



THE SECRETARY OF AGRICULTURE

WASHINGTON, D. C.

20250-0100

October 6, 1994

MEMORANDUM FOR: LEON PANETTA, THE WHITE HOUSE
FROM: SECRETARY MIKE ESPY
SUBJECT: Report for the Week of October 3, 1994

KEY DEPARTMENTAL NEWS

USDA Reorganization and Crop Insurance Reform Passes

The House and Senate both passed legislation which authorizes reorganization of USDA and reform of the crop insurance program, both of which are major Administration initiatives. The bill is expected to be sent to the President for signature in the near term. The Department is already actively working to be prepared to implement both of these important reforms immediately upon enactment. The President and Vice President have been invited to hold a bill signing ceremony to signify the important kickoff and achievement of these Administration goals.

USDA reorganization will save \$2.5 billion, close about 1,100 field offices, reduce staff by at least 7,500, and eliminate 14 of the 43 Departmental agencies. The savings will come from office closings, personnel reductions, and streamlining of Washington, D.C. headquarters, rather than program reductions. The reinvented USDA will work better, cost less, and improve service to our customers.

A major component of the bill is the establishment of a Consolidated Farm Service Agency, combining the farm price and income support programs of the current USDA Agricultural Stabilization and Conservation Service (ASCS), the Federal Crop Insurance Corporation, and Farmers Home Administration's agricultural loan programs. This agency will operate out of combined field offices, which are designed to provide "one-stop" service for USDA customers.

With this reorganization measure, each of the following USDA mission areas will have an Under Secretary: Farm and Foreign Agricultural Services; Rural Economic and Community Development; Food, Nutrition, and Consumer Services; Natural Resources and Environment; Research, Education, and Economics; and Food Safety. In addition, there will be three Assistant Secretaries handling the areas of Marketing and Regulatory Programs; Congressional Relations; and Administration.

The Administration's crop insurance reform proposal grew out of visits by the President and myself to the Midwest and the Southeast during the 1993 floods and drought. With the enactment of this proposal, Congress will have revamped the way the government responds to crop disasters, saving taxpayers \$150 million over the next five years. Rather than continuing both crop insurance and ad hoc disaster programs, the bill adopted the Administration's proposal to replace ad hoc disaster assistance with an expanded crop insurance program.

Under the new program, agricultural producers will be required to purchase crop insurance in order to be eligible for other USDA farm program benefits. Producers must purchase at least the catastrophic level of coverage and will be charged only a small processing fee. The new program also provides incentives for producers to purchase higher levels of coverage. In addition, the bill includes a Noninsured Assistance Program, which is similar to previous disaster programs, for crops for which crop insurance is unavailable. Federal Crop Insurance Reform is a major legislative victory for the Administration, and the Department will be engaging in an extensive educational campaign to ensure its successful implementation.

Viadero Confirmed as USDA Inspector General

On October 4, the Senate confirmed the nomination of Roger Viadero as USDA Inspector General. His nomination had been delayed because of a hold placed by Senator Jesse Helms.

In addition, on September 30, USDA Assistant Secretary for Science and Education Designate Jose Amador announced his intention to withdraw his nomination because of health and family considerations.

THE WEEK AHEAD

Exxon Valdez Trustee Council to Meet

An Exxon Valdez oil spill Trustee Council representative will meet on October 13 with Federal trustees to focus on the status of habitat acquisition negotiations between the Trustee Council and landowners. The Trustee Council is pursuing the purchase of large tracts of lands injured by the oil spill to help restore injured species. Appraisals on over 550,000 acres of land in the region are nearing completion and acquisition negotiations with the affected landowners have commenced. USDA, the U.S. Department of the Interior, and the Department of Commerce are the three Federal trustees to the oil spill settlement fund.

Dedication Ceremony Set for Fire Attack Base

USDA and the California Department of Forestry (CDF) will host a dedication ceremony on October 12 for the new Fresno Air Attack Base in Fresno, California. The Base will provide aerial fire suppression and detection aircraft for the USDA Forest Service and CDF in the central part of the state. Among others, Governor Pete Wilson and Congressman Richard Lehman are scheduled to attend.

