A Russian-made IL-76 airtanker has been offered for use in firefighting and USDA is currently evaluating its possible use. I have vowed that the Federal government will monitor the situation and provide all necessary assistance; about 1,000 U.S. Marines from Camp Pendleton, California and 300 U.S. Army troops from Fort Hood, Washington have been sent to relieve the current firefighters. The National Interagency Fire Center moved on July 29 to its highest level of preparedness, Level V. The last time that level was reached was during the Yellowstone fires in 1988.

THE WEEK AHEAD

Drinking Water to Every Home

On August 5, I will launch USDA's campaign to bring running water to the home of every rural American by the year 2000. I will participate in a rural water delivery ceremony in Falls Mills, Virginia and visit with families who will receive running water for the first time. This visit will focus attention on the Department's upcoming

National Rural Water Roundtable, which will take place on August 10. The Roundtable will bring together water utility experts and others from around the country to identify the challenges and solutions associated with supplying water to rural areas.

USDA Looks at Ways to Assist South Africa

Deputy Under Secretary for International Affairs and Commodity Programs Dallas Smith will head the USDA delegation leaving for South Africa on August 6. This group will explore possible areas of cooperation in agriculture between the United States and South Africa. While there, Smith will address the National African Farmers Union on August 8, with the remainder of the trip used to meet with government and private sector officials to gain a clearer understanding of the needs of South Africa.

Farm Weather Outlook and Update

The National Weather Service's 30-day outlook for August calls mostly below normal to normal temperatures between the Appalachians and Rockies and above normal elsewhere. Precipitation is expected to be mostly above normal to normal over the southeastern third of the nation and below normal elsewhere. Forest fire potential remains high throughout western states due to scattered thunderstorms with little or no rain and sharp lightning strikes. The dryness caused rangeland conditions to deteriorate further. Drier, warmer weather late last week helped control wheat scab disease in the Red River Valley. Conditions remained favorable for corn pollination, but cooler temperatures slowed crop growth in the Corn Belt, Delta, and East Coastal states. Weekend showers, mostly under an inch, provided only temporary relief to dryland cotton in west Texas.

CONGRESS

Congressional Hearings

Today, the Senate Energy and Natural Resources Subcommittee on Public Lands, National Parks, and Forests held a hearing on miscellaneous public lands bills. S. 399 and H.R. 457 would resolve boundary issues on the Plumas National Forest in California by conveying Federal land in Butte County to 16 claimants. H.R. 2620 would authorize the Secretary of the Interior to acquire 80 acres of land for the Bureau of Land Management in exchange for 40 acres of National Forest System lands. S. 2033 would direct USDA to complete a land exchange in Montana between the USDA Forest Service and Brand S Corporation. S. 2087 would authorize the study of the Old Spanish Trail for inclusion into the National Trails System. Deputy Chief of the Forest Service Mark Reimers testified.

The House Natural Resources Subcommittee on National Parks, Forests, and Public Lands held a hearing today on H.R. 4697, a bill to modify the boundaries of Walnut Canyon National Monument in Arizona. Gordon Small, Acting Associate Deputy Chief of the USDA Forest Service, testified.

On August 5, the Senate Agriculture Committee will hold a hearing to consider the nominations of Jose Amador as Assistant Secretary for Science and Education and Roger Viadero as Inspector General.

The House Natural Resources Committee will mark up H.R. 3905 on August 5. This bill provides for the establishment and management of the Opal Creek Forest Preserve in Oregon.

The Senate Agriculture Subcommittee on Domestic and Foreign Marketing and Product Promotion will hold an August 5 hearing on long-range plans to restructure USDA's dairy and beef boards, and the Department's oversight role of the planned restructuring, as well as the operational aspects of the dairy and beef checkoff programs and the dairy bloc voting issue. USDA Agricultural Marketing Service Acting Deputy Administrator Ken Clayton will testify.

On August 11, the Senate Agriculture Subcommittee on Agricultural Research, Conservation, Forestry, and General Legislation will hold a hearing on pathogen reduction. Acting Assistant Secretary for Marketing and Inspection Services Pat Jensen will testify.

Congressional Visits And Activities

Today, Deputy Secretary Richard Rominger and Assistant Secretary for Natural Resources and Environment Jim Lyons met with Senator Frank Murkowski to discuss timber supply issues on the Tongass National Forest.

The conference on mining law reform may reconvene before the August recess. House and Senate conferees are discussing various proposed royalties for hard rock minerals extracted from public lands, as well as suitability of lands for mining, reclamation standards, the roles of the states in mining on public lands, and a fund to reclaim abandoned mines.

USDA was contacted by Delegate Eni F. H. Faleomavaega and Senator Daniel Inouye staffs to discuss funding for American Samoa's Nutrition Assistance Programs. Discretionary funding for this program was deleted in the House version of the FY95 Agricultural Appropriations bill, but was restored in the Senate version. Differences will be addressed during conference.

Senator Patrick Leahy raised questions regarding the independence of the Fluid Milk Promotion Board and requested that USDA review the issues raised. While USDA's review determined that the USDA Agricultural Marketing Service (AMS) is providing sufficient oversight and controls to ensure the independence of the Board, the review recommended that AMS establish policies similar to those used by other USDA Boards to avoid any appearance of conflict of interest or undue influence.

On July 27, Senator Barbara Boxer and Congressman Gary Condit held a briefing to announce the introduction of their legislation entitled "Truth in Poultry Labeling Act of 1994." Within 120 days of passage of this bill, USDA would be required to issue final regulations under the Poultry Products Inspection Act that prohibit the use of the term "fresh" on labeling of poultry that has been frozen or previously frozen below 26 degrees F. Representatives of the California Poultry Industry Federation, Public Voice, and the United Food and Commercial Workers International Union presented remarks in support of this legislation.

Senators Bill Bradley and Frank Lautenberg introduced on August 2 S. 2350, a bill to establish an independent meat, poultry, and eggs inspection agency.

REGULATORY ACTION

On July 28, USDA published in *The Federal Register* a final rule which is intended to encourage more research at the state level to enhance the well-being of agricultural cooperatives and their members. The rule establishes within the USDA Rural Development Administration a matching fund cooperative research agreement program to State Departments of Agriculture, State Agricultural Experiment Stations, and other related state agencies to conduct marketing research related to cooperatives.

As part of the effort to be more customer-service oriented, the USDA Rural Electrification Administration (REA) is proposing to amend its Pre-loan Policies and Procedures for Electric Loans. This notice was sent to *The Federal Register* July 28.

The third and final Computer Matching Notice for the USDA Food and Nutrition Service's Disqualified Recipient Subsystem (DRS) will be published in *The Federal Register* this week. Under development for several years, DRS is a database of all individuals disqualified from participation in the Food Stamp Program. All state agencies may participate in the DRS matching program.

PRESS

Press Conferences

U.S. Trade Representative Mickey Kantor and I held a news conference on August 2 to brief reporters on the U.S.-Canadian wheat agreement. (*See Key Departmental News/U.S.-Canadian Wheat Dispute Settled*)

Press Contacts With USDA

USDA has been informed that *The Washington Post* may be doing a story on how Market Promotion Program (MPP) funds were allegedly used for adoption services in Russia. The Department is investigating the allegations.

USDA has received several media calls regarding the E. coli 0157:H7 outbreak in New Jersey. (*See Week In Review/E. coli 0157:H7 Outbreak in New Jersey*)

The Philadelphia Inquirer asked USDA for a list of companies that have applied for field test permits to grow genetically engineered plants or microorganisms.

Assistant Secretary for Natural Resources and Environment Jim Lyons will be interviewed on *NBC's KING-TV* in Seattle, Washington on August 7 regarding forest health and the current wildfire situation.

Significant Freedom Of Information (FOIA) Requests

The National Security Council requested declassification of documents regarding Iraq.

U.S. News and World Report requested my travel records.

WEEK IN REVIEW

A. Important Events

GATT Review

USDA continues to work closely with the U.S. Trade Representative, the Office of Management and Budget, and The White House to address agricultural concerns relative to the General Agreement on Tariffs and Trade (GATT). This includes consideration of the House-adopted amendment, which redirected savings from the Export Enhancement Program to "green box" measures and programs and Senator Patrick Leahy's proposal to authorize the "Self-Help" dairy program and transfer control of the Dairy Export Incentive Program to a dairy farmer commission.

Assistance Still Being Delivered for Flood Victims

USDA continues to monitor the Southeast flood situation. The Department's Disaster Food Stamp Program ended in Georgia on July 31. To date, over 57,000 households are receiving benefits worth nearly \$15 billion. It will be a few weeks before the full extent of agricultural damages are known.

E. coli 0157:H7 Outbreak in New Jersey

USDA is working with the New Jersey Department of Health to find the source of a foodborne illness outbreak linked to the E. coli 0157:H7 bacterium. As of August 1, New Jersey officials confirmed 55 cases in the state. Though no source has been identified, undercooked hamburger appears to be a possible source. USDA is also working with state health departments to investigate cases from the bacterium reported in Vermont, Connecticut, Pennsylvania, Wisconsin, and New York.

Mexico Lifts Ban on U.S. Agricultural Imports

Mexico's plant health agency approved importation of California apples. Acting Assistant Secretary for Marketing and Inspection Services Pat Jensen will meet in Washington, D.C. on August 5 with Ernesto Enriquez Rubio, her Mexican counterpart, to discuss exports of U.S. apples, stone fruits, citrus, and grapes, and imports of Mexican avocados, wheat, apples, peaches, and plants in media.

Mexico recently lifted its ban on raw poultry products and eggs from the United States. It had recently banned all poultry product imports originating from California following the discovery of Salmonella enteritidis (Se) Phage Type 4 in a commercial laying chicken flock. This import restriction was placed on raw poultry meat products, table grade shell eggs, and hatching eggs.

Mexican Customs officials have also recently stopped 60 containers of U.S. exported meat products at the Laredo, Texas border because required information in Spanish was labeled with self-adhesive stickers rather than printed or stamped on the cartons. Mexico's Treasury and Agriculture Departments are tentatively scheduled to meet next week to resolve this problem.

Secretary Meets with California Farmers and Ranchers

On July 31-August 1, I traveled to central and northern California to meet with farmers, ranchers, and agricultural leaders. In Fresno, California, I joined Congressman Richard Lehman in touring a ranch, attended a farmer/rancher roundtable, and participated in his fundraising events. On August 1, I joined Congressman Dan Hamburg at roundtable discussions with community and agricultural leaders in Vacaville, California.

Agreement Signed with National Ski Area Association

The USDA Forest Service and the National Ski Area Association (NSAA) signed a Service-Wide Memorandum of Understanding (SMU) on August 3, establishing a general framework of cooperation to achieve a common goal: improving public recognition of the cooperative role in providing high quality recreation experiences to a diverse sector of the public, while protecting and managing the ecosystem.

Drought Causes Livestock Removals

Below average precipitation over much of the Intermountain Region has caused reduced forage and water, resulting in many permit holders being advised they have to remove livestock. Drought conditions continue on 15 of the region's 16 national forests. Congressional delegations from affected areas are being notified. The removal orders may cause some controversy within the livestock industry.

Summer Food Service Program Increases

Early information indicates that more children are receiving meals through the Summer Food Service Program. For example, there are 49 new sponsors in New York, 42 in California, and 12 in Georgia. This program makes meals available to low-income children during school vacation periods. All meals are served free, and the Federal government reimburses local sponsoring organizations for meals served.

B. Travel

On July 31-August 1, I traveled to central and northern California to meet with Congressmen Richard Lehman and Dan Hamburg, and to visit with farmers, ranchers, and agricultural leaders. (*See Week In Review/Secretary Meets with California Farmers and Ranchers*)

On August 1, I traveled to Leavenworth, Washington to meet with firefighters. (*See Key Departmental News/Forest Fires Continue to Burn in West*)

C. Hill Testimony -- I did not testify before Congress this week.

SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES

Health Care Reform

This week, I called Members of Congress to gauge their positions on the modified health care reform bills now taking shape. I provided USDA subcabinet officials with a legislative update, briefing materials, and lists of Members to contact. USDA also responded to a Communicating for Agriculture survey that indicated that most farmers and rural Americans prefer to delay health care reform until the next legislative session.

This week I did editorial board interviews regarding health care reform with several Tennessee and Alabama newspapers. Under Secretary for Small Community and Rural Development Bob Nash was interviewed this week by a radio station in Colorado, where he discussed the problems rural Americans are having under the current health care system. He also spoke with several reporters regarding this issue.

Assistant Secretary for Food and Consumer Services Ellen Haas incorporated health care into several events this week, including speeches at the American Culinary Federation in San Francisco, California, the American Heart Association in Chicago, Illinois, and a USDA Food and Nutrition Service seminar in Alexandria, Virginia, focusing on the electronic benefits transfer for food stamps. Health care reform also will be discussed in Assistant Secretary for Administration Wardell Townsend's summer commencement address at Western Carolina University on August 5.

Forest Plan/Pacific Northwest Economic Adjustment Initiative

The Ninth Circuit Court of Appeals ruled against USDA in the Pacific Rivers Council case when it decided that the USDA Forest Service is required to terminate management activity on the Umatilla and Wallowa-Whitman National Forests. The major issue was regarding the protection of salmon stock and other fish species. USDA is examining how such a shutdown can occur and whether it can operate with this restriction. Of particular difficulty and controversy will be the termination of livestock grazing on the forests. The ruling has broader implications that would affect all 37 national forests within the Ninth Circuit. USDA is working with the Department of Justice in determining whether to appeal this decision.

Helping Native Americans

USDA Farmers Home Administration Administrator Michael Dunn and Rural Development Administration Administrator Wilbur Peer will travel to Alaska on August 11 to address Alaskan Native concerns, including health, water, housing, and other issues. USDA representatives met to discuss the status of several new

commodities being developed for use under the Food Distribution Program on Indian Reservations. Commodities being considered include a low-fat macaroni and cheese, instant oatmeal, and a quick-cooking flavored rice.

Empowerment Zones and Enterprise Communities Update

Congressional interest is raising in the Empowerment Zones/Enterprise Communities (EZ/EC) program. Under Secretary for Small Community and Rural Development Bob Nash met this week with several Congressional delegations and constituents interested in conveying their interest in this program. Meetings were held with Congressmen Kika de la Garza, Tom Lewis, and Congresswoman Alicee Hastings, as well as Senators John Breaux and J. Bennett Johnston.

USDA Work on Homelessness

USDA has begun work on a Census survey and will shortly determine the potential for a rural homeless conference, initiatives for rural homeless with severe mental illnesses, and other opportunities for the Department to address rural homelessness.

Early Warning Radio System Progress

Potential sponsors of the early warning radio system are beginning to contact USDA with offers of tower space for transmitters, but have shown some reluctance to commit funding. USDA will work with those who show interest, encouraging even reluctant sponsors to work within their rural communities to find cosponsors.

SECRETARY'S SCHEDULE FOR NEXT WEEK

On August 5, I will travel to Falls Mills, Virginia for a rural water delivery event. (*See The Week Ahead/Drinking Water to Every Home*)

SECRETARY'S SCHEDULE FOR NEXT MONTH

On September 1, I will participate in a Conservation Reserve Program field hearing with Senator Tom Daschle and Congressman Tim Johnson in Aberdeen, South Dakota.

I will attend a National Association of State Departments of Agriculture meeting in Baton Rouge, Louisiana on September 11.

I am scheduled to participate in the National Rural Water Association Conference in New Orleans, Louisiana on September 20.

On September 22, I plan to attend the Chicago Board of Trade Agriculture Symposium in Chicago, Illinois.

On September 26, I will address the National Agricultural Chemicals Association in Greenbrier, West Virginia.

DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK

Deputy Secretary Richard Rominger will be in the office all week to work on the USDA budget.





THE SECRETARY OF AGRICULTURE
WASHINGTON, D.C.
20250-0100

August 11, 1994

MEMORANDUM FOR: LEON PANETTA, THE WHITE HOUSE
FROM: SECRETARY MIKE ESPY
SUBJECT: Report for the Week of August 8, 1994

KEY DEPARTMENTAL NEWS

Memorial Tribute Held for Fallen Firefighters

On August 8, USDA hosted a memorial tribute to the fallen firefighters killed battling wildfires this summer. The service, held at USDA in Washington, D.C., involved Vice President Al Gore, Secretary of the Interior Bruce Babbitt, and other state and Federal officials. The service was broadcast live on satellite for viewing by USDA Forest Service personnel and media in states where wildfires have blazed this year. The event garnered significant media attention.

Crop Insurance Reform Passes House

The House overwhelmingly passed on August 5 the Administration's comprehensive Federal Crop Insurance Reform bill. The Senate has yet to consider the bill, which is on hold for non-related reasons. USDA is working to have the hold lifted in time for Senate consideration and House/Senate conference before the August recess begins.

USDA Works to Provide Water to All Rural Homes

The Department's strategic "Water 2000" national plan to meet the goal of bringing running water to all rural homes by the year 2000 was kicked off on August 10 with a national roundtable to address the need and challenge of providing potable, running water to all rural Americans. The day-long roundtable brought together water utility experts to identify the issues and solutions associated with supplying water to rural areas. The session featured House Agriculture Committee Chairman Kika de la Garza and a Kentucky family whose water system was recently recovered as a result of USDA support. Under Secretary for Small Community and Rural Development Bob Nash was the event moderator.

Hearing on Pathogen Reduction Legislative Proposal

On August 12, the Senate Agriculture Subcommittee on Agricultural Research, Conservation, Forestry, and General Legislation will hold a hearing on the Department's pathogen reduction legislative proposal. The proposal is the subject of intense interest by Congress, consumer, producer, and industry groups, and media coverage is expected. Acting Assistant Secretary for Marketing and Inspection Services Pat Jensen will testify.

THE WEEK AHEAD

Farm Weather Outlook and Update

The National Weather Service's 6-10-day outlook calls for temperatures mostly above normal west of the Great Plains and in the Northeast, while below normal to normal averages are forecast for the central United States from the Dakotas to the Delta and into Georgia. Precipitation is expected to be mostly normal to above normal east of the Rockies, with little or no rainfall expected in south Texas and the Western states.

Timely showers and cooler temperatures last week promoted favorable but slower crop growth across the Central and Northern Plains, Corn Belt, Delta, and East Coast states. The cooler air produced some record minimum temperatures of about 40 degrees F in the Corn Belt. Locally heavy rainfall, over three inches in some locations, caused minor flooding in the Delta and Red River Valley regions. Dryland crops from west Texas to Washington continued under stress. Supplemental forage was required for many cattle on summer rangeland in Western states.

CONGRESS

Congressional Hearings

Today, the House Merchant Marine and Fisheries Committee marked up H.R. 4289, a bill to amend the Watershed Protection and Flood Prevention Act to establish a Waterways Restoration Program.

The House Agriculture Subcommittee on Specialty Crops and Natural Resources today marked up H.R. 4063, the Bull Run and Little Sandy Watershed Protection Act. Also marked up today was H.R. 4196, legislation to greatly expand eligibility for USDA programs to timber-dependent communities in the Pacific Northwest.

The House Agriculture Subcommittee on Environment, Credit, and Rural Development held a hearing today on conservation compliance. Paul Johnson, Chief of the USDA Soil Conservation Service, testified. USDA recently released the 1993 conservation compliance status review results, *Gaining Ground*, which indicates substantial progress in the reduction of soil loss.

On August 12, the Senate Agriculture Subcommittee on Agricultural Research, Conservation, Forestry, and General Legislation will hold a hearing on pathogen reduction. Acting Assistant Secretary for Marketing and Inspection Services Pat Jensen will testify. (See *Key Departmental News/Hearing on Pathogen Reduction Legislative Proposal*)

The Senate Agriculture Committee will hold an August 12 symposium on the future of USDA programs for private forestry.

Congressional Visits and Activities

At the request of The White House, I called several Members of Congress with respect to the pending crime bill, as well as pending health care reform legislation.

The House has made a counter-offer to the Senate that shows some movement toward the Senate position on mining law. No definite schedule for continued conference on mining law reform has been made.

REGULATORY ACTION

In an effort to more effectively target and leverage USDA's limited rural economic development loan and grant program (REDLGP) funds, the USDA Rural Electrification Administration published a proposed rule in the *Federal Register* to allow preferred selection of projects for REDLGP funding that: 1) have been designated as a Rural Empowerment Zone or Enterprise Community; 2) were recently designated by the President as a natural disaster area; 3) have experienced severe economic dislocation due to the loss, removal, or closing of a major source of employment; and 4) have experienced long-term and severe economic deterioration, demonstrated by severe unemployment or a high percentage of population out-migration. The public may comment on this proposal until August 29.

PRESS

Press Contacts With USDA

On August 18, I will be interviewed by *The Washington Post* while I cook dinner for my children. A profile will appear in the "Style" section in the near future.

CBS's 60 Minutes is researching a story on an investigation of alleged improper plane use by former Secretary Edward Madigan. The show is also working on an in-depth profile of Don Tyson of Tyson Foods, Inc., who may give an exclusive interview to the show. The story will include a segment investigating allegations that USDA has given the poultry industry preferential treatment on inspections due to close ties between the Administration and Tyson. *CBS* has requested an exclusive interview with me regarding the investigation.

The St. Louis-Post Dispatch is looking into a story about USDA investigations of fraud in disaster assistance claims. It has also expressed interest in Senator Jesse Helms' amendment to the Agriculture Appropriations bill regarding Equal Employment Opportunity issues.

ABC's World News Tonight is interested in doing a story on the wildfires in the West, ecosystem management, with a focus on Washington State's Tyee fire complex.

U.S. News and World Report is interested in doing a story on USDA's assistance to Midwestern flood victims last year.

Newsweek is researching a story on farm subsidies and possible abuse by farmers.

Associated Press is working on a story about the USDA Food and Nutrition Service's survey of the National School Meals program.

PBS is developing a documentary on USDA Reorganization. It will air in September.

WEEK IN REVIEW

A. Important Events

USDA Assistance to Rwanda

USDA started procedures to transfer an additional \$8.1 million of FY94 P.L. 480 Title I budget authority to Title II in order to respond to the emergency situation in Rwanda. This will raise the amount transferred from Title I to Title II-III to meet emergencies, particularly in Africa, to \$36.5 million (the maximum allowed by law).

U.S. Awaits Japan's Decision on Apple Orchard Inspections

Arrangements have yet to be made to get Japanese inspectors to the United States to inspect and approve apple orchards prior to the first shipment of U.S. apples to Japan. The timing of the inspectors' travel to the United States is affected by two additional public hearings in Japan and a national holiday period. Japan's slow movement on the issue may pose problems for U.S. growers, since orchards must be inspected before apples can be picked.

USDA Announces 1994/95 Export Enhancement Package for Rice

USDA announced on August 10 a 300,000 metric ton package of initiatives under the Export Enhancement Program to boost sales of U.S. rice during the 1994/95 international marketing year. The package of initiatives include Algeria, the countries of the Former Soviet Union, Israel, Jordan, Lebanon, Turkey, and East Europe.

Convention on Biological Diversity

Today, Deputy Secretary Richard Rominger and Under Secretary of State Tim Worth held a meeting with various agricultural representatives to discuss concerns about the Biological Diversity Treaty. The concerns of the agricultural interests have become an impediment to gaining Senate ratification of the Treaty, which was negotiated for the United Nations Conference on Environment and Development in 1992. The Convention on Biological Diversity obligates signatories to conserve and sustainably use biological diversity and to share its benefits. The United States must ratify the Convention by August 31 in order to participate as a Party at the first Conference of the Parties, which is scheduled for December. Work with the groups continues at a staff level on August 12. A speedy resolution of the concerns voiced at today's meeting is possible, which would still provide an opportunity for the Senate to consider the Treaty prior to the August recess.

USDA Reports

Today's monthly *Crop Production* report gives USDA's first estimates of 1994 U.S. corn, soybeans, and cotton crops based on field surveys. This is generally the most anticipated crop production report of the year. The trade anticipates U.S. crop forecasts for corn and soybeans will be much larger than previously indicated. Also, today's *World Agricultural Supply and Demand Estimates* report incorporates survey-based U.S. crop forecasts into global supply and demand estimates. Elsewhere, drought is affecting grain crops in Australia, an important competitor, and extreme heat is causing concern for crops in Europe.

The August 17 *Foreign Agricultural Trade of the United States* summarizes current and historical data on U.S. foreign trade in agricultural products. Tables in this report highlight commodity and country information, including value, quantities, principal markets for agricultural exports, and import sources.

Senate Education Bill Could Help Needy Rural Schools

On August 2, the Senate passed S. 1513, the Elementary and Secondary Education Act. If enacted into law, this bill would change the way certain funds are distributed among school systems within States, targeting more of the funds to school systems with high poverty rates. This might be particularly helpful to rural areas. USDA research indicates nonmetro areas had a child poverty rate of 21.9 percent in 1989, 4.8 percent higher than metro areas. This bill also contains a new \$5 million competitive grant program for those rural colleges and universities that work with private sector partners and civic groups on community service projects.

1994 Federal Tax Refund Offset Program

Collections to date from the 1994 Tax Refund Offset Program already exceed \$32.7 million, far in excess of the \$13.3 million collected in 1993. The increase in collections is almost all attributable to the USDA Food and Nutrition Service, which referred over 187,000 delinquent debtors in 1994 compared to 56,000 in 1993. All five participating USDA agencies referred over 210,000 accounts with a value of \$870 million to the Internal Revenue Service for offset against tax refunds due delinquent debtors.

Biomass Energy Programs

USDA Alternative Agricultural Research and Commercialization Center Paul O'Connell met on August 9 with representatives from the Department of Energy to discuss potential collaboration on biomass energy programs.

B. Travel

On August 5, I launched the "Water 2000" campaign by traveling to Falls Mills, Virginia to visit a family that was receiving running water for the first time in their home. Congressman Rick Boucher also attended. (*See Key Departmental News/USDA Working to Provide Water to All Rural Homes*)

C. Major Speeches

On August 5, I spoke in Falls Mills, Virginia regarding USDA's "Water 2000" program, which hopes to bring running water to all rural homes by the year 2000. I also addressed participants at the August 10 rural water roundtable. (*See Key Departmental News/USDA Works to Provide Water to All Rural Homes.*)

D. Hill Testimony -- I did not testify before Congress this week.

E. Controversies

On August 15, USDA will hold a hearing for White Swan Corporation, a Texas firm which has been convicted of bid-rigging in wholesale grocery products and is being considered for debarment from participation in the Child Nutrition Programs. The hearing will give White Swan an opportunity to present evidence to be used in the Department's decision to either debar the company or enter into a cooperative agreement with it. Hearings were also held on August 10 and today for two companies convicted of milk bid-rigging. Guida Siebert Dairy, Inc. of Connecticut and H. Meyer Dairy Company of Ohio face debarment from participation in the Child Nutrition Programs.

USDA's Inspector General has initiated an investigation of loan practices in Texas in response to concerns raised in several program areas. In addition, a number of unfair labor practices complaints has prompted dispatch of a five-member management team to look at the situation and determine if there have been improprieties.

SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES

Health Care Reform

This week, USDA participated in a number of radio events regarding the Administration's health care reform initiative. On August 9, I conducted radio interviews with seven reporters from agricultural network stations in North Dakota, South Dakota, Minnesota, Missouri, Mississippi, Arkansas, Wisconsin, Nebraska, and Colorado. A total of 280 radio stations are reached by these networks. I was interviewed by USDA's Radio News Line for a story, which specifically compared the Mitchell and Gephardt proposals and how they address the needs of rural Americans. The Radio News Line produces stories daily for hundreds of radio stations across the country. Also, Under Secretary for Small Community and Rural Development Bob Nash was interviewed on KSTC radio in Colorado. The interview will be used in a three-part series on rural health care.

This week, the USDA sub-cabinet and I placed calls to Members of Congress regarding the importance of comprehensive health care legislation for rural America. Assistant Secretary for Administration Wardell Townsend met with political activists in Ashville, North Carolina, including former Congressman James Clarke and current Congressional candidate Maggie Lauterer. They discussed how grassroots activities will play a critical role in influencing debate.

Assistant Secretary for Food and Consumer Services Ellen Haas met in New York City with school food service professionals, consumers, anti-hunger groups, and parents about the School Meals Initiative for Healthy Children. She was interviewed on the initiative by *Glamour Magazine*, *Harper's Bazaar*, *Amsterdam News*, *El Diario*, and *The Food Network*. School Meals Initiative roundtables were held during the week in Boston, Massachusetts and Houston, Texas.

From the preliminary review, a top-ranked group of 81 applications has been identified from 281 applications submitted for the 1994 Distance Learning and Medical Link Grant. The 81 applications are being reviewed by a group of independent non-USDA technical advisors, who will identify any technical flaws in the final proposals which could adversely impact project success. USDA expects approximately 25-30 applications to be selected using the \$10 million FY94 appropriation for these grants.

USDA Work on Homelessness

Under Secretary for Small Community and Rural Development Bob Nash and Housing and Urban Development Secretary Henry Cisneros visited Blair Shelter, a homeless shelter in Washington, D.C. on August 9. The visit was scheduled in support of the Administration's homeless initiative and was coordinated by the Inter-Agency Council on the Homeless.

Farmworker Issues

An August 15 meeting is tentatively scheduled with USDA, the Department of Labor, and the Department of Housing and Urban Development to identify potential action sites for inter-agency cooperation to address farmworker needs. A Farmworker Conference has been proposed in support of the initiative, but funding and times have yet to be determined.

Range Reform Update

The Federal Advisory Committee on grazing fee incentives held meetings in Utah last week. The Keystone Center, which facilitated the discussions, is expected to release a report by the end of this month. USDA will meet with Department of the Interior officials to discuss the meeting's results and future plans regarding the grazing fee incentive program.

SECRETARY'S SCHEDULE FOR NEXT WEEK

On August 17, I will travel to Rock Springs, Pennsylvania to attend Agriculture Progress Days with Senator Harris Wofford.

SECRETARY'S SCHEDULE FOR NEXT MONTH

On September 1, I will participate in a Conservation Reserve Program field hearing with Senator Tom Daschle and Congressman Tim Johnson in Aberdeen, South Dakota.

I will attend a National Association of State Departments of Agriculture meeting in Baton Rouge, Louisiana on September 11.

I am scheduled to participate in the National Rural Water Association Conference in New Orleans, Louisiana on September 20.

On September 22, I plan to attend the Chicago Board of Trade Agriculture Symposium in Chicago, Illinois.

On September 26, I will address the National Agricultural Chemicals Association in Greenbrier, West Virginia.

DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK

Deputy Secretary Richard Rominger will be working on the USDA budget all week.



THE SECRETARY OF AGRICULTURE
WASHINGTON, D. C.
20250-0100

August 18, 1994

MEMORANDUM FOR: LEON PANETTA, THE WHITE HOUSE
FROM: SECRETARY MIKE ESPY
SUBJECT: Report for the Weeks of August 15 - September 9, 1994

KEY DEPARTMENTAL NEWS

More Fire Deaths, Fire Investigations Nearing Completion

A contract USDA Forest Service C-130 airtanker carrying fire retardant crashed in a remote area on the Angeles National Forest in California on August 13, killing all three crew members. The National Transportation and Safety Board is investigating the cause of the crash.

The team investigating the deadly South Canyon Creek fire in Colorado will release its report on August 22. An interagency management review team will be appointed to review the accident report and develop proposed corrective actions that might be needed. The Occupational Safety and Health Administration (OSHA) is also investigating this fire. The Forest Service has not been notified when OSHA will release its report.

The National Transportation Safety Board (NTSB) is conducting the technical investigation into possible aircraft failure in a helicopter crash on an initial attack mission on New Mexico's Gila National Forest, in which there were three firefighter fatalities. The Forest Service team investigating the incident is unable to complete its report until the NTSB releases its technical findings.

The investigation team investigating the July 29 crash of a contract airtanker making a retardant drop on a lightning-caused fire near Missoula, Montana, which caused the deaths of the pilot and copilot, is currently analyzing information and drafting its report. The report will be available in several weeks.

Promoting Ethanol

The Illinois State Fair in Springfield, Illinois will host an August 19 event for me to highlight the benefits of ethanol. The State Fair is a major event for Illinois farmers and should draw considerable media attention.