USDA Reports

The USDA Economic Research Service (ERS) just released *NAFTA: An Early Assessment*, which monitors the impacts of the implementation of the North American Free Trade Agreement (NAFTA) on U.S. agriculture. Data from January through July continue to support the estimate that 50,000-60,000 new agriculture-related jobs would result from NAFTA. In addition, the report shows that U.S. agricultural exports to Mexico are 9 percent higher than last year, and total U.S. exports are up 19 percent. These gains from trade liberalization provide support for the benefits expected for agriculture under the Uruguay Round of the General Agreement on Tariffs and Trade.

ERS will release on October 11 *The U.S. Rice Industry*, which finds that, although producing only 1-2 percent of the world rice crops, the United States accounts for 16-17 percent of world rice trade. About half of the U.S. rice crop is exported each year to markets in Europe, the Middle East, Africa, Latin America, and Canada. Important factors affecting the U.S. rice industry's future include the opening of world markets, environmental legislation, new uses of byproducts, and greater income growth in developing countries.

Adoption of Integrated Pest Management in U.S. Agriculture will also be released by ERS on October 11. This report summarizes information on the extent of adoption of integrated pest management techniques in fruit, vegetable, and field crop production.

The October 12 *Crop Production* report will update the yield and production forecasts for the 1994 corn, soybean, and cotton crops, based on conditions as of October 1. Soybean and cotton crops are expected to set record highs, while corn could set a near record high.

Farm Weather Outlook and Update

The USDA National Weather Service's 30-day outlook calls for temperatures to be below-normal from the Great Basin to the Gulf Coast and Southeastern states, above-normal over New England and Desert Southwest, and near-normal elsewhere.

Precipitation is expected to be mostly near normal. Above-normal precipitation is expected in the Southeast from Ohio and Mississippi to the Carolinas, and below-normal totals are expected in Oregon, California, and Nevada.

The October-through-December outlook calls for mostly below-normal temperatures. Warmer than normal temperatures are expected in parts of the Pacific Northwest and Rio Grande Valley. Precipitation is expected to be mostly above normal to normal, but below normal over the Pacific Northwest and south Florida. Excess moisture may cause some field work delays in the eastern Corn Belt. Limited moisture may slow winter wheat planting and germination in the Pacific Northwest and in parts of the southwestern Great Plains.

CONGRESS

Congressional Hearings

Today, the House Agriculture Subcommittee on General Farm Commodities held a hearing on corn and soybean prices. USDA Agricultural Stabilization and Conservation Service Administrator Grant Buntrock testified.

The House Agriculture Subcommittee on Specialty Crops and Natural Resources held a hearing today on H.R. 4060, the California Forest Health Act. Assistant Secretary for Natural Resources and Environment Jim Lyons testified.

On October 8, the House Agriculture Subcommittee on Specialty Crops and Natural Resources will hold a field hearing in Moorhead, Minnesota to review the recent sugar market and the future of the sugar program in regard to the 1995 Farm Bill. USDA Deputy Under Secretary for Commodities Dallas Smith will testify.

Congressional Visits and Activities

The Child Nutrition Reauthorization Act of 1994 (S. 1614) awaits final action by Congress. On October 4, the House considered S. 1614, and substituted a compromise text for the Senate version of the measure. The bill was debated, and ultimately adopted by voice vote on October 5. When the compromise legislation was considered in the Senate, a hold was placed on the bill regarding an effort to include provisions involving minor use pesticides. If these provisions are adopted by the Senate, the bill must again be sent back to the House for final approval before being sent to the President. The impasse is presently being discussed as part of the effort to press for ultimate adoption of this important reauthorization measure prior to adjournment.

In addition, a freestanding bill regarding minor use pesticides passed the House under suspension on October 5. As previously noted, there are now efforts for Senate action which include either moving this freestanding bill or inclusion in the Child Nutrition Reauthorization Act. Environmental groups are arguing that the bill has flaws and that it needs to be balanced by adding provisions favored by their organizations. The bill provides regulatory relief for minor crop producers who are facing a shortage of pesticides, due to economic decisions by registrants.

The House passed on September 29 a bill to assist timber dependent communities. (See *Secretarial Work on Presidential Initiatives: Forest Plan/Pacific Northwest Economic Adjustment Initiative*)

Congressman Norm Dicks is urging USDA to move forward with establishing an on-site inspection team for evaluating irradiation technology and a scientific panel to develop a research protocol for the irradiation of Siberian logs.

REGULATORY ACTION

On October 3, USDA published in the *Federal Register* an interim rule clarifying the requirements that eligible households must meet to claim the food stamp program's medical expense deduction. The rule removes the current requirement that households report and verify changes in medical expenses when they occur, and permits households to report and verify medical expenses only at certification.