Senate Works on Child Nutrition Reauthorization

On August 12, the Senate began floor consideration for S. 1614, a bill to amend the Child Nutrition Act of 1966 and the National School Lunch Act to promote healthy eating habits for children and extend authorization of certain nutrition acts through 1998. It adopted Senator Patrick Leahy's amendment to establish dietary guidelines for students who participate in school lunch programs, to establish all-day educational and recreational activities for students at feeding sites, to provide for the use of any food service management institute for dietary and nutrition activities, to establish juice inspection regulations, and to provide for the distribution of commodities on certain Native American reservations.

The Senate rejected Senator Mitch McConnell's amendment to prevent state or local Women, Infants, and Children program offices from offering voter registration. Under threat of a Dole amendment on winter wheat and crop insurance, and a Boxer amendment on the labeling of fresh vs. frozen poultry, floor managers pulled the bill and returned it to the Senate calendar for consideration later.

Crop Insurance Reform to Move in Senate

The Administration's comprehensive Federal Crop Insurance Reform Act, S. 2095, may be considered by the full Senate soon. The House passed its version of the reform proposal two weeks ago. Senate consideration has been delayed by holds on unrelated matters. Senator Jesse Helms has indicated that he will offer an amendment regarding the Department's policy toward homosexuals. Senator Barbara Boxer has indicated an intent to offer an amendment on the "fresh" vs. "frozen" poultry labeling issue, which would have complicated efforts to bring the reform package to the Senate floor. After USDA reaffirmed its commitment to expeditiously resolve this issue, Senator Boxer agreed to a sense of the Senate resolution, which stated that the Department should quickly proceed with its plans to resolve this issue, including upcoming hearings.

In addition to this issue, the Senate may include the USDA reorganization legislative plan in the crop insurance reform package. While the Senate passed this legislation earlier this year, the House action of the reorganization bill has been delayed by the inclusion of a risk assessment amendment by the House Agriculture Committee. Negotiations in the House over this amendment have stalled. By including reorganization in crop insurance reform, the Senate and House may be able to address reorganization in conference.

THE WEEK AHEAD

Pathogen Reduction Legislative Proposal Nears Completion

USDA will be completing its pathogen reduction legislative proposal this week and will proceed to the interagency clearance process. The proposal contains significant new mandates and authorities to further enhance the Department's food safety efforts. The proposal is the subject of intense interest by consumer, producer, union, and industry groups, as well as Congress, and was the subject of a Senate subcommittee hearing last week. The Department has been meeting with all stakeholder groups and is currently refining the proposal in light of these discussions. Continued interest and press coverage of this legislative proposal is expected.

Tropical Forestry Task Force to Release Action Plan

The Tropical Forestry Task Force, which consists of USDA, National Park Service, Fish and Wildlife Service, Hawaii Department of Land and Natural Resources, Hawaii Division of Forestry and Wildlife, University of Hawaii, Nature Conservancy of Hawaii, and private estate representatives, will release its plan for the coordinated management of Hawaii's forests by Federal, state, and private land managers on August 26. The plan is the result of perhaps the largest public outreach ever done concerning forest management in Hawaii.

GAO Report on Info Share

The General Accounting Office released a report to the House Subcommittee on Information, Justice, Transportation, and Agriculture, entitled *USDA Restructuring: Refocus Info Share Program on Business Processes Rather than Technology*. This report concludes that USDA managers are not performing the key reengineering steps necessary to fundamentally change the way the farm service and rural development agencies do business. It concludes with a number of recommendations. An Info Share commissioned review confirmed the findings contained in the report, and USDA is currently awaiting the recommendations of that review to take steps necessary to address the concerns.

Farm Weather Outlook and Update

The National Weather Service's 30-day outlook through mid-September calls for mostly above normal to normal temperatures from the Great Plains and westward and along the Atlantic Coast, with a band of below-normal averages from the Great Lakes to the Gulf Coast. Above normal to normal rainfall is expected over the Southeast half of the nation and below normal elsewhere.

During the past week, diminishing showers and warm, humid weather benefitted crop development in the Delta and Southeast. Bands of heavy rain caused brief flooding from eastern South Dakota through southern Minnesota into northern Illinois, and from northeastern Ohio through northwestern Pennsylvania and into southwest New York. Heavy showers and local flooding also occurred in eastern Texas and coastal areas of the Florida peninsula. Showers improved preplanting soil moisture for winter wheat in eastern Colorado, western Kansas, and the Oklahoma panhandle. Thunderstorms with little or no rainfall continued over the western mountains and combined with unseasonably hot temperatures to maintain a high forest fire potential.

Fires started by lightning strikes are posing a serious threat to Idaho's ripe wheat fields and dry ranges. Hot, dry weather continues in Oregon, causing fire danger and stressing non-irrigated crops across the state. Water stress is appearing in some Washington orchards. Fire danger is still high, with many fires raging out of control across Washington, especially in the central areas of the state.

USDA Reports

The August 22 *Livestock, Dairy, and Poultry Situation and Outlook Report* indicates continued moderate herd expansion. Beef production in 1995 is forecast to rise about 2 percent from this year, only slightly above population and export expansion. Although the poultry export market remains strong, broiler prices are forecast to be slightly lower than previously expected, due partly to large competing meat supplies.

The *Fruit and Tree Nuts Situation and Outlook Report* on August 23 reports increased apple and pear production in 1994 will likely keep downward pressure on prices and continue to stimulate domestic and export shipments. Cold winter weather damaged peach and cherry trees in several states, reducing 1994 output.

The *Cotton and Wool Situation and Outlook Report* on August 25 will assess the 1994/95 cotton marketing year based on USDA's August crop report which shows that cotton production is expected to be a record in 1994. Total cotton use is also projected to expand in 1994/95. Higher U.S. exports are anticipated due to low foreign supplies, and domestic mill use is expected to be the highest in over 50 years.

The August 26 *Agricultural Exports* will review progress of FY94 exports and imports. At this time, little change is expected from the projected \$42.5 billion in exports and \$25 billion in imports. The August outlook will also include projections for FY95. Currently, exports are expected to remain about unchanged from FY94 while imports are likely to rise slightly.

CONGRESS

Congressional Hearings

On August 24, the Senate Indian Affairs Committee will hold a field hearing in Anchorage, Alaska on sanitation and water in rural Alaska.

The House Agriculture Subcommittee on General Farm Commodities will hold a field hearing in Lubbock, Texas on August 24 regarding Federal cotton programs and efforts to improve cotton marketing. Acting Assistant Secretary for Economics Keith Collins will testify.

The Senate Agriculture Subcommittee on Agricultural Research, Conservation, Forestry, and General Legislation will hold an August 29 field hearing in Boise, Idaho on forest health. USDA Forest Service Chief Jack Ward Thomas will testify.

On September 1, I will testify at the Senate Agriculture Subcommittee on Agriculture Research, Conservation, Forestry, and General Legislation and the House Agriculture Subcommittee on Environment, Credit, and Rural Development joint field hearing in Aberdeen, South Dakota on the future of the Conservation Reserve Program.

On September 7, the House Agriculture Subcommittee on Department Operations and Nutrition will hold a hearing on a recently proposed USDA rule to provide nutrition objectives for school meals. Assistant Secretary for Food and Consumer Services Ellen Haas will testify.

Congressional Visits and Activities

On August 12, the House sent the Senate a message challenging the constitutionality of a Senate amendment initiating Food and Drug Administration user fees to the FY95 Agriculture Appropriations bill. The challenge was that revenue measures must originate in the House. The Senate struck the provision and asked for a conference.

The House passed on August 12 S. 2099, a bill to establish the Northern Great Plains Rural Development Commission, clearing the measure for the President. The Commission will study and make recommendations regarding the economic development needs of North Dakota, South Dakota, Nebraska, Minnesota, and Iowa.

The Senate Judiciary Committee is expected to report the Northeast Dairy Compact from Committee this week, with minority views by Senators Alan Simpson, Herb Kohl, Strom Thurmond, and Larry Pressler. The Compact is controversial, and the

outcome is uncertain. In the House, the Compact has had hearings but has been held in Subcommittee. The real push for this legislation is expected to come in September. I met with Senator Patrick Leahy to discuss the various pending dairy legislation, including the Compact.

Senators Patrick Leahy, Daniel Moynihan, John Kerry, Ed Kennedy, James Jeffords, and Barbara Boxer have written USDA to urge modification and extension of the Conservation Reserve Program.

PRESS

Press Conferences

On August 12, I gave a videotaped address to USDA employees which highlighted Team USDA's accomplishments during the past 19 months and talked about the challenges for the future. My remarks focused on reorganization, the challenges of change, and Department priorities and goals. *Associated Press* carried a story about the remarks.

I joined Environmental Protection Agency (EPA) Administrator Carol Browner on August 15 for a news conference to announce the signing of a joint Memorandum of Understanding committing USDA and EPA to providing the agricultural community with pest management techniques and tools that reduce pesticide risks to public health and the environment, while ensuring economically sound agricultural production. Joining us at the signing was Senator Patrick Leahy.

Press Contacts With USDA

This week I was interviewed on WGN-TV, Chicago, Illinois, regarding ethanol, the U.S.-Canada wheat compromise, USDA reorganization, and the North American Free Trade Agreement.

The New York Times is writing a story on U.S.-Mexico trade, specifically agricultural inspections which may justify import-export restrictions of certain products, such as produce, dairy, and meat.

CBS News has requested an interview regarding the revenue assurance concept, an Iowa plan which may provide a viable alternative to subsidies.

Delmarva Farmer, a monthly magazine published in Easton, Maryland, requested permission to interview a USDA poultry inspector.

CNN requested an interview with Richard Crawford, the USDA Animal and Plant Health Inspection Service Assistant Deputy Administrator for Regulatory Enforcement and Animal Care, to cover standards for treatment of animals in zoos. The Rochester, New York *Democrat and Chronicle* requested similar information.

WEEK IN REVIEW

A. Important Events

Aid to Rwanda

USDA cleared a Food for Progress agreement to provide 140 metric tons of humanitarian food assistance for airlift to Rwandan refugees. The commodities include liquid infant formula and will be distributed through the Catholic Relief Services to an infant and refugee feeding program in Goma, Zaire. In addition, the Department is working to make a special purchase of bulk corn or sorghum with FY94 funds under P.L. 480, Title II for Zaire refugees. This commodity should be delivered for export on or before September 30 to comply with funding requirements.

Korea Demarche Signed

I recently signed sent a letter to Korean Minister of Finance Hong, setting out the United States' reasons why Korea should continue to participate in the General Sales Manager-102 (GSM-102) program to support U.S. agricultural trade. Canada has been pressing the Koreans to discontinue its use of the GSM-102 program. Several Members of Congress are also writing to urge the continued acceptance of GSM credit in Korea. The program is vital for exports of U.S. cotton and wheat to Korea.

USDA Forecasts Large Crops

Data released on August 11 by USDA indicates that U.S. cotton production will reach its highest level ever. Total production is estimated at 19.2 million bales, whereas the last record was 18.9 million bales in 1937. USDA also indicated that larger supplies would lead to improved exports of corn and soybeans and a rebuilding of depleted stocks. USDA forecast corn production 45 percent above 1993 and predicted a record soybean crop, 26 percent larger than last year. Expected all-wheat production is down a little this year, but the durum crop is 42 percent larger.

Poultry Enhancement Program Draft Protocol Pilot Study Available

On August 11, USDA sent constituent groups copies of a draft pilot study protocol for the proposed Poultry Enhancement Program. The Poultry Enhancement Program, proposed by the Department on July 13, would implement a new system of post-mortem inspection for all poultry. The deadline for commenting on the draft pilot study protocol is August 26.

Group Suggests Lack of Safe Handling Label Compliance

The E.coli activist group Safe Tables Our Priority (STOP) inquired in response to a recent USDA compliance review of 18 retail establishments across the country which found that retailers were generally complying with the new safe handling label rule. The group questioned these results and indicated that several small retailers in Florida have stated that they are not subject to the labeling requirements. USDA was asked to provide clarification on whether small entities such as butcher shops are subject to the rule. USDA verified that the rule applies to all retail establishments selling to consumers. USDA will investigate the group's allegations.

Loan Resolution Task Force Account Identification

The criteria for identifying which accounts will transfer to USDA's Loan Resolution Task Force (LRTF) have been finalized. State coordinators have received the criteria soon so they can begin to identify which accounts will transfer, and identification of accounts will be completed by the end of August. This process will provide a better accounting of loans that will transfer to the LRTF. The LRTF has cleared 11 \$1 million-plus cases this month, bringing the current case load to 882 accounts.

B. Controversies

The USDA Forest Service has decided to move forward with the controversial Sugarloaf timber sale in Oregon, with the bid being awarded soon. The sale has been extensively reviewed and is in full Endangered Species Act compliance.

The Southern Environmental Law Center sent the USDA Forest Service a letter demanding a stay of on-the-ground activities relating to a timber sale on Georgia's Chattahoochee National Forest. The law center submitted the request for a stay on behalf of the Friends of the Mountains, Rabun County Coalition to Save the Forest, South Carolina Forest Watch, Chattooga Watershed Coalition, the Wilderness Society, and Georgia Forest Watch. The Forest Service withdrew the timber sale when it was named in a 1993 lawsuit and produced a new environmental assessment. The current request for a stay is based on the allegation that the decision violates the National Environmental Policy Act.

SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES

Health Care Reform

On August 17, I conducted radio briefings on rural health care reform with reporters from Wisconsin, South Carolina, Kentucky, Alabama, North Dakota, Colorado, Oregon, and Louisiana.

On September 1, USDA will release *Parents' Guide for Healthy Eating*, which will be distributed by the Parents and Teachers Association and the Department.

Today, I issued a news release applauding Senator Tom Daschle's rural health care amendment which passed the Senate.

Helping Native Americans

USDA has 1.2 million pounds of honey available for processing, which after processing into tablegrade honey, will be shipped in October and November for use in the Food Distribution Program on Indian Reservations and the Commodity Supplemental Food Program. The Department will soon issue an invitation for offers to process the honey.

Empowerment Zones and Enterprise Communities Update

Under Secretary for Small Community and Rural Development Bob Nash has convened a panel of five experts for the review of 88 empowerment zone applications. He anticipates presenting the applications to me on August 26.

Technology for a Sustainable Future

The USDA Forest Service is helping plan a series of workshops that support the Administration's recently announced initiative, "Technology for a Sustainable Future." The effort is geared to devise a strategy for science and technology initiatives that promote development of environmental technologies needed by the year 2025, along with the regulatory, market, tax, and fiscal policies necessary to support those emerging needs and technologies.

SECRETARY'S SCHEDULE FOR NEXT WEEK

I will address the annual meeting of the Midwestern Governor's Conference in Lincoln, Nebraska on August 22.

SECRETARY'S SCHEDULE FOR NEXT MONTH

On September 1, I will participate in the South Dakota Agriculture Summit and hearing, a forum on the future of farming and ranching, with Senator Tom Daschle and Congressman Tim Johnson in Aberdeen, South Dakota.

There is a proposed trip to Moscow, Russia and Kiev, Ukraine, September 5-11 for consultations on agricultural issues.

I will attend a National Association of State Departments of Agriculture meeting in Baton Rouge, Louisiana on September 11.

I am scheduled to participate in the National Rural Water Association Conference in New Orleans, Louisiana on September 20.

On September 22, I plan to attend the Chicago Board of Trade Agriculture Symposium in Chicago, Illinois.

On September 26, I will address the National Agricultural Chemicals Association at Greenbrier, West Virginia.

I will travel to Buenos Aires, Argentina to attend the Agricultural Outlook Conference and for consultations on agricultural issues, September 27-30.

DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK

Deputy Secretary Rominger will be working on the USDA budget.



THE SECRETARY OF AGRICULTURE
WASHINGTON, D. C.
20250-0100

September 8, 1994

MEMORANDUM FOR: LEON PANETTA, THE WHITE HOUSE
FROM: SECRETARY MIKE ESPY
SUBJECT: Report for the Week of September 5, 1994

KEY DEPARTMENTAL NEWS

Trade Issues Discussed with Russian Federation and Germany

September 5-10, I traveled to the Russian Federation and Germany to consult with government officials about agricultural trade issues. While on this trip, I visited a USDA-sponsored market information system pilot project and a wheat flour milling operation in the Russian Federation. I also conducted an audio briefing with farm broadcasters.

While in Russia, I made two important announcements. An amendment to the Food for Progress initiative with Russian Deputy Prime Minister Zaveryukha, permitting use of remaining program resources for wheat purchases, was signed. I also authorized \$20 million in credit guarantees in connection with sales of U.S. agricultural commodities to private sector buyers in Russia under the USDA Commodity Credit Corporation's Export Credit Guarantee Program (GSM-102) for FY94.

Pathogen Reduction Legislative Proposal To Be Announced

The Department's Pathogen Reduction legislative proposal will be publicly released next week at a press conference, where I will be joined by Senator Tom Daschle, who is expected to introduce the bill in the Senate, Acting Assistant Secretary for Marketing and Inspection Services Pat Jensen, and Food Safety and Inspection Service Administrator Mike Taylor. We are working with other Members of Congress and representatives of constituent groups, which may also attend the press conference.

The legislative proposal contains significant new authorities to enhance the food safety efforts of USDA and mandates that the inspection system include microbiological testing. The proposal has been the subject of intense Congressional, industry, producer, and consumer group interest. The Department anticipates that consumer groups will express support for the proposal.

Crop Insurance Reform/USDA Reorganization Set for Conference

The House and Senate are preparing for conference on the Administration's Federal Crop Insurance Reform Act, which passed both houses last month. The Reform Act would expand and improve the current Federal crop insurance system. The Senate's version of the Reform Act includes provisions to reorganize the Department. USDA's reorganization proposal has stalled in the House as a result of a risk assessment amendment that was adopted by the committee.

Team to Review Fire Investigation Report

The Interagency Management Review Team, appointed by USDA Forest Service Chief Jack Ward Thomas and Bureau of Land Management Acting Director Mike Dombeck, is reviewing the investigation report released August 22 by the South Canyon Creek Fire Interagency Investigation Team and will propose any corrective actions deemed necessary. The review team will meet on September 12.

Assistance Available for States Affected by Floods

On September 1, the Department announced the release of \$16 million in Emergency Watershed Protection (EWP) program funds to Alabama, Florida, and Georgia as a result of flooding and excessive rainfall from Tropical Storm Alberto. EWP provides, among other things, assistance to local governments for the removal of imminent hazards to life and property from floods and erosion by-products caused by natural disasters.

THE WEEK AHEAD

Forest Health Plan Being Developed

A USDA Forest Service interdisciplinary team has been established to coordinate the development of a Western Forest Health Initiative that will address short- and long-term actions for restoring health in fire-adapted forested ecosystems in the West. The team will propose priority actions and opportunities by September 30.

USDA To Hold Second Annual "Celebration of Excellence"

On September 12, USDA will hold its second annual "Celebration of Excellence" in Washington, D.C. The celebration will feature an awards ceremony, musical entertainment by Willie Nelson, and a barbecue for Departmental employees.

CONGRESS

Congressional Hearings

The House Natural Resources Committee will hold an October 4 hearing to examine fire suppression, fire prevention, and forest health issues and programs. The hearing will focus on the problems and impediments to fire prevention, general health of forests, and long- and short-term program needs to address forest health.

Congressional Visits and Activities

Senators Bob Dole, Bob Kerrey, and Tom Daschle, and Congressmen Pat Williams and Earl Pomeroy have contacted the Department with concerns regarding the \$3.15 wheat price election that the USDA Federal Crop Insurance Corporation announced on August 31.

REGULATORY ACTION

The comment period for the proposed rules and the draft environmental impact statement on rangeland reform will close on September 9.

A final rule by the USDA Rural Development Administration was published September 7 in *The Federal Register* regarding debt restructuring for hospitals and health care facilities. This procedure provides for the continued operation of rural hospitals and health care facilities by implementing all possible debt restructuring options available that will result in an economically-viable facility.

USDA is issuing a proposed rule, which would change how Class II milk prices are determined monthly in all Federal milk marketing orders. The new pricing method would use the Minnesota-Wisconsin series price for the second preceding month and add a fixed differential of 30 cents. This price would be announced at the same time as the Class I milk price. Changing the pricing method for Class II milk would coordinate the value of products used in the manufacture of Class II dairy products with higher Class I fluid milk prices. The proposed new pricing method would simplify the pricing procedure and assure that Class I and Class II prices fluctuate in the same direction.

The comment period on the Department's proposed rule on significantly reforming the school lunch program, School Meals Initiative for Healthy Children, closed on September 8. To date, over 6,000 comments on the proposed regulation have been received. Comments have been received from a wide range of interests.

PRESS

Press Conferences

USDA held a press conference on September 1 to introduce *Parents' Guide to Healthy School Meals*, a resource to assist parents in helping their children make healthful diet choices while at school. The guide is another component of USDA's continuing effort to update the nutrition standards for the nation's school meals program and improve children's nutrition. Assistant Secretary for Food and Consumer Services Ellen Haas was joined by Assistant Secretary of Education Thomas Payzant and National Parent Teacher Association Health and Welfare Commission Chair Ginny Markell in unveiling the guide.

USDA announced on September 2 that due to the high volume of requests for additional meat safety and handling postcards, the Department has printed an additional 3 million for distribution by the National Association of School Nurses. *The Recipe for a Safe and Delicious Hamburger* are available in English and Spanish.

Press Contacts With USDA

CNN interviewed a USDA Forest Service official regarding Native American sacred areas and burials. *CNN* is interested in the impact of mining and lumber harvesting on public lands on the condition and future of the Native American sites. The story is expected to run in early November.

The Men's Journal, a *Rolling Stone* publication, plans to publish an article on the South Canyon Creek fire investigation.

A national newspaper paid advertisement by the environmental organization Headwaters, which opposes the USDA Forest Service Sugarloaf timber sales, has not been published.

The Center for Public Integrity is scheduled to conduct an interview with USDA Forest Service Chief Jack Ward Thomas on September 16 about timber theft, the progress of ecosystem management, and Equal Employment Opportunity complaints and personnel actions.

People Magazine interviewed Gordon Harris of USDA's National Information Fire Center about the work of the center and use of infrared in locating and mapping fires; the number of fires covered in one night, the importance of the imagery to firefighters, and the kind and number of airplanes used.

ESPN is producing a six-part series to air in December featuring several wildlife species, their habitat needs, and feeding and mating characteristics. The series will also discuss current issues and conflict affecting the animals. Wildlife specialists and scientists from the USDA Forest Service, other Federal agencies, and the private sector will participate in the program.

Media inquiries in the Cottonwood Fire area in Tahoe National Forest about forest salvage logging operations have followed an August 29 press conference by Congressman Wally Herger. Congressman Herger declared a state of emergency on Federal lands in California because of catastrophic wildfires. Public interest in the Cottonwood Fire area is expected to be high in rehabilitation and salvage logging efforts.

See press clippings attached: *U.S., Russia Open Way for 400,000 Ton Wheat Sale; Espy Moves Swiftly to Aid Blacks in Mississippi and Elsewhere in U.S.*

Significant Freedom of Information (FOIA) Requests

KWGN-TV in Denver, Colorado is seeking followup information and intends to air a story blaming USDA Forest Service officials for the South Canyon Creek fire incident.

WEEK IN REVIEW

A. Important Events

Migrant Farmworkers Housing Groundbreaking

USDA Farmers Home Administration Administrator Michael Dunn attended the September 7 groundbreaking ceremonies for the Aurora Center, a migrant housing project in Wisconsin. This project is the first transitional labor housing project of its type in the nation. The housing will be used to house farm labor/migrant workers or homeless farm labor migrant workers coming into the area until they find work or other farm labor housing.

Food for Progress Helps Rwandan Orphans

Approximately 140 metric tons of donated corn-soy blend and vegetable oil under USDA Food for Progress program were distributed this week to Rwandan orphans in refugee camps in Goma, Zaire.

Ukraine and Algeria Defaults Update

As of August 30, 21 official notices of Ukrainian default worth \$31.8 million have been received. The USDA Commodity Credit Corporation has paid 15 claims in the amount of \$19.7 million. Algerian banks have begun making payments to U.S. banks for payments in default that are not covered by rescheduling of debt.

Japan Rice Production Expected to Increase

Japan's Agriculture Ministry announced that its 1994/95 rice crop was rated "rather good" as of August 15. Despite a promising harvest, Japan will honor the General Agreement on Tariffs and Trade and purchase 400,000 tons of foreign rice next fiscal year, according to a Ministry spokesperson. Because of a reduced crop, Japan imported more than 2 million tons of rice during 1993/94.

U.S.-Mexico Meeting Held to Discuss Grain Issue

USDA representatives met recently with Mexican officials regarding Mexico's draft proposed certification requirements for imported grains. Despite U.S. concerns about several elements of the proposed requirements, Mexico still plans to publish its proposal. In addition, the country raised several new phytosanitary issues which had not surfaced during the past two years. Once Mexico publishes its proposal, USDA, the grain industry, and other interested parties will have the opportunity to submit formal comments.

USDA Helping Kentucky Develop Marketing Center

Plans for a new \$8 million agricultural marketing center in Boone County, Kentucky are being developed by a cooperative project with USDA and the Kentucky Department of Agriculture. The Northern Kentucky Agricultural Marketing Center is being promoted heavily by Kentucky Governor Brereton Jones to help increase the acreage of vegetable crops as a way to augment present farm income.

House Agriculture Subcommittee Hearing on the School Meals Initiative

Assistant Secretary for Food and Consumer Services Ellen Haas testified before the House Agriculture Subcommittee on Department Operations and Nutrition to discuss the School Meals Initiative for Healthy Children. There was extensive comment from the Subcommittee members regarding the proposed regulations. The hearing testimony and comments will be made part of the record on the proposed regulation. Some Members of Congress from Midwest dairy states have expressed concern that the proposed rule may result in a reduction of consumption of dairy products by school children.

B. Travel

September 5-10, I traveled to the Russian Federation and Germany to discuss agricultural trade issues. (*See Key Departmental News/Trade Issues With Russian Federation and Germany*)

SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES

Forest Plan/Pacific Northwest Economic Adjustment Initiative

USDA has awarded the California Trade and Commerce Agency a \$1.2 million grant for a revolving loan fund to provide capital to businesses contributing to the creation and retention of jobs in areas affected by timber harvest reductions. The program will start by the end of September. Eligible projects would diversify local economies and provide long-term employment.

Pending final review, *The Federal Register* will publish a notice announcing USDA's establishment of Federal Advisory Committees for the Pacific Northwest to assist with implementation efforts of the Administration's Northwest Forest Plan. The advisory committees will facilitate better integration of forest management activities among Federal and non-Federal government entities. In addition, the committees will also promote an exchange of views on ecosystem management among the land management agencies of the Federal, State, local, and Tribal governments in the Pacific Northwest within the range of the northern spotted owl.

Empowerment Zones and Enterprise Communities Update

USDA has completed reviews of 136 Enterprise Communities applications and three are waiting to be completed. All Empowerment Zones applications have been reviewed. A letter will then be mailed to all applying organizations to reassure them that the selection process is still going on and that all awardees will not be announced at the same time.

Early Warning Radio System Progress

USDA Rural Electrification Administration (REA) representatives made a presentation on the Early Warning System Initiative to the Association of Communications Engineers on August 31. This group, which represents leading communications consulting engineering firms around the nation, works with most of the REA telephone companies and cooperatives that could sponsor new transmitter sites.

National Service

USDA's Office of National Service finalized preparations for the September 12 launch of the AmeriCorps programs across the country. Deputy Secretary of Agriculture Richard Rominger will speak at the AmeriCorps opening program in Bangor, Maine that day. Participants in the Summer of Service project in Washington, D.C. graduated at a ceremony attended by USDA Agricultural Research Service Administrator Essex Finney. The Office of National Service transferred the first funds to an AmeriCorps project and signed a cooperative agreement with the Los Angeles Interfaith Hunger Coalition. Various USDA offices around the country are scheduled to receive AmeriCorps members.

SECRETARY'S SCHEDULE FOR NEXT WEEK

On September 13, I will address the National Association of State Departments of Agriculture annual meeting in New Orleans, Louisiana.

I will participate in four Congressional Black Caucus legislative braintrusts in Washington, D.C. on September 16.

SECRETARY'S SCHEDULE FOR NEXT MONTH

I will attend the October 4 Board of Trade Agriculture Symposium in Kansas City, Missouri.

DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK

Deputy Secretary Richard Rominger will speak at the September 12 launching of the AmeriCorps program in Bangor, Maine. (*See Secretarial Work on Presidential Initiatives/National Service*)

Deputy Secretary Rominger will travel to Corpus Christi, Texas on September 14 to speak on behalf of the National Performance Review, Heroes of Reinvention Ceremony.

On September 16, Deputy Secretary Rominger will speak in Boston, Massachusetts at a ceremony naming the USDA Human Nutrition Research Center in honor of Dr. Jean Mayer.

BC-TRADE-RUSSIA-ESPY

U.S., Russia open way for 400,000 ton wheat sale

By Charles Abbott

MOSCOW (Reuter) - The United States cleared the way Wednesday for a sale of 400,000 tons of wheat to Russia and discussed prospects for further sales using U.S. export credits, Agriculture Secretary Mike Espy said.

"They did talk to us about the need to import more grain, principally wheat," he told reporters after separate meetings with Russian Agriculture Minister Viktor Khlystun and Deputy Prime Minister Alexander Zaveryukha.

Espy, on a four-day visit to Russia, said there would be more talks on Moscow's import needs.

He signed an agreement with Zaveryukha ending a dispute over who should pay the freight costs for shipment of 400,000 tons of U.S. wheat. In the end, the United States agreed to cover the costs, allowing for the sale to go ahead after a delay of several weeks.

The sale, which Espy said would be worth about \$86 million, exhausts a \$700 million concessional sales program announced in April 1993.

The agriculture secretary said he had been told that Russia planned to import food and feedstuffs but the amount was yet to be determined. Russian officials have said repeatedly that they want to reduce grain imports to a minimum.

Zaveryukha, speaking through an interpreter, said a precise figure would be calculated when the harvest is complete.

The Russians said they expected a harvest of 90 million to 95 million tons, down from last year's 99 million.

Russian officials have said they will import about six million tons of grain this year, compared with 11 million in 1993. The U.S. Agriculture Department forecasts imports of 8.1 million tons of wheat and coarse grains.

Espy told Khlystun the United States, which supplied most of Russia's grain imports last year, stood ready "to fulfil whatever requests that they had."

U.S. farm and export groups have urged the Clinton administration, perhaps at the Russia-U.S. summit later this month, to offer U.S.-backed export credits to encourage sales to Russia.

At present, no credits are offered, nor has Moscow requested any.

In a meeting attended by Prime Minister Viktor Chernomyrdin, Espy and Zaveryukha discussed short- and long-term U.S. export credit programs.

"There was, I think, a consensus this program should be used in the future," Espy said. "We will discuss the amount in greater detail later on ... Perhaps later on during the trip."

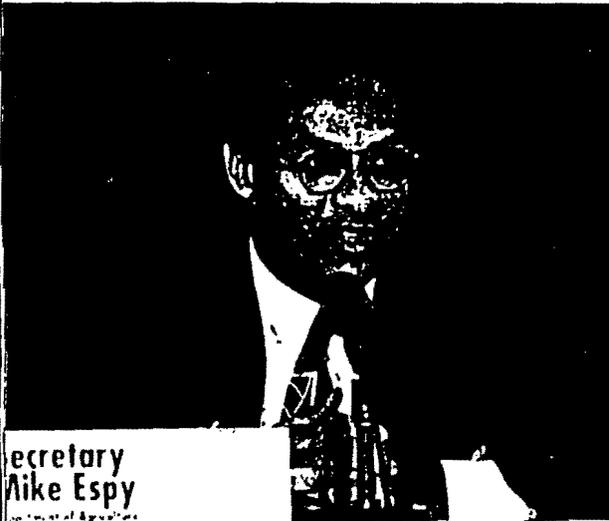
Zaveryukha, responsible for agriculture in the Russian government, said Russia was "reinterested in milling-quality wheat."

Espy said Khlystun indicated that imports of corn, wheat, soybean meal "and perhaps some other commodities like pork and beef" and perhaps poultry would be needed.

"It will be our goal to receive additional information throughout our tour here in Russia so that we can negotiate a shipment," Espy said.