The USDA Federal Grain Inspection Service will publish in the *Federal Register* next week a final rule, which bans the application of water to grain, except for milling, malting, or other procession operations. A small percentage of grain handlers apply water as a dust suppressant. However, water can be too easily misused to increase the weight of grain, and it may also degrade grain quality. There are also other effective dust suppressant measures used by most grain handlers. This rule will foster marketing of high quality grain and promote fair and honest weighing practices. This issue was the subject of intense Congressional action last year.

USDA has proposed that the Farmer Owned Reserve Program be implemented to strengthen U.S. grain prices. This allows producers to extend their commodity loans for a period beyond the regular nine-month period. This allows them to keep grain off the market, which helps strengthen prices, which are now low. USDA is awaiting review and a final decision by the Office of Management and Budget.

PRESS

Press Conferences

On October 3, I held a press conference to announce my resignation as Secretary of Agriculture.

Assistant Secretary for Food and Consumer Services Ellen Haas will speak at the annual conference of the Association of Food Journalists in Atlanta, Georgia on October 14. The focus will be on the Department's Children's Nutrition Campaign and the School Meals Initiative.

Press Contacts With USDA

The Los Angeles Times and *The Washington Post* are working on follow-up stories about the investigation of former USDA Chief of Staff Ron Blackley. *The Los Angeles Times* also requested USDA inspection reports for John Cuneo, the animal dealer who supplied the elephant, Tyke, that was shot in Hawaii after running rampant and killing a trainer.

Assistant Secretary for Natural Resources and Environment Jim Lyons' October 4 testimony before the House Natural Resources Committee on fire suppression policy has generated interest from *Gannett News Service*, which may do an article about timber default litigation.

New Scientist requested information on the entry of Siberian logs into the United States. The magazine was particularly interested in irradiation as a possible entry tool.

C-Span requested USDA Food Safety and Inspection Service Administrator Mike Taylor for a live show opposite a guest from the meat and poultry industry in a debate format.

The USDA Inspector General issued an evaluation report on September 29, which discussed various problems with the USDA Agricultural Stabilization and Conservation Service (ASCS) 1993 Disaster Program. The report was requested by Senate Agriculture Committee Chairman Patrick Leahy and subsequently released to the press by his office. USDA has received numerous press requests for copies of this report. ASCS is closely reviewing the report and is taking steps to prevent problems in delivery of the 1994 disaster assistance program benefits.

On October 3, Assistant Secretary for Food and Consumer Services Ellen Haas was interviewed for a story on USDA's School Meals Initiative for Healthy Children in *Good Housekeeping's* February 1995 issue.

Significant Freedom of Information (FOIA) Requests

The Washington Post requested information regarding my representation fund. *The Wall Street Journal* requested copies of the telephone records for USDA employees and me, as well as travel and telephone records for Deputy Secretary Richard Rominger. *ABC News* also requested my travel records.

WEEK IN REVIEW

A. Important Events

Medflies Trapped in California

USDA and California officials today announced eradication plans for the Mediterranean fruit fly infestation in Ventura County, California, which include the aerial application of malathion and bait to a 16-square-mile area. This is an aggressive effort to prevent the spread of the pest in the state's 11th largest agricultural county.

Two mated female Medflies were trapped on September 30 in Ventura County. Larvae were also found in fruit cut on the premise. Since that date, 53 Medflies have been trapped in a commercial agricultural area. The presence of medflies has significant trade implications, and Japanese officials have been notified. The Japanese officials have requested additional information and will be visiting the area next week.

A new, easy-to-use trap that catches Medflies is being tested in California and 10 countries by USDA scientists who developed it. The trap is expected to help regulatory officials detect Medfly infestations. The research to develop the trap was jointly funded by USDA and the California Department of Food and Agriculture.

Child Care Home Providers Indicted

USDA announced on September 30 the Federal indictment of two Georgia child care home providers charged with false claims and statements and conspiracy to defraud the USDA Child and Adult Care Food Program. The indictment resulted from an investigation by the USDA Inspector General and the Department of Housing and Urban Development.

Closing Date Extended for Crop Insurance

On September 29, USDA extended the sales closing date for crop insurance from September 30 to October 31. The extension gives producers an additional 30 days to purchase insurance policies for crops, such as winter wheat, oats, barley, potatoes, rye, sugarcane, and nursery stock.