On Thursday, Espy will spend a day in the countryside, looking at projects to bring the free market to the central farming region of Kaluga.

Espy Moves Swiftly To Aid Blacks In Mississippi And Elsewhere In U.S.



Secretary Mike Espy

◀ Agriculture Secretary Mike Espy, who has a \$62 billion budget and 120,000 employees, discusses a campaign to provide tap water to rural households by the year 2000.

Hill township—a three-year-old Black girl, her 76-year-old grandmother and him. He was then congressman from the 2nd Congressional District of Mississippi. "There are smiles on all three of our faces. The two of them, the young girl and the grandmother, had running water in their

home, in their kitchen for the first time in either of their lives," he said.

In Virginia recently, the Agriculture Secretary watched a youngster drink a glass of clean running water for the first time ever in Falls Mills.

The situation in Blue Hill was not

When Mississippi-born U.S. Secretary of Agriculture Mike Espy looks at a photo on his office wall in Washington, D.C., he says it inspires him to help President Clinton achieve a vital mission: close the economic gap so that "all Americans—no matter where they live—share in the tremendous wealth and opportunity that this nation has to offer."

The 25th Agriculture Secretary recalls that the photo is of three persons in a kitchen in Mississippi's Blue

► Secretary Espy helps a child at the Falls Mills, VA, Day Care Center to drink water from a fountain for the first time.



an oddity in 1989, nor is it an oddity today. "There are communities like that all over rural America," Espy said. He vowed that his new \$26 billion plan will provide fresh water in every home in the U.S. by the year 2000.

A "work horse" member of the Clinton Cabinet, the 40-year-old son of Henry Espy, a Tuskegee Institute-trained federal farm agent, continues to move with all deliberate speed to make the Agriculture Department accountable to farmers and the consumers of farm products.

"I think Mike Espy has such credibility here on the Hill in part because he's been a colleague, and secondly because of his record of the last 18 months" on improving food safety, observed Sen. Thomas A Daschle (D-SD).

The more liberal, populist farm groups, along with Black farmers, are supportive of Espy because he has brought them into the process and given them jobs after 12 years of Republican neglect.

► Visiting Agriculture Secretary Espy talks with Sheena Hodges, 16, during a stop at the USDA's Summer Safety program at the Ida B. Wells public housing development in Chicago. Hodges is one of 50 students who creates urban gardens, plants trees and renovate playgrounds.



▲ At Secretary Espy's roundtable in the nation's capital, Secretary Espy and Undersecretary Bob Nash discuss how to tackle the problem of making sure that all rural Americans have access to clean, running water.

Blacks have especially good reasons to support Espy, a Howard University graduate who earned a law degree from Santa Clara Law School, Santa Clara, CA. A look at his record,



NEWSMAKERS



▲ In Jackson, Mississippi, Secretary Espy greets patrons of the New Lake Development Foundation Thrift Store. He encouraged them to shop at their store and use their training from classes offered for career development.

in contrast to the previous administration's Secretary of Agriculture, is worthy of note.

As the first Black and youngest person in the history of the U.S. to serve as Secretary of Agriculture, Espy has moved swiftly to back civil rights and equal opportunity with concrete actions that focus on accountability and results.

Concerned about the disadvantaged family farmer, Espy's department awarded \$1 million to community-based groups, historically Black 1890 land grant colleges, Indian Tribal community colleges, Alaskan native cooperative colleges and Hispanic post secondary institutions. The recipients will develop plans on how to serve the small, disadvantaged family farmer.

One of his first initiatives in education was the announcement of a four-year, \$2.8 million National Scholars Program designed to provide scholarships and employment opportunities to students at histori-

cally Black land grant colleges and universities.

A firm believer in education as a way out of poverty, Secretary Espy provided 43 national scholarships valued between \$15,000 and \$22,000 per student per year. The historically Black educational institutions the students chose to attend include: Alcorn State, Florida A&M, Southern University, Langston University, South Carolina State University, Tuskegee University, Alabama A&M, Tennessee State University, University of Arkansas, Prairie View A&M, Virginia State University and North Carolina A&T. To underscore his interest in the education of Blacks, the Secretary finds time to address students at their schools.

During a visit to Chicago to speak at the Chicago High School For Agricultural Science graduation, Espy reminded the graduates that they are role models not only for themselves but for their peers.



THE SECRETARY OF AGRICULTURE
WASHINGTON, D. C.
20250-0100

September 15, 1994

MEMORANDUM FOR: LEON PANETTA, THE WHITE HOUSE
FROM: SECRETARY MIKE ESPY
SUBJECT: Report for the Week of September 12, 1994

KEY DEPARTMENTAL NEWS

Pathogen Reduction Legislation Announced

Senator Tom Daschle and I held a September 14 press conference to unveil the Administration's legislative package to strengthen the nation's meat and poultry inspection system. Senate Agriculture Committee Chairman Pat Leahy, Senator Bob Kerry, Acting Assistant Secretary for Marketing and Inspection Services Pat Jensen, and USDA Food Safety and Inspection Service Administrator Mike Taylor were present.

This legislative package, which will be introduced by Senator Daschle and Congressman Charles Stenholm, will update the laws authorizing meat and poultry inspection systems that date back several decades. The proposal targets microbial contamination and mandates microbial testing in the inspection system, including establishing levels of pathogens that constitute a threat to public health. It also includes authority for USDA to recall tainted product, impose civil penalties, and conduct tracebacks of infected animals to the farm. It is a significant step towards a science- and risk-based inspection system.

The legislation has received extensive press coverage, and has been highly praised by consumer groups. Industry and producer groups have expressed some concerns about the bill, but criticisms have generally been muted. The Department will be working closely with both the House and Senate in an effort to enact the legislation.

USDA Reorganization Faces Delay

House floor consideration of legislation to reorganize the Department has been delayed while key lawmakers work towards a compromise on a risk assessment amendment that was adopted by Committee. The Administration opposes this provision, which would cost up to \$40 million to implement. Chairman Kika de la

Garza has indicated his intent to go to House Rules Committee early next week to request a rule and House action. Such a rule would likely result in House consideration of numerous amendments, including a controversial debate on the risk assessment requirement.

Ethanol Program Placed On Hold

On September 13, a U.S. Federal District Court issued an order granting the oil industry plaintiffs motion to stay implementation of the renewable oxygenate (ethanol) portion of the Environmental Protection Agency's reformulated gasoline program (RFG). As a result, it is likely that this portion of the RFG program will not be implemented until the merits of the issue are decided by the court sometime in 1995. The Department is currently analyzing the impact that the stay will have on the 1995 corn market.

Assistance Available to Colorado in Aftermath of Fires

USDA is providing \$324,000 in Emergency Watershed Protection (EWP) funds to assist in the recovery of three Colorado counties struck by forest fires this summer. EWP funds will be used for projects that will combat the immediate threat of erosion and flooding.

Draft Dioxin Reassessment Released

The U.S. Environmental Protection Agency (EPA) issued its draft dioxin reassessment for public and scientific review on September 13. The draft reaffirms a link between dioxin and cancer and concludes that dioxin exposure at some level may result in non-cancer health effects in humans. It also identifies sources of dioxin known to contribute to environmental contamination. In addition, EPA issued a call to scientists, public interest groups, and hospital facilities for new data on dioxin to provide additional data for the draft reassessment.

Currently, USDA and EPA are conducting a joint study on dioxin residues in beef and intend to expand the study to pork, poultry, and eggs to increase our knowledge of levels that may be present in these foods. USDA concurred with EPA and the Food and Drug Administration in public statements that the best dietary advice is to maintain a balanced diet and follow the Federal government's nutritional guidelines.

As this draft reassessment continues through the peer review process, USDA will continue to work closely with EPA and other Federal agencies in its efforts to monitor and decrease dioxin exposure.

THE WEEK AHEAD

USDA Holding Discussions on Endangered Species Act

USDA is consulting with the National Marine Fisheries Service (NMFS) regarding Endangered Species Act compliance for Pacific salmon. The USDA Forest Service is concerned with the proposed NMFS standard of "non-degradation" for salmon habitat, which could preclude any activity, including restoration efforts, on 37 national forests within the jurisdiction of the Ninth Circuit Court in the Pacific Northwest.

Floodplain Management Task Force to Hold Discussions

Assistant Secretary for Natural Resources and Environment Jim Lyons will attend the floodplain management task force meeting on September 19. The purpose of the meeting is to begin discussions on 10 major issues recommended by the interagency floodplain management review committee's June report to the Administration. I will be briefed after the session to receive an update on the status of these efforts and to formulate USDA direction.

Fire Management Study Group to Meet

The Fire Management Study Group of the North American Forestry Commission will meet in Portland, Oregon, September 19-23. The group, consisting of governmental and private representatives from Canada, Mexico, and the United States, will focus on the economics of fire. The Chair of this year's meeting is USDA Forest Service Director of Fire and Aviation Management Mary Jo Lavin.

Farm Weather Outlook and Update

The USDA National Weather Service's 6-10 day outlook for today through September 19 calls for mostly normal to above-normal temperatures. Precipitation is expected to be mostly above normal to normal along the Gulf Coast, in the Great Plains, and Rocky Mountain states, with below-normal totals elsewhere. Recent weather favored late-season crop development east of the Rockies. Abundant sunshine between scattered showers combined with warm temperatures followed the previous week's abundant rain. Showers were most active in the Gulf Coastal states, particularly benefiting cotton and soybeans. Light-to-moderate rain with cooler temperatures pushed into the Pacific Northwest, bringing needed preplanting moisture and aiding forest fire control efforts. Showers and cooler temperatures slowed field work over the Northeast as weekend maximums were mostly in the 60s F. Isolated golf ball-sized hail did minor crop damage in the Northern Plains.

Joint Council on Food and Agricultural Sciences

The Joint Council on Food and Agricultural Sciences will meet September 19-20 in Washington, D.C. This will be the first meeting for 14 members recently appointed to the Council. The Council will discuss Administration initiatives on Historically Black Colleges Week and Hispanic Education Month, Office of Science and Technology Policy development, and 1995 Farm Bill issues.

CONGRESS

Congressional Hearings

On September 16, the House Agriculture Subcommittee on Department Operations and Nutrition will hold a field hearing in Cleburne, Texas to review USDA's local and state activities related to the gold-checked warbler and the Endangered Species Act. Texas State Conservationist Wes Oneth will testify.

The House Natural Resources Subcommittee on Oversight and Investigations, the House Agriculture Subcommittee on Specialty Crops and Natural Resources, and the House Merchant Marine and Fisheries Subcommittee on Environment and Natural Resources will hold a September 20 joint hearing on a forthcoming General Accounting Office report entitled *Ecosystem Management: Additional Actions Needed to Adequately Test a Promising Approach*. Assistant Secretary for Natural Resources and Environment Jim Lyons will testify.

On September 21, the Senate Energy and Natural Resources Committee will mark up S. 2066, a bill to expand the Mni Wiconi Rural Water Supply Project.

Congressional Visits and Activities

Departmental staff have been working closely with Senate staff regarding General Agreement on Tariffs and Trade implementing legislation.

The House-Senate conference on the Agriculture Appropriations bill for FY95 will begin next week.

With conference on Child Nutrition Act reauthorization legislation forthcoming, Assistant Secretary for Food and Consumer Services Ellen Haas met with Senate Committee on Agriculture, Nutrition, and Forestry Deputy Counsel Ed Barron on September 9. The discussion focused on outstanding issues to be addressed by the House-Senate conference committee.

USDA Food Safety and Inspection Service Administrator Mike Taylor has been meeting with key Members and staff to discuss the Department's pathogen reduction legislation. Briefings were held for House and Senate staff and constituent groups. The Department will be aggressively seeking support for the legislation. (*See Key News/Pathogen Reduction Legislation Announced*)

REGULATORY ACTION

USDA has received more than 11,000 comments on the proposed regulation for the School Meals Initiative. Large numbers of comments, mailed by the September 8 closing date, continue to come in from students, parents, grandparents, and other private citizens, and from representatives of groups, including school food service managers and workers, state agency child nutrition directors and staff, school administrators, nutritionists, and the food industry. The comments will be fully reviewed prior to the development and release of a final regulation.

The 90-day comment period begins today for the National Forests and Grasslands in Texas draft plan and environmental impact statement.

PRESS

Press Conferences

The USDA Forest Service team investigating the helicopter crash on New Mexico's Gila National Forest, in which three people were killed and two injured, will discuss its findings at a media briefing September 20 in Silver City, New Mexico. The National Transportation Safety Board team investigating the incident is also expected to release its findings in mid-October.

Press Contacts With USDA

The Washington Post is working on a story about the business relationship between Executive Office of Personnel, Inc. (EOP), a lobbying firm, the Department, and myself. The article is expected to examine the Department's consideration of Oglethorpe Power Company's request to the USDA Rural Electrification Administration concerning early repayment of its loans, which required USDA, the Office of Management and Budget, and Department of Treasury consideration and approval. Oglethorpe is a client of EOP. *Newsweek* is also considering an article with a similar angle.

Gannett News Service is interested in writing an article about timber default litigation.

A *Prime Time Live* story is expected soon concerning food stamp vendor fraud.

Deschutes National Forest and Bend, Oregon are the principal locations for the new ABC television show, "McKenna", which premieres today.

Gannett interviewed Pacific Northwest Research Station Research Forester Roger Ottmar and a USDA Forest Service contractor regarding exposure of firefighters to smoke during the 1994 wildfire season.

On September 16, USDA Food Safety and Inspection Service Administrator Mike Taylor is scheduled to be interviewed by ABC's *Turning Point* for a program on E. coli 0157:H7.

A *New York Times* story on September 12 reported on food stamp fraud, including a report on a joint investigation by USDA, the Internal Revenue Service, and the Federal Bureau of Investigation into food stamp fraud, leading to the arrest of store owners accused of illegal trafficking.

See attached article: *Administration Moves To Tighten Inspections, The Washington Post*, September 15, and USDA news release.

Significant Freedom of Information (FOIA) Requests

Associated Press has made several requests for records: the USDA Rural Electrification Administration loan to Oglethorpe Power Company; my frequent flyer mileage reports with airlines; and information related to the pending Special Counsel investigation. *The Los Angeles Times* also requested my travel records.

Science Magazine requested copies of documents pertaining to any analysis that the Department has prepared in reference to the Environmental Protection Agency's ongoing assessment of the risks posed by dioxin.

WEEK IN REVIEW

A. Important Events

USDA and States Work to Promote New Agriculture Products

On September 13, I announced an expanded national approach to benefit farm income, bring new jobs to rural communities, and expand alternative markets for agricultural products through an agreement between USDA and the National Association of State Departments of Agriculture (NASDA). Under an agreement, USDA's Alternative Agricultural Research and Commercialization (AARC) Center and NASDA will design and create a national program to promote the benefits of commercializing new industrial uses from agricultural materials. Local

representatives will be designated to help entrepreneurs develop and market their new-use products. USDA and NASDA will conduct 10 regional educational meetings to enable state officials to serve as the first line of communication on the work being done by the AARC.

Crop Production Report Released

The September 12 *Crop Production Report* forecasts U.S. soybean production at a record-high 2.32 billion bushels, up 1 percent from the August projection and up 28 percent from 1993. Corn production was forecast at a near record-high 9.26 billion bushels, up fractionally from August, but up 46 percent from last year. The cotton production estimate was 19.0 million bales, a 1 percent reduction from August, but 19 percent higher than 1993 and record-high. The estimates for soybean, corn, and cotton production were all slightly higher than industry expectations.

Alaska Pulp Corporation to Lay Off Employees

The Alaska Pulp Corporation (APC) has announced its intention to temporarily close its sawmill in Wrangell, Alaska for the winter and lay off 225 mill employees. APC cited a deficient timber supply resulting from the contract cancellation and other reasons for the layoff of employees. USDA estimates indicate that the mill has a five-month reserve of timber. Additionally, APC did not bid on the Appleton Cove timber sale, the first sale put forward under the expanded independent timber sale program on the Tongass National Forest.

Fresh Fruit and Vegetable Pilot Program

An agreement was finalized between USDA and the Defense Personnel Support Center (DPSC) to conduct a pilot project for the purchase of fresh fruits and vegetables by DPSC for the School Lunch Program. Eight states will participate in this reinventing government effort, which is part of the Administration's commitment to increase the consumption of fresh fruits and vegetables in our nation's schools.

Hispanic Heritage Month at USDA

The USDA opening ceremony for Hispanic Heritage Month was held today, with an address to employees by Assistant Secretary for Science and Education Designate Jose Amador. An exhibit entitled "Earth Angels," focusing on migrant children in the United States, will be on display at USDA headquarters.

Preauthorized Debit Program Established

A preauthorized debit program was recently implemented at USDA for certain Financial Programs borrowers. This program allows borrowers to voluntarily sign up to have monthly debt service payments electronically debited from their accounts. It provides improved customer service, while freeing personnel from responsibility and time required to process payments.

GAO Report Released

The General Accounting Office has released a report on behalf of Congressional requestors entitled *Patchwork of Federal Programs Needs to be Reappraised*. The report suggests that the National Rural Development Partnership has the potential to make Federal programs more effective and efficient. However, it also observes that the potential of the Partnership is not being met due to the lack of interdepartmental policy support.

Trade With Chile Discussed

Under Secretary for International Affairs and Commodity Programs Gene Moos and Deputy Under Secretary Jim Schroeder met with Chile Deputy Minister of Agriculture Alejandro Gutierrez on September 8 to discuss agricultural issues and the possibility of a bilateral free-trade agreement with the United States.

Children, Youth, and Families Funds Distributed

Funds from FY94 Congressional appropriations for USDA efforts in Children, Youth, and Families at Risk were recently allocated to support four National Networks for Action: Family Resiliency; Child Care; Collaboration; and Science and Technology. Arizona, Michigan, Missouri, North Carolina, and New York each received \$150,000 to strengthen program efforts in local communities for this program. Funding also continues to support the Youth at Risk projects funded since FY91.

Proposed National Ethanol Research Institute Task Force Meeting

USDA's Office of Energy participated on September 9 in the proposed National Ethanol Research Institute Task Force meeting initiated by the Governor's Ethanol Coalition. Attendees included coalition, trade association and agricultural, environmental organization, oil and ethanol producer, research organization, and Federal agency representatives. The intent of the Institute is to develop accurate scientific research and serve as an information clearinghouse on the manufacture and use of ethanol.

B. Travel

On September 13, I was in New Orleans, Louisiana to address the National Association of State Departments of Agriculture.

C. Major Speeches

I addressed the annual meeting of the National Association of State Departments of Agriculture in New Orleans, Louisiana on September 13.

D. Hill Testimony -- I did not testify before Congress this week.

E. Controversies

On September 20, USDA will hold a hearing for Plains Creamery, Inc., which has been convicted of milk bid-rigging and is being considered for debarment from participation in Child Nutrition Programs. The hearing will give the company an opportunity to present evidence for USDA to use in making its decision either to debar or to enter into a cooperative agreement with the company.

On September 12, USDA Animal and Plant Health Inspection Service officials met with Congressional Members and staff concerning the transport of dolphins to the Institute for Marine Sciences (IMS) in Honduras. Congressman James Saxton expressed disappointment that the House Merchant Marine and Fisheries Committee was unsuccessful in clarifying the roles of USDA and the National Marine Fisheries Service (NMFS) when the House amended the Marine Mammal Protection Act (MMPA). Congressman Clay Shaw asked USDA to look at two issues: claims that four dolphins have died at IMS; and a meeting with NMFS to resolve different interpretations of the MMPA. USDA has determined that the dolphins have died under circumstances that IMS could not control. A meeting is scheduled for September 16 with NMFS. USDA learned that dolphins were transported from Ocean World this morning. A USDA veterinarian's report is that the dolphins appeared to be in good health upon departure.

SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES

National Service Moving Ahead at USDA

Deputy Secretary Richard Rominger represented USDA at the AmeriCorps launch event in Bangor, Maine on September 12. In the kick-off, about 500 of the 1,200 USDA AmeriCorps members began working on projects this week. Sites for the other members are being determined.

Forest Plan/Pacific Northwest Economic Adjustment Initiative

Implementation of the Administration's Forest Plan, particularly watershed restoration, watershed analysis, and timber sale preparation, is proceeding forward better than expected despite the continuous threat that litigation could halt all activity.

Pending final review, USDA will soon publish in the *Federal Register* a notice announcing the Department's establishment of Federal Advisory Committees for the Pacific Northwest to assist with implementation efforts of the Administration's Forest Plan. The committees will facilitate better integration of forest management activities among Federal and non-Federal governmental entities. They will also promote an exchange of views on ecosystem management among the land management agencies of the Federal, state, local, and Tribal governments in the Pacific Northwest within the range of the northern spotted owl.

Helping Native Americans

The Programmatic Agreement (PA) for the Medicine Wheel, a traditional sacred site for many Native American Tribes, was signed by all consulting parties in early September. The PA outlines management for 1995 and lays out procedures to develop a historic property plan for long-term management of the site.

USDA-Department of Energy Developing Research on Biomass

Roger Conway, Director of the USDA Office of Energy, will lead a delegation of USDA officials to develop a joint research project with the Department of Energy (DOE) on biomass for electricity demonstrations. The DOE has \$20 million per year for five years to spend on biomass demonstrations under the Climate Change Action Plan. USDA will use existing authorities to leverage the DOE funds for biomass electricity demonstration projects. This work contributes to two Administration efforts: A Prospective Presidential Biomass Initiative; and the Post 2000 Climate Change Action Plan.

SECRETARY'S SCHEDULE FOR NEXT WEEK

On September 18, I will participate in Farm Aid 1994 in New Orleans, Louisiana. The following day, I will give the keynote address at the National Rural Water Association Conference in New Orleans.

In observance of National Customer Service Day and the anniversary of the National Performance Review, I will travel to a USDA county office in Mexico, Missouri on September 20. This county office is a model of reinvention success through co-location of several USDA offices to provide "one-stop shopping" for our customers.

On September 22, I will be in Chicago, Illinois to give remarks at the Chicago Board of Trade Agriculture Symposium.

On September 24, I will attend a fundraiser for Congressman Bennie Thompson in Jackson, Mississippi.

SECRETARY'S SCHEDULE FOR NEXT MONTH

I will attend the October 4 Board of Trade Agriculture Symposium in Kansas City, Missouri. While in Kansas City, I will also participate in a Team USDA Diversity Festival.

On October 7 or 8, I will participate in the USDA Rural Economic Development Conference in Fresno, California.

DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK

On September 20, Deputy Secretary Rominger will participate in the Ohio Farm Science Review in London, Ohio. While in Ohio, Deputy Secretary Rominger will also participate in a Customer Service Day event.



Administration Moves To Tighten Inspections

By Carole Sugarman
Washington Post Staff Writer

The Clinton administration yesterday proposed legislation that would give the Agriculture Department more control over meat and poultry inspection and would require processors to test their products for harmful bacteria.

The legislation would for the first time require the USDA to find out at what levels contaminants, such as salmonella, in raw meat and poultry pose a public health threat just as the government does now for pesticide residues on fruit and vegetables. Products that exceed specified levels could not be sold.

More than 40,000 cases of salmonella are reported each year to the Centers for Disease Control and Prevention, most caused by contaminated meat and poultry. The CDC estimates meat and poultry cause millions of other cases of disease that go unreported each year.

The plan also would give the USDA authority to recall adulterated products, establish a system to trace contaminated meat and poultry back to the farm and impose civil penalties on processors who violate the rules.

The legislation will be introduced in the Senate by Sen. Thomas A. Daschle (D-S.D.) and in the House by Rep. Charles W. Stenholm (D-Tex.).

At yesterday's joint news conference with USDA officials and members of Congress, Agriculture Secretary Mike Espy called the legislation a "thorough and aggressive package" that would carry out the department's "war against pathogens." He rejected as "a cynical interpretation" the suggestion that his agency's well-publicized efforts were designed to assuage mounting criticism of his ethical conduct. Last month, Attorney General Janet Reno asked that an independent counsel investigate whether Espy accepted gifts from Tyson Foods Inc., the nation's largest poultry processor, and violated the 1907 Meat Inspection Act.

The plan announced yesterday does not change the way USDA inspectors do their jobs. Currently, inspectors rely on sight, smell and touch to examine each carcass, even though the bacteria that make people ill cannot be detected that way. Later this fall, the department plans to announce a long-range initiative that would give inspectors new responsibili-

ties to ensure that plants identify and eliminate sources of contamination.

The plan represents a significant policy shift for the USDA's inspection service, which has historically focused on animal health, not human health, and which critics have said catered too much to industry demands. This time, those same critics were highly supportive of the administration's proposal.

Carol Tucker Foreman, an assistant secretary of agriculture during the Carter administration, called it "a very substantial breakthrough," and said "if Congress and the industry want the public to have confidence in the nation's meat and poultry supply, they should rush to pass this legislation."

Caroline Smith DeWaal, director of food safety for the Center for Science in the Public Interest, said the plan was "a giant step out of the dark ages," but that the "big question is whether Congress is up to the challenge" of passing it.

Industry groups largely oppose the proposal, calling it a piecemeal approach that does not fundamentally change the way inspections are done.

James Marsden, vice president for science and technical affairs for the American Meat Institute, calls the bill "misdirected" and said it would "probably act as an obstacle" to moving toward a scientifically based inspection system.

John Cady, president of the National Food Processors Association, said "more enforcement doesn't enhance food safety."

In giving the USDA authority to set maximum limits for contaminants, the plan also would require the department to consider the increased risks to special populations, including infants, the elderly and those with compromised immune systems.

In addition, it would give the department the power to order a mandatory recall of adulterated or misbranded products if processors do not voluntarily do so. And it would establish a trace-back system, so contaminated products could be tracked back to sources. The USDA also would have the authority to restrict or prohibit the movement of problem animals until the public health threat is eliminated.

Ultimately, USDA would have greater ability to close down plants with repeat violations and it would redefine "animal disease" to include conditions that could cause health problems in humans.



BY RAY LESTIG—THE WASHINGTON POST

Before news conference are, from left, Sen. Thomas A. Daschle, Sen. Patrick J. Leahy, Agriculture Secretary Mike Espy and Sen. Bob Kerrey.

NEWS

Release No. 0698.94

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ESPY AND DASCHLE UNVEIL LEGISLATION TARGETING MICROBIAL CONTAMINATION IN MEAT AND POULTRY

(Legislation would mandate microbial testing and the establishment of levels of pathogens that constitute a threat to public health)

WASHINGTON, Sept. 14 -- Agriculture Secretary Mike Espy and U.S. Senator Tom Daschle today unveiled legislation that would significantly reform and improve the meat and poultry inspection systems by mandating microbial testing and setting levels of pathogens that constitute a threat to public health.

"This legislation would build into our nation's food safety laws the commitment we are making at the Department of Agriculture to target microbial pathogens in meat and poultry products and to take serious steps to reduce the risk of foodborne illness," said Espy. "It would bolster our ability to set and enforce science-based food safety standards."

The legislation, the Pathogen Reduction Act, will be introduced in the Senate by Daschle (D-S.D.). Espy and Daschle unveiled the legislation during a news conference on Capitol Hill.

"The legislation we announce today targets the harmful bacteria or pathogens, like E.coli O157:H7 and Salmonella, that are responsible for thousands of deaths and illnesses annually," Espy said. "Step by step, we are aiming to overhaul the meat and poultry inspection systems so that they utilize the most advanced science and make a safe food supply even safer."

The key components of the package include:

- * require that within two years, the Secretary issue regulations requiring testing of meat and poultry products for the presence of pathogens;
- * require that the Secretary, to the maximum extent scientifically supportable, establish levels for pathogens in meat and poultry that constitute a threat to public health;
- * give the Secretary mandatory recall authority of adulterated or misbranded product if the request for a voluntary recall is declined;
- * give the Secretary traceback authority to determine the source of pathogens or residues found on live animals presented for slaughter or in meat or poultry products prepared under federal inspection;
- * strengthen the ability of USDA to refuse or withdraw inspection for repeated violations; and
- * establish new authority to impose civil penalties for violations of the Act or of regulations.

-more-

* expands the USDA's animal quarantine laws to include all diseases and health conditions that could be transmitted by livestock or their products to other animals or humans. (The proposed authority expands the authority to include diseases that can affect humans, although they may have no effect on the animals.)

"As Congress considers this legislation, we will be moving ahead with an aggressive agenda of rule making under our current authority to reduce pathogens and to begin building the public health principle of prevention into our inspection system," said Michael R. Taylor, administrator of the Food Safety and Inspection Service. "These new authorities we seek would bolster and sustain the long-term effort that is required to achieve our food safety goals."

The Pathogen Reduction Act is the latest in a series of food safety and public health initiatives undertaken since Espy took office in January, 1993.

Some of Espy's initiatives are: the development of a rapid test to detect contamination on meat and poultry in processing and slaughtering plants; the initiation of unannounced inspections targeting 1,000 plants; the publishing of a regulation that improves the poultry inspection system through several elements including the enforcement of zero tolerance for fecal matter; enforcement of a zero tolerance for meat that was in regulation but wasn't being enforced; the implementation of mandatory safe cooking and handling labels for meat and poultry; the hiring additional inspectors; increased funding for food safety research; and the announcement of the intention to mandate that all meat and poultry plants adapt Hazard Analysis Critical Control Point Systems (HACCP) or quality control plans.

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THE SECRETARY OF AGRICULTURE
WASHINGTON, D.C.
20250-0100

September 22, 1994

MEMORANDUM FOR: LEON PANETTA, THE WHITE HOUSE
FROM: SECRETARY MIKE ESPY
SUBJECT: Report for the Week of September 19, 1994

KEY DEPARTMENTAL NEWS

No House Action Yet on Agriculture Reorganization Bill

The House version of USDA's reorganization bill, as amended, is still awaiting House floor consideration. While negotiations occurred this week regarding the risk assessment amendment that was adopted by the committee, no resolution has yet been reached. However, Congressman Charlie Stenholm, a strong supporter of reorganization, has agreed to compromise language put forth by opponents of the risk assessment amendment, which may facilitate movement of the legislation.

In addition, the Rules Committee took testimony on September 20 concerning the proposed rule for full House consideration of the House Agriculture Committee's reorganization bill, but there is speculation that no rule may be issued by the Committee. As a result of the difficulty resolving the risk assessment issue in the House, there is some pressure on House leaders to forego floor action and simply conference reorganization during the House-Senate conference on Federal crop insurance reform. The Senate's version of the Administration's crop insurance reform proposal includes provisions to reorganize USDA.

Federal Crop Insurance Reform Conference Action Expected Next Week

The House and Senate are expected to conference on Federal crop insurance reform next week, but the status of reorganization in the House may impede this action. The Department expects that most of the issues in conference will be easily resolved. A major Administration proposal, the Reform Act will combine agricultural disaster programs and crop insurance into a single, consolidated program. USDA is planning an extensive roll-out, educational campaign once the bill is enacted into law.

House-Senate Conference on Agriculture Appropriations Completes Action

House and Senate conferees on the FY95 Agriculture Appropriations bill initially met on September 19 and completed action on the conference report on September 20. The House plans to consider this conference report on September 23.

Agriculture Committee Action on GATT

USDA officials continue to work closely with Administration and USTR officials to press for action on the consideration of GATT implementing language. Meetings and discussions are continuing with House and Senate Agriculture Committee leadership, members and staffs of the House and Senate Agriculture Committees, and agricultural interests regarding proposed provisions, funding mechanisms, and various options. USDA officials have been participating in Committee mock mark-ups as well as preliminary conference discussions between the House and Senate Committee staff.

THE WEEK AHEAD

Referendum Set for American Egg Board Assessment

September 26-October 14, egg producers will vote on an amendment to the Egg Research and Promotion Order to increase the assessment rate from 5 cents to 10 cents per 30-dozen case of eggs. The increase was requested by egg industry representatives and is authorized by December 1993 amendments to the Egg Research and Consumer Information Act. For the increase to become effective, it must be favored by at least two-thirds of the producers voting or a majority of producers if they represent two-thirds of the commercial eggs produced.

Food Safety Education Continues

The ongoing series of USDA/Food and Drug Administration (FDA) food safety video teleconferences for state regulatory officials continues September 23 with a program focusing on food safety challenges from raw and partially cooked foods. Experts from USDA, FDA, state and local regulatory agencies, and industry will highlight the food safety challenges associated with raw foods, with a special emphasis on hamburger and shellfish. The video teleconference can be viewed from any facility that can receive satellite transmission.