Delinquent Accounts Transfer to USDA Loan Resolution Task Force

On October 3, USDA Loan Resolution Task Force (LRTF) Loan Resolution Specialists began reporting to their state duty stations and all identified delinquent accounts will officially transfer to the LRTF. These specialists will review portfolio accounts to determine the appropriate action that the Department should take relative to these delinquent loans.

USDA Stakeholders Have Involvement in Environmental Restoration

The Hazardous Waste Program Group presented USDA's draft guidance for stakeholder involvement in environmental restoration at a meeting of the Public Involvement Work Group of the Federal Facilities Environmental Restoration Dialogue Committee. The focus of the September 26-27 meeting in New Orleans, Louisiana was improving the effectiveness and public acceptance of hazardous waste cleanups through advisory boards.

USDA Scientists Make Discovery on Mosaic Virus Disease

USDA Agricultural Research Service Scientist Barbara Baker and colleagues at the Department's Plant Gene Expression Center in Albany, California have discovered a gene that may help tomatoes, peppers, and other crops resist tobacco mosaic virus disease. The work may pave the way for transferring the resistance trait to other crop plants that are susceptible to virus disease.

Mexico Agrees to Labels on Imported Meat Boxes

Mexico confirmed this past week that it will now accept on a permanent basis pressure-sensitive labels on boxes of imported meat. This change in policy is the result of a recent meeting between USDA and Mexican authorities.

South Africa Privatizes Wheat Buying

Private sector South African importers recently reported that they have been authorized to begin importing wheat on their own, which could provide additional opportunities for U.S. wheat exports. The South African Wheat Board traditionally has imported 200,000-400,000 metric tons of wheat annually, and in the past has leaned towards Canadian wheat because of its close relationship with the Canadian Wheat Board.

Ukraine and Algeria Defaults Update

USDA has received 19 Ukraine official notices of default worth \$29.9 million. The USDA Commodity Credit Corporation has paid 14 claims in the amount of \$18.7 million. Algerian banks have continued to make payments to U.S. banks for payments in default that are not covered by rescheduling. Approximately \$3.1 million is still in default.

USDA Establishes Sugar Marketing Allotments

The USDA Commodity Credit Corporation announced on September 29 the establishment of marketing allotments for sugar and crystalline fructose for FY95. This action applies to all sugar and crystalline fructose marketed in the United States from October 1, 1994 through September 30, 1995. The overall allotment quantity is nearly 7.9 million short tons. The beet sugar allotment is nearly 4.4 million tons, and the cane sugar allotment is over 3.5 million tons.

1995-Crop Feed Grains Program Provisions Announced

On September 30, USDA announced the preliminary 1995 Acreage Reduction Program acreage reduction percentages (ARPs) of 7.5 percent for corn, up from the zero-percent level in 1994, while maintaining zero percent for grain sorghum, barley, and oats. Corn stocks going into the 1995/96 marketing year are expected to be about 777 million bushels higher than the previous year's stocks, because of the prospects for a large 1994 crop. The higher ARP should keep carryout stocks from reaching burdensome levels. Other 1995 feed grains program provisions will be announced later.

B. Travel

On October 4, I traveled to Kansas City, Missouri to participate in a USDA Diversity Festival. In Kansas City, I also gave the keynote address at the Kansas City Board of Trade Agricultural Symposium.

C. Major Speeches

I addressed the Kansas Board of Trade Agricultural Symposium in Kansas City, Missouri on October 4.

SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES

Forest Plan/Pacific Northwest Economic Adjustment Initiative

On September 29, the House passed H.R. 4196, which provides for USDA Rural Development Administration loans and grants for assistance to timber dependent communities.

Helping Native Americans

USDA Cooperative State Research Service personnel and University of Arizona faculty visited Native American reservations in Arizona, September 26-27, to learn more about the higher education needs of Native Americans.

Early Warning Radio System Progress

USDA Rural Electrification Administration Chief of Telecommunication Ed Cameron on September 27-28 addressed the National Oceanic and Atmospheric Administration's All Hazard Radio Conference in Silver Spring, Maryland. The purpose of the conference was to advise the electronics industry and potential marketers of Weather Radio receivers of the National Weather Service's plans for expansion and extension of the system into the Administration's vision of a universally available All Hazard Warning System. The lead speaker was Secretary of Commerce Ron Brown, who gave his strong support of the Initiative. Cameron told of the resources that USDA has brought to the project, including the large number of sound towers in rural areas.