Farm Bill Forums Scheduled

Under Secretary for International Affairs and Commodity Programs Gene Moos will join Congressman Tom Foley in hosting a farm bill forum in Spokane, Washington on September 24. Another forum is scheduled for Kingsville, Texas on October 15 with House Agriculture Committee Chairman Kika de la Garza.

USDA Reports

The USDA Economic Research Service (ERS) will release on September 27 *Long-Term World Agricultural Commodity Baseline Projections*. This report provides projections for the global agricultural sector, focusing on the 1995 through 2005 prospects for foreign commodity markets.

ERS also publishes on September 27 *Atrazine: Environmental Characteristics and Economics of Management*. Restricting and eliminating atrazine use in the Midwest would have economic consequences for farmers and consumers. Atrazine is an important herbicide for corn and other crops in the United States. Recent findings indicate that elevated amounts of the herbicide are running off fields and entering surface water resources. This report presents costs and benefits of a ban on atrazine.

Farm Weather Outlook and Update

The USDA National Weather Service's outlook through mid-October suggests good progress for early harvest and mostly adequate moisture for germination of the winter wheat crop. The outlook calls for mostly near-normal temperatures and rainfall. Exceptions include below-normal temperatures over New England and below-normal precipitation from the Pacific Northwest into the eastern Dakotas and eastern Nebraska. Above-normal rain is confined to the Southeast and southern Rockies.

Food and Nutrition Needs Minority Roundtable Set

Assistant Secretary for Food and Consumer Services Ellen Haas will conduct the third Food and Nutrition Needs for Minority Populations roundtable in Los Angeles, California on September 23. These discussions enable USDA to share the Administration's agenda to improve the health and nutrition of all Americans, highlighting the special dietary needs of minority populations and building partnerships with minority organizations.

Annual Food Stamp Allotments to Be Revised

The Food Stamp Act of 1977, as amended, requires that the Department adjust food stamp allotment levels every October 1 based on changes in the Thrifty Food Plan. This year's increase in the Plan for a family of four will go from \$375 to \$386 monthly in the 48 states and the District of Columbia.

Conference Meets on Farmers Market Nutrition Program

The National Association of Farmers Market Nutrition Programs Conference will be held September 29-October 1 in Burlington, Vermont. The Farmers Market Nutrition Program (FMNP) has more than doubled in number of participating state agencies

from FY94 to FY95, when 26 states will be operating the program. The FMNP provides coupons to Women, Infants, and Children (WIC) participants to purchase fresh fruits and vegetables at local farmers markets. Like WIC, FMNP is subject to reauthorization for continued operations in FY95.

CONGRESS

Congressional Hearings

Today, the House Natural Resources Subcommittee on Oversight and Investigations held a hearing on H.R. 3612 and 4665, bills to amend the Alaska Native Claims Settlement Act.

On September 27, the House Agriculture Subcommittee on Environment, Credit, and Rural Development will hold a hearing to review the Small Watershed Program, including proposed legislation.

The House Agriculture Subcommittee on Livestock will hold a September 28 hearing on H.R. 3646, a bill to amend the Federal Meat Inspection and the Poultry Products Inspection Acts to permit the movement in interstate commerce of meat and meat food products and poultry products that satisfy State inspection requirements that are at least equal to Federal inspection standards. The hearing will also be on H.R. 559, a bill to amend the Packers and Stockyards Act of 1921 to make it unlawful for any stockyard owner, market agency, or dealer to transfer or market non-ambulatory livestock. USDA Packers and Stockyards Administration Acting Administrator Calvin Watkins will testify. In addition, the hearing will focus on H.R. 649, a bill to amend the Poultry Products Inspection Act to require the slaughter of poultry in accordance with humane methods and H.R. 4625, egg refrigeration amendments. USDA Food Safety and Inspection Service Administrator Mike Taylor will testify on H.R. 3646 and 649. USDA Agricultural Marketing Service Administrator Lon Hatamiya will testify on H.R. 4625.

On September 28, the House Natural Resources Committee will mark up H.R. 3732, a bill to designate certain lands in Idaho as wilderness.

On September 28, the House Government Operations Subcommittee on Human Resources and Intergovernmental Relations will hold a hearing on USDA's programs to regulate and prevent illegal and/or unsafe chemical residues and contaminants in meat and poultry produced in the United States or imported into the country. USDA Food Safety and Inspection Service Administrator Mike Taylor will testify.

Congressional Visits and Activities

USDA continues to work with the Departments of Interior and Health and Human Services to come to agreement on the proposed amendment to S. 1288, the National Aquaculture Development, Research, and Promotion Act of 1993. The amendment would allow the USDA Animal and Plant Health Inspection Service to provide health services programs for aquatic species similar to those currently provided for livestock and poultry.

On August 16, Congressman Robert Torricelli introduced H.R. 4971, the Animal Experimentation Right to Know Act. If enacted, this bill would amend the Animal Welfare Act to strengthen the annual reporting requirements of research facilities that do animal experimentation or testing. It would also improve accountability of animal experimentation programs conducted by the Department of Defense.

The Senate on September 21 passed and sent to the President S. 1406, the Plant Variety Protection Act, as amended by the House. The legislation amends the Act to be consistent with the International Convention for the Protection of New Varieties of Plants of March 19, 1991.

REGULATORY ACTION

Court Decision Favors Poultry Interests

The U.S. Fifth Circuit Court of Appeals has ruled in favor of the National Broiler Council (NBC) and Mississippi Poultry Association (MPA) in a rehearing of a case against USDA. The Department was granted rehearing en banc after a three-judge Court of Appeals panel ruled against USDA. The MPA and NBC filed the lawsuit seeking declaratory relief. Plaintiffs challenged the validity of a USDA Food Safety and Inspection Service regulation which imposes an "at least equal to" eligibility standard for foreign countries seeking to import poultry and poultry products into the United States. Plaintiffs argued that the regulation does not implement the "same as" standard in conformity with the language of the Poultry Products Inspection Act, and that the regulation was, therefore, issued contrary to law and is invalid.

In April 1992, the U.S. District Court for Mississippi's Southern District held that "same as" is clear and unambiguous, and that USDA's interpretation of that phrase to mean "at least equal to" was arbitrary and capricious. The Court of Appeals affirmed. The Department, in consultation with the Department of Justice, is considering petitioning for certiorari to the Supreme Court.

Women, Infants, and Children Food Funding Formula Rule

The final rule amending regulations regarding the procedures for allocating funds for the Women, Infants, and Children program is expected to be published in the *Federal Register* during the week of September 26. The changes will simplify and update the funding process in anticipation of a fully funded program.

PRESS

Press Contacts With USDA

On September 21, I was interviewed by *Progressive Farmer* regarding agriculture issues. The magazine also interviewed USDA Soil Conservation employees recently regarding updates on the impact of the 1993 Midwest Flood and its effect on agriculture and the status of the Emergency Wetlands Reserve Program.

I was interviewed by *PBS' Frontline* on September 21 regarding USDA reorganization.

Seattle Times may publish this weekend an interview with USDA Food Safety and Inspection Service (FSIS) Administrator Mike Taylor about his vision for the direction of FSIS and the Administration's pathogen reduction legislative proposal.

KTHI-TV in Fargo, North Dakota requested an opportunity to accompany USDA officials while sampling for E. coli 0157:H7 and salmonella in cattle feedlots. The Department explained that the cattle on feed study is designed to establish a national baseline for pathogens and information about individual feedlots is confidential.

FX Cable Show is exploring the possibility of doing a segment on the USDA Animal and Plant Health Inspection Service's Beagle Brigade.

USDA is working with *The Wall Street Journal* on a prospective article on women in farming, the enrollment of women in university agricultural programs, and women entrepreneurs in agriculture.

CNN requested historical information on the evolution of county Extension agents. The *CNN* reporter stated that she realized the general public needs to be made aware of the services county Extension offices provide. The show will air mid-October on *CNN's Network Earth Program*.

CNN is working on a story on the ban of DDT. The story probably will be aired today.

Significant Freedom of Information (FOIA) Requests

Philadelphia Inquirer requested and received a list of all field trial permits given for bioengineered agricultural products.

WEEK IN REVIEW

A. Important Events

Final Public Hearing Held On "Fresh" Poultry Labeling

On September 20, USDA hosted the third and final public hearing on the use of the term "fresh" on labeling of raw poultry products. The hearings are part of the USDA Food Safety and Inspection Service's reexamination of the current policy. Other hearings were held in Modesto, California and Atlanta, Georgia. There is strong industry, Congressional, and media interest in this issue.

1994 Federal Tax Refund Offset Program Successful

Collections made by USDA under the 1994 Federal Tax Refund Offset Program to date exceed \$33 million. This far exceeds the \$13.3 million collected in all of 1993. The participating Department agencies referred over 210,000 accounts with a value of \$870 million to the Internal Revenue Service for offset against tax refunds due delinquent debtors.

Review Team Accepts Findings of Fire Report

The Board of Review for the Guide Incident helicopter crash on New Mexico's Gila National Forest accepted the investigation team's findings and is working to develop a plan of action aimed at preventing accidents like this from happening again.

Mentoring Program Agreed Upon at Hispanic Heritage Month Ceremony

On September 15, USDA marked the opening of National Hispanic Heritage Month with an opening ceremony and keynote address by Assistant Secretary for Science and Education Designate Jose Amador. During the ceremony, Amador, USDA Extension Service Acting Administrator Leodrey Williams, USDA Civil Rights Enforcement Director David Montoya, and Washington-Lee High School Principal William Sharbaugh signed a Memorandum of Understanding for a coordinated mentoring program.

Bovine Immunodeficiency Virus Questioned

Although USDA Agricultural Research Service findings indicated that bovine immunodeficiency virus (BIV) does not cause a severe AIDS-like disease in cattle, *British Broadcasting Corporation* aired a recent story that made such a claim. A recently retired Louisiana State University scientist, quoted as an expert on BIV, claimed such a linkage was found in a LSU herd. Officials from England visited with USDA scientists last week on a BIV fact-finding mission. There have also been some claims in England that humans can get the AIDS-like disease from eating the beef of infected cattle. There is concern that this issue may soon come to the attention of the U.S. media through the efforts of food safety activist Jeremy Rifkin.

B. Travel

Today, I traveled to Chicago, Illinois to address the Chicago Board of Trade/National Grain Trade Council Agriculture Symposium.

C. Major Speeches

I addressed the Chicago Board of Trade/National Grain Trade Council Agriculture Symposium in Chicago, Illinois today.

SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES

Customer Service

USDA Under and Assistant Secretaries and Administrators traveled throughout the country on September 20 to conduct Customer Service Day programs. I was scheduled to assist customers at USDA's co-located office for "one-stop shopping" in Mexico, Missouri, but it was necessary to return to Washington, D.C. to participate in further efforts to press for action on the General Agreement on Tariffs and Trade by the House and Senate Agriculture Committees. As a result, Director of USDA Communications Ali Webb represented me in Missouri. Deputy Secretary of Agriculture Richard Rominger was in Ohio staffing the Madison County USDA Agricultural Stabilization and Conservation Service customer service desk along with USDA Farmers Home Administration Administrator Michael Dunn.

Also participating in Customer Service Day events were Special Assistant to the President for Agriculture Marion Berry and Deputy Under Secretary for Small Community and Rural Development Karl Stauber, who participated in a Chestertown, Maryland roundtable meeting with 40 farm and rural development specialists from around the United States to discuss rural development and 1995 farm bill issues.

Under Secretary for International Affairs and Commodity Programs Gene Moos was in Pennsylvania meeting with farmer customers and representatives of the Pennsylvania Grange, the Pennsylvania Farm Bureau, the Pennsylvania Farmer's Union, and the local USDA Agricultural Stabilization and Conservation Service office. He then joined USDA Foreign Agricultural Service Administrator Gus Schumacher and others at a fruit packing company, where they visited with customer plant officials and staff. The group then participated in an export program for company workers and area farmers.

Acting Assistant Secretary for Marketing and Inspection Services Pat Jensen participated in an event with one of the USDA Animal and Plant Health Inspection Service Beagle Brigade dogs at the Dallas/Ft. Worth, Texas International Airport.

Acting Assistant Secretary for Science and Education Dean Plowman and Assistant Secretary for Science and Education Designate Jose Amador met in Washington, D.C. with the Joint Council of Food and Agricultural Sciences. This group is composed of representatives of the USDA Science and Education mission area's key customers.

On Customer Service Day, USDA Food and Nutrition Service Administrator Bill Ludwig was in Portland, Oregon participating in a symposium of Federal, state, and local government and advocate groups to discuss an innovative locally initiated approach to providing government services. They discussed partnerships to look at the possibility of waiving some program specific rules and allowing more flexible funding.

USDA Agricultural Marketing Service Administrator Lon Hatamiya met with customers at the terminal produce market in Kansas City, Missouri. USDA Rural Development Administration Administrator Designate Dayton Watkins was in Charleston, West Virginia for a state bankers' meeting regarding financing rural infrastructure. In Springfield, Illinois, USDA Rural Electrification Administration Administrator Wally Beyer attended a regional meeting promoting rural access to the Information Super Highway and the Water 2000 Initiative. USDA Rural Development Administration Acting Administrator Wilbur Peer was in New Orleans, Louisiana for a National Rural Water Association meeting regarding the Water 2000 Initiative.

Reinventing Government

Assistant Secretary for Administration Wardell Townsend will travel to Fort Collins, Colorado on September 26 on behalf of Vice President Gore for a celebration honoring Heroes of Reinvention. He will present the Vice President's Hammer Award to a team that has contributed to improving the way government works. That same day, Assistant Secretary for Natural Resources and Environment Jim Lyons will be in Reno, Nevada addressing Federal employees who have received the same award

for their reinvention efforts. Assistant Secretary Lyons will also honor Federal employees receiving the Hammer Award in Hot Springs, South Dakota on September 23. On September 19, Deputy Assistant Secretary for Natural Resources and Environment Adela Backiel represented the Vice President by presenting Heroes of Reinvention awards to Federal employees in Anchorage, Alaska.

National Service Update

I discussed AmeriCorps in multiple workshops sponsored by the Congressional Black Caucus this past week. In addition, I provided television and radio interviews explaining the AmeriCorps program.

SECRETARY'S SCHEDULE FOR NEXT WEEK

I will be in the office next week.

SECRETARY'S SCHEDULE FOR NEXT MONTH

I will attend the October 4 Board of Trade Agriculture Symposium in Kansas City, Missouri. While in Kansas City, I will also participate in a Team USDA Diversity Festival.

On October 7 or 8, I will participate in the USDA Rural Economic Development Conference in Fresno, California.

DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK

On September 24, Deputy Secretary Rominger will attend the annual dinner of the American Farmland Trust in Washington, D.C.

Deputy Secretary Rominger will be in Dillon, Montana on September 28-29 to discuss USDA soil and water stewardship programs. Deputy Rominger will travel to San Francisco, California on September 30 to visit the USDA Western Human Nutrition Research Center and meet with National Park Service officials. He will then visit USDA research centers in Albany, California. In addition, Deputy Rominger will address the Meat Importers Council of America annual meeting in San Francisco on October 1.



THE SECRETARY OF AGRICULTURE
WASHINGTON, D. C.
20250-0100

September 29, 1994

MEMORANDUM FOR: LEON PANETTA, THE WHITE HOUSE
FROM: SECRETARY MIKE ESPY
SUBJECT: Report for the Week of September 26, 1994

KEY DEPARTMENTAL NEWS

Reorganization Passes in the House

On September 28, the House passed by voice vote H.R. 3171, a bill to reorganize the Department. Passage by the House clears the way for conference action with the Senate. The staffs began the conference work today and are expected to work through the weekend in an effort to complete conference. Due to the recent action in Congress, adoption of legislation to reorganize USDA is likely to pass before Congress adjourns.

Yesterday's successful House action comes after lengthy efforts to move the measure to the House floor for consideration. Republicans unsuccessfully attempted to block the measure from passage at both the subcommittee and full committee levels. In recent weeks, the Senate attempted to force House action on the issue by attaching a House-supported crop insurance reform bill onto a similar Senate-passed reorganization measure.