National Service/AmeriCorps

More USDA AmeriCorps projects began operation nationwide, with the USDA Farmers Home Administration and Rural Development Administration recruitment for team sites completed. USDA Director of National Service Joel Berg travelled to Kansas, Nebraska, Missouri, Iowa, and Illinois recently to visit AmeriCorps sites, to work with AmeriCorps members, to view areas of flood damage, and to conduct media interviews. USDA Soil Conservation Service Chief Paul Johnson visited USDA AmeriCorps sites in Nebraska.

USDA Work on Homelessness

USDA, in partnership with the Interagency Council and the Federal Emergency Management Agency, has begun to plan the first interactive workshop on rural homelessness. USDA Farmers Home Administration (FmHA) is working with the

Census Bureau and other Federal sponsors to revise the Federal Survey of Homeless Persons Who Use Services. FmHA has ensured that rural homelessness is included in the methodology and questionnaire. This will use the funds previously obligated to the Census Bureau to study the extent and characteristics of rural homelessness.

SECRETARY'S SCHEDULE FOR NEXT WEEK

On October 11, I will address the Minority Business Forum in Washington, D.C.

I will participate on October 13 in the 1994 USDA 1890s Forum, "Reinventing the Partnership: Preparing for the 21st Century," to be held in Washington, D.C.

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 be in the office all week.





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October 13, 1994

MEMORANDUM FOR: LEON PANETTA, THE WHITE HOUSE
FROM: SECRETARY MIKE ESPY
SUBJECT: Report for the Week of October 10, 1994

KEY DEPARTMENTAL NEWS

Implementation of Significant Reform Legislation Begins

The bill authorizing reorganization of USDA and crop insurance reform was signed by the President today. USDA was prepared to immediately begin implementation of these significant reform measures. Following enactment of the legislation, a videotaped message regarding reorganization and the immediate steps that will be taken to implement the plan was released to employees. In addition, all USDA employees received an update on reorganization efforts as part of their pay receipt. The USDA Reorganization 1-800 Hotline became operational on October 6. Volunteer employees will answer questions from other USDA employees about reorganization of the Department and its effect on their jobs and agencies.

Tomorrow, briefings will be held for constituent organizations regarding agency restructuring and crop insurance reform actions. Next week, an event will be held to celebrate the achievement of adoption of the new USDA. This will include signing the executive order specifically authorizing the creation of the new mission areas and their respective agencies. This will result in significantly reducing the number of USDA agencies and accomplish the Department's goal of reducing outlays and related expenses. Deputy Secretary Richard Rominger is coordinating and directing the efforts to implement the reorganization plan.

The Department is also working to finalize the list of USDA field offices which would be consolidated or closed prior to the end of the year. As discussed with members of Congress and the House and Senate Agriculture Committees, I will consult with the Congressional delegations prior to implementation of these field office actions.

USDA is also beginning educational outreach efforts to inform farmers, producers, and ranchers of the significant reform of the crop insurance program. Due to the substantial reform of the crop insurance program and its resulting replacement of disaster assistance, it will be essential that USDA aggressively educate the various constituencies about participation in this new program.

Congress Passes Healthy Meals for Healthy Americans Act

The House and Senate passed S. 1614, the Healthy Meals for Healthy Americans Act of 1994, on October 3 and 6, respectively. The bill is now waiting for signature by the President. This bill reauthorizes USDA Child Nutrition Programs and the Women, Infants, and Children program by four years. This legislation, when enacted, will be a powerful complement to USDA's regulatory proposal for improving school meals. The measure includes language recognizing the importance of updating the nutrition standards for school meals and facilitating the implementation of USDA's proposed school meal regulation by 1996.

Meeting Held With U.S. Members of Grain Commission

USDA officials and I met with the five newly appointed American members of the U.S.-Canadian Joint Commission on Grains. The binational Commission's creation was agreed to as part of the U.S.-Canadian Memorandum of Understanding on wheat. The organization's objective is to assist our two governments in reaching long-term solutions to existing problems in the grains sector. Following the meeting, I met with members of the press to discuss upcoming work of the Commission, as well as other grain-related issues.

California Medfly Update

The first aerial treatment for Medflies was completed in the Camarillo, California area on October 12. Under perfect weather conditions, four helicopters worked to apply malathion to a 16-square-mile area. The treatment was completed without incident.