Although the Senate version more closely resembles the reorganization proposal put forth by the Administration, almost any version passed will pave the way for USDA to begin streamlining and cost-reduction measures.

USDA Appropriations Bills Passed

Both Houses of Congress have passed the Agriculture Appropriations bill (H.R. 4554) and the Interior Appropriations bill (H.R. 4602). One area of concern is that the Agriculture Appropriations bill provides for such sums as are necessary from the USDA Commodity Credit Corporation for disaster assistance. It also requires that an official budget request for a specific dollar amount, that includes designation of the entire amount as an emergency, be sent to the Congress before these funds are available. The Department will be working closely with the Office of Management and Budget to address this important issue.

Conference Action on Federal Crop Insurance Reform Moves Along

Today, House and Senate crop insurance conference staff began to work out remaining issues related to Federal Crop Insurance Reform legislation simultaneous to efforts to address reorganization. A major Administration proposal, the Reform Act will combine agricultural disaster programs and crop insurance into a single, consolidated program. USDA is planning an extensive roll-out educational campaign once the bill is enacted into law. Final passage of the conference report will fulfill the President's commitment to reform disaster assistance programs made during the 1993 Midwest floods.

USDA Works Toward Congressional Support of GATT

On September 26, I met with you, Assistant to the President for Economic Policy Robert Rubin, and other Administration policy officials to discuss Congressional concerns about agriculture and the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). USDA staff have been working closely with Office of Management and Budget staff to complete the Administration's proposal relative to addressing agriculture's concerns. USDA staff met with officials of the U.S. Trade Representative to finalize the GATT implementing legislation, which was submitted to Congress on September 27.

THE WEEK AHEAD

USDA Developing *E. Coli* Media Kit

A media kit is being developed by the USDA Food Safety and Inspection Service for use by the media and others during outbreaks associated with *E. coli* 0157:H7. Among the packet's features will be information describing USDA's responsibilities regarding outbreaks, as well as duties of the Centers for Disease Control, state, and local authorities. Video news releases and radio public service announcements and actualities are also being produced.

Distance Learning and Medical Link Grants to be Announced Soon

USDA has completed selection of 1994 Distance Learning and Medical Link grantees, and the 33 recipients in 28 states will be announced next week. Twenty-two (22) grants will be made for distance learning programs and 11 will be for medical link programs. The grants permit rural communities to use advanced telecommunications systems to connect with urban centers of learning and hospitals for essential services that will improve the quality of life in rural communities.

Farm Weather Outlook and Update

The weather outlook through October 3 calls for mostly normal temperatures, except for above-normal averages over the Southern Rockies and below-normal averages over the Southeastern states. Rainfall is expected to be mostly normal, except for above-normal totals in the Southeast and little or no rain from the Delta to the Desert Southwest and northward into the Pacific Northwest.

Highly variable rainfall has caused some harvest delays east of the Rockies. The heaviest rains halted field work over eastern New England, along the Carolina border, and over eastern Florida. Tornadoes caused some property damage in the Carolinas last week. The West remained dry and warm, except for light showers in the central California mountains late last week and in the coastal Pacific Northwest. Lack of soil moisture is hampering planting and germination of winter wheat in parts of the western Great Plains and Pacific Northwest.

USDA Reports

On October 4, the USDA Economic Research Service (ERS) will release *The Food Marketing System in 1993*. The report's findings indicate that sales in the U.S. food marketing system rose 3.6 percent in 1993. Retail food price increases were moderate (2.2 percent). Competition for scarce shelf space, heavy couponing, and record new products were indicators of aggressive competition. The surplus of foreign trade in processed foods rose sharply. The number of merger and leveraged buyout transactions rose, but their value dropped.

On October 7, ERS will release *Issues for the 1990s*, a collection of brief discussions on a wide range of topical policy issues focusing on America's food and agricultural industry and rural economy. The issues cover trade, environment, markets, technology, commodity programs, food and nutrition, rural economy, and conservation topics.

CONGRESS

Congressional Hearings

Today, the Senate Environment and Public Works Subcommittee on Clean Water, Fisheries, and Wildlife held a hearing regarding the prevention of the endangerment of species and the recovery of endangered species on public lands. USDA Forest Service Associate Chief Dave Unger testified.

The House Agriculture Subcommittee on Specialty Crops and Natural Resources held a hearing today on H.R. 5007, a bill to allow the USDA Forest Service to engage in stewardship contracts. The contracts would allow a single contractor to provide an array of ecosystem management and ecological restoration services as part of a land management package. USDA National Forest Systems Deputy Chief Gray Reynolds testified.

The House Agriculture Subcommittee on Foreign Agriculture and Hunger held a hearing today to review the General Accounting Office report on cargo preference requirements.

Today, House and Senate crop insurance conference staff met on Federal crop insurance reform legislation. (*See Key News/Conference Action on Federal Crop Insurance Reform Moves Along*)

On October 4, the House Natural Resources Committee will hold a hearing to examine fire suppression, fire prevention, and forest health issues and programs. Assistant Secretary for Natural Resources and Environment Jim Lyons will testify.

The House Agriculture Subcommittee on Department Operations and Nutrition will hold an October 4 hearing on H.R. 4744, the National Aquaculture Development, Commercialization, and Promotion Act of 1944. USDA Office of Aquaculture Director Hank Parker will testify.

Congressional Visits and Activities

Congressman George Sangemeister informed USDA that he will attempt to contact the Vice President to gain support for his bill to transfer portions of land from the Joliet Arsenal to the Shawnee National Forest and to reconcile different approaches in dealing with hazardous waste among the Army, the General Services Administration, and USDA. Sangemeister's bill has been referred to the House Agriculture, Armed Services, and Energy and Commerce Committees. Senators Carol Moseley-Braun and Paul Simon have introduced a companion bill in the Senate.

The General Accounting Office has released to Congressman Charlie Rose its report, *Soil and Wetlands Conservation: Soil Conservation Service Making Good Progress but Cultural Issues Need Attention*. The report states that the USDA Soil Conservation Service's new regulatory role, combined with its traditional role, requires a cultural change within the agency if it is to effectively administer its regulatory responsibilities.

The House Energy and Commerce Committee overwhelmingly approved H.R. 3392, a bill that overhauls the 1974 Safe Drinking Water Act, after crafting a compromise acceptable to both state and local governments and groups. The compromise includes

a new program to provide Federal financial and technical assistance to drinking water suppliers, especially those in rural areas. It would extend the timeframe for compliance with new drinking water standards. The bill also includes a new source water assessment program to prevent drinking water contamination at the source and revised penalties for violations of the drinking water law.

PRESS

Press Conferences

Assistant Secretary for Food and Consumer Services was in Orlando, Florida today for a press conference to announce a partnership agreement between Disney and USDA that is the first step in the Children's Nutrition Campaign, an integral part of the School Meals Initiative for Healthy Children. The agreement calls for two characters from Disney's most recent movie, "The Lion King," to serve as "spokestoons" for this USDA nutrition campaign, which will include features on on *Disney Channel*.

Press Contacts With USDA

The New York Times is writing a story regarding USDA Forest Service aircraft inspection policy and the Department's views on Senator Tom Daschle's amendment to transfer all inspection responsibility to the Federal Aviation Administration.

ABC's Turning Point may air next week its comprehensive story on the safety of the U.S. meat supply, featuring interviews with USDA Food Safety and Inspection Service Administrator Mike Taylor and the parents of children who died as a result of the *E. coli* bacteria.

San Francisco Examiner contacted USDA for information relating to Japanese investors in California agricultural land.

See attached article from today's *Washington Post*: "House Passes Agriculture Reform Bill."

Significant Freedom of Information (FOIA) Requests

Associated Press requested records concerning plants which were given to the Department by the Chinese Minister of Agriculture during a USDA agricultural trade mission to China in 1993. The plants were brought back to the United States and were placed in quarantine. The news service also requested the travel records of former Chief of Staff Ron Blackley.

The Wall Street Journal, The Washington Post, and Capital Press requested information regarding my use of vehicles.

WEEK IN REVIEW

A. Important Events

U.S.-Canada Memorandum of Understanding Signed

U.S. Trade Representative Mickey Kantor and I announced on September 26 the formal signing of the Memorandum of Understanding (MOU) between the United States and Canada regarding grain trade. The MOU contains three elements: the agreement to establish a Joint Commission on Grains to examine the countries' respective marketing and support systems; the outline of a 12-month schedule for tariffs on the importation of wheat into the United States; and a "peace clause," which guarantees that as the Joint Commission on Grains continues its research, the countries will not take countermeasures inconsistent with the North American Free Trade Agreement or the General Agreement on Tariffs and Trade.

"Fresh" Poultry Consumer Survey Continues

As part of the effort to reexamine USDA's "fresh" poultry policy, the USDA Food Safety and Inspection Service Meat and Poultry Hotline continues its survey of callers on their attitudes and perceptions about poultry labeled as fresh. The survey will run through September 30, with 200 consumers being surveyed. USDA will summarize the survey data and issue a report by the end of October.

Company Recalls Products

On September 22, USDA announced that Wilson Foods Corporation, an Oklahoma City, Oklahoma food processing firm, had begun recalling about 30,000 pounds of its bone-in ham products that had been distributed in Iowa, Minnesota, Missouri, Montana, North Dakota, Texas, and Washington. The company reported the problem to the Department after it discovered that some of the product already shipped to stores had been undercooked.

Government's Petition Denied in Pacific Rivers Case

The Ninth Circuit has denied the government's petition for a rehearing on the decision to require USDA to consult with the National Marine Fisheries Service on the planning and project levels when new species are listed as threatened or endangered.

The USDA Forest Service has reinitiated consultation on the Wallowa-Whitman, the Umitilla, and on all national forests in Idaho. All activities on these forests face the possibility of being enjoined until consultation is complete, which could take over a year. The government has 90 days to petition for Supreme Court review.

Helicopter Crash in Idaho Kills One

An Army helicopter was involved in an on-the-ground accident on September 23 while participating in firefighting operations at the Payette National Forest in McCall, Idaho. One Army Reserve technician was killed and three others were injured. The helicopter rolled over while preparing to pick up firefighters. A military investigation team is being put together, along with two USDA Forest Service officials, to determine the cause of the accident.

Grazing Fee Advisory Committee Completes Report

The Federal Livestock Grazing Fee Incentive Program Advisory Committee has submitted its final report (environmental impact statement) to me and Interior Secretary Bruce Babbitt. The Range Reform '94 report is under review by the USDA Forest Service and Interior's Bureau of Land Management. A briefing on options and recommended incentive-based fee regulations will be made in early October.

Late Blight Threatens Potatoes and Tomatoes

Late blight outbreaks this year have attacked potatoes and tomatoes in 13 states, with damage ranging from moderate to severe. In four Pennsylvania counties, the damage has been so heavy that farmers decided not to harvest their potato crop. Late blight has also claimed 18 percent of Michigan's potato crop this year.

B. Controversies

Burlington Northern Railroad has indicated what may be a potential problem with the shipping of corn to Mexico. Mexico currently requires imported corn to be treated with an apparent non-toxic green dye. USDA's Federal Grain Inspection Service (FGIS) requires that grain be transported in cleaned cars, which means no green dye residues. FGIS has waived this requirement for hopper cars which have delivered corn to Mexico. However, if the hoppers are to be used to transport other grains, the dye residues must be cleaned. Cleaning the hoppers can idle a car for up to four days, resulting in increased shipping costs. The railroad is seeking relief, and FGIS is monitoring the situation and looking at alternatives.

A Federal court issued a decision denying the government's motion in Kerr-McGee Corporation v. United States, a case involving the denial of the plaintiffs' applications for preference right leases for phosphate deposits on the Osceola National Forest. The court's decision could expose USDA to monetary damage claims exceeding \$200 million.

SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES

Forest Plan/Pacific Northwest Economic Adjustment Initiative

The Task Force assigned to investigate the health of the national forests and develop a proposal for a forest health initiative for the western national forests released its report today. The report determines the nature and extent of forest health problems and recommends measures for improving the health of these forest ecosystems through the appropriate use of salvage logging, thinning, prescribed burning, and other silvicultural tools. Implementation of the recommendations shall potentially alleviate excessive fuel loads and reduce risk of catastrophic wildfires.

Through a proposed agreement with the Department of Commerce, USDA will administer a \$6 million habitat restoration employment program for salmon fishers, following the collapse of the salmon stock. This program will begin in October.

AmeriCorps in Action

AmeriCorps crews continue to fight fires in Idaho's Boise National Forest. A concentrated media day took place on September 23, with a media flight to the Cascade Ranger District and an escorted tour of the line and the AmeriCorps crews. Photographers have been at work taking pictures of the crews in action. The material is expected to begin appearing in newspapers today.

SECRETARY'S SCHEDULE FOR NEXT WEEK

On October 4, I will travel to Kansas City, Missouri to attend a Team USDA Diversity Festival and to address the Kansas City Board of Trade Agricultural Symposium.

SECRETARY'S SCHEDULE FOR NEXT MONTH

My November schedule is being developed at this time.

DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK

Deputy Secretary Richard Rominger will attend the President's Management Council meeting on October 5.

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House Passes Agriculture Reform Bill

Restructuring to Give Espy Broad Authority

By Kevin Merida
Washington Post Staff Writer

The House yesterday approved a major reorganization of the Agriculture Department that would eliminate thousands of jobs, close field offices, consolidate farm programs and refocus the department's priorities.

The bill, which passed on a voice vote, would give Agriculture Secretary Mike Espy broad authority—within limits specified in the bill—to restructure the department and cut waste. "It is clear that the Clinton administration and Congress have worked together to create the momentum necessary to make real change and reinvent government that serves better without waste," Espy said in a statement.

The Senate in April passed its version of the bill 98 to 1. With time running short before Congress is scheduled to adjourn, House and Senate negotiators hope to skip a formal conference and reconcile differences, including which agency in the department should run conservation programs and how much autonomy should be given to state universities that do agricultural research. In addition, the House version establishes six undersecretary positions, compared to nine in the Senate bill.

The reorganization, estimated to save the government \$2.5 billion over five years, would be the first major overhaul of the department since President Franklin D. Roosevelt created the core farm agencies in the 1930s.

The bill had been stalled for several months in the House because of a dispute that pitted farmers and business interests against public health groups and environmentalists. Originally scheduled for a voice vote in June, the legislation was pulled by House leaders after opposition mounted to a provision requiring USDA to create an Office of Environmental Risk.

The office would have ensured that there is "a scientific basis" for issuing regulations designed to ad-

dress health, safety and environmental risks and that the benefits to the public are "worth the costs," according to an aide to Rep. Gary A. Condit (D-Calif.), the author of the provision. Critics argued that the amendment would be used politically to thwart needed regulations.

After negotiations involving the administration, a compromise was struck that altered the language but kept Condit's intent.

With an annual budget of \$62 billion, USDA is the government's fourth-largest bureaucracy, encompassing a wide-ranging agenda from the environment to trade to nutrition. It is often a target of government waste critics, who say the re-vamping is long overdue.

Espy, whose job is in jeopardy because of alleged ethical lapses, unveiled the administration's plan last September as part of Vice President Gore's "reinventing government" initiative. But some aspects have been controversial.

The reorganization produced such tension in the House Agriculture Committee that its chairman, E. "Kika" de la Garza (D-Tex.), delayed committee action on the proposal for four months. The partisan division was evident in June when the committee finally cleared the legislation for floor action with an unusually close 27 to 21 vote. A key dispute was whether soil and water conservation programs dear to farmers should fall under the jurisdiction of a new undersecretary for resources and environment—as proposed under the reorganization. Some Republican lawmakers argued unsuccessfully that this proposal would be tantamount to declaring war on farmers and would cede too much power to environmentalists.

Key components of the legislation passed yesterday include:

- Eliminating the equivalent of 7,500 full-time jobs by fiscal year 1999. USDA is required to make greater staff cuts in its Washington headquarters than in field offices.
- Consolidating major farm programs into a single Agricultural Service Agency (called the Farm Service Agency in the Senate bill). This "one-stop-shopping" concept would mean closing and merging 1,200 county field offices.

The bill only specifies that there be five agencies, giving the secretary wide latitude to develop a new structure and reassign duties. Espy has proposed shutting down 14 of USDA's 43 agencies.

Staff writer Pierre Thomas contributed to this report.