USDA and California Department of Food and Agriculture officials also briefed a delegation of agricultural officials from Japan's Ministry of Agriculture, Fisheries, and Forestry about the status of the Medfly outbreak and the specifics of the regulatory program that has been implemented to regulate and track host materials grown in the quarantine area. Ongoing discussions will continue with Japanese officials to avoid potential damaging trade restrictions on California agricultural exports. USDA is working closely with state and local officials to effectively address and control this outbreak.

Cooperative Medfly Project officers continue to regulate the 86-square-mile quarantine area. Additional USDA plant protection officers arrived to assist with the regulatory program.

Salmonella Outbreak Linked to Tainted Ice Cream

Approximately 700 cases of salmonella poisoning in at least 11 states are reportedly linked to ice cream made by Schwan's Sales Enterprises of Marshall, Minnesota. No deaths have occurred as a result of this outbreak and the exact cause of some illnesses has not yet been confirmed. On October 7, Schwan's recalled all of its ice cream. The company has temporarily closed its plant in Marshall and moved operations to a plant in another state. USDA is closely reviewing all actions and activities related to this outbreak.

THE WEEK AHEAD

Texas to Host Farm Bill Forum

USDA Under Secretary for International Affairs and Commodity Programs Gene Moos will moderate a Farm Bill Forum in Kingsville, Texas on October 15. House Agriculture Committee Chairman Kika de la Garza will host the event and Governors Ann Richards and David Walters are on the agenda to speak.

Group to Meet on Resolving Phytosanitary Issues

Members of the North American Plant Protection Organization (NAPPO) and plant health officials from the United States, Mexico, and Canada, including federal, state, and provincial government and industry representation, will meet in Orlando, Florida, October 18-20. NAPPO is dedicated to resolve phytosanitary issues and promote free trade between the three countries. The use of irradiation as a quarantine treatment will be the meeting's theme.

Farm Weather Outlook and Update

Wet weather during the next few days over a large portion of the West is expected to ease the severe moisture shortage and benefit emerging winter crops. Expected wetness would not be favorable in the Southeast, where recent heavy rains have already caused flooding. Above-average temperatures are likely to continue in the Northern Plains, with mostly seasonable temperatures elsewhere. Except for the potential of unfavorably wet harvest weather in the Southeast, the outlook generally favors crop harvesting in the Midwest and Red River Valley of the Northern Plains.

USDA Reports

The USDA Economic Research Service's (ERS) October 19 *Wheat Situation and Outlook Report* will be an analysis of current wheat prices: strong foreign demand; production problems in several countries; and lower-than-expected U.S. stocks, which have contributed to higher wheat prices.

On October 20, ERS will publish *Agricultural Outlook Magazine*, which contains a report outlining General Agreement on Tariffs and Trade (GATT) implications for agriculture and a special article examining how the GATT agreement could affect future U.S. farm export programs. Other information describes changes in the U.S. corn market; new state farm credit programs; effects on agriculture of possible salmon recovery measures in the Pacific Northwest; and changing patterns in fruit and vegetable markets.

The October 21 ERS *Dairy Situation and Outlook Report* will show that strong demand is absorbing increased production and keeping prices near those of a year earlier. However, milk prices may decline sharply in early 1995 as expansion in milk production overtakes gains in commercial use.

Also on October 21, ERS will release *Livestock, Dairy, and Poultry Situation and Outlook Report*, which indicates that broiler production is larger than previously expected, primarily due to increased weights. Record pork production is continuing to pressure hog and pork prices. The abundant supply of processing meats is pushing down prices.

USDA Represented at Sustainable Forest Management Symposium

USDA Deputy Assistant Secretary for Natural Resources and Environment Adela Backiel will attend the October 17-19 United States-Mexico symposium on Partnership of Sustainable Forest Ecosystem Management in Guadalajara, Mexico, where she will present the keynote address. The meeting will feature bilateral research and management projects conducted under a Memorandum of Understanding on forestry between the United States and Mexico.

CONGRESS

Congressional Hearings

Today, USDA Under Secretary for Small Community and Rural Development Bob Nash testified at the Congressional Hunger Caucus in Washington, D.C. regarding USDA's Water 2000 initiative. The Congressional Hunger Caucus held this forum to focus on international water and food issues.

Congressional Visits and Activities

Congress failed to pass the Housing Program Extension Act of 1994, which would have reauthorized USDA's rural multi-family housing program. The USDA Farmers Home Administration received about \$211 million in FY95 appropriations for the program. However, since the multi-family housing program has a sunset provision, USDA lacks authority to obligate these funds in the absence of Congressional reauthorization. Applications will continue to be processed, but applicants will be informed that lending is subject to passage of the requisite authority. USDA is closely reviewing alternatives relative to the difficulties that the lack of authorization has caused. However, it is likely that no program funds can be released until Congress adopts legislation next year. This will place significant difficulties on many states, which need these funds to rehabilitate projects that presently fail to meet health, safety, and other requirements.

USDA is working with Congressman Pat Williams to address his request to leave roadless area options open on federal lands until Congress can address wilderness issues in Montana.

REGULATORY ACTION

The South Dakota Black Hills National Forest will extend the comment period on its forest plan revision after requests by several environmental and timber industry groups and six Members of Congress. A notice of this decision will be published in the *Federal Register*, with the extended comment period ending December 8.

The Record of Decision (ROD) for the Comprehensive Management Plan for the North and South Forks of the Kern Wild and Scenic River is expected to be issued mid-October. The ROD was signed jointly by the forest supervisors of the USDA Inyo and Sequoia National Forests in California. Appeals are expected, primarily due to the imposition of quotas on commercial river rafting operations.

A draft environmental assessment amending Alaska's USDA Tongass National Forest Land Management Plan was released on October 7 for a 30-day comment period. The proposed action includes implementation of new habitat management guidelines on the Tongass, the largest national forest.

PRESS

Press Conferences

USDA Assistant Secretary for Food and Consumer Services Ellen Haas will be the keynote speaker at the Food Journalists Association Conference in Atlanta, Georgia on October 14. While in Atlanta, she will be interviewed by *CNN* and local media on USDA's Children's Nutrition Campaign.

Press Contacts With USDA

Today, I was interviewed by *The Wall Street Journal* regarding USDA's published final rule on water in grain and other grain trade matters.

On October 6, USDA Assistant Secretary for Natural Resources and Environment Jim Lyons was interviewed by *Sports Illustrated* about ski area development on public lands, objections of environmental interests to such development, the role of the USDA Forest Service in issuing permits for development, and the Administration's attitude towards recreation on public lands. The story will be published this winter.

The New York Times is expected to run a story on trees killed at Horseshoe Lake on California's Inyo National Forest. The tree kill may be related to high levels of carbon dioxide released after earthquakes in May and November 1989.

Time is working on a story on the effect of bumper harvests on federal farm program outlays. This is expected to be published on October 17.

The Los Angeles Times is looking into the possible correlation between USDA Agricultural Stabilization and Conservation Service Administrator Grant Buntrock's affiliation with the Farmers and Ranchers for Clinton/Gore Political Action Committee (PAC) and his appointment with USDA. The newspaper also believes there is a link between gifts to the PAC by USDA career employees and their advancement within USDA. This story is expected to be printed on October 19.

The Philadelphia Inquirer is researching the recovery of the Midwest from the 1993 floods and the positive impact of USDA assistance.

The USDA Animal and Plant Health Inspection Service has received a number of Congressional and press inquiries regarding dolphins being transferred from Florida to the Institute for Marine Sciences facility in Honduras. One of the dolphins died shortly after being moved to the Honduras facility.

Significant Freedom of Information (FOIA) Requests

The USDA Food Safety and Inspection Service (FSIS) received a request from *The Wall Street Journal* for copies of all telephone messages since January 1, 1993 for the following officials: FSIS Administrator Mike Taylor; former FSIS Administrator Russell Cross; and former FSIS Acting Administrator Terry Medley. The same request was received for USDA Acting Assistant Secretary for Marketing and Inspection Services Pat Jensen and former Assistant Secretary for Marketing and Inspection Services Eugene Branstool.

WEEK IN REVIEW

A. Important Events

USDA Announces Food for Peace (P.L. 480) Allocations

On October 7, USDA announced tentative FY95 allocations of \$249 million to 24 countries for commodity financing and donations extended under Title I of the Food for Peace Program (P.L. 480). Title I of P.L. 480 is a concessional sales program to promote exports of U.S. agricultural commodities and to foster broad-based sustainable development in recipient countries. Developing countries eligible for the program have a shortage of foreign exchange earnings and are unable to meet all their food needs through commercial channels.

Elimination of El Salvador Price Band Mechanism

El Salvador announced recently that it will eliminate its price band mechanism for basic grains. The commodities covered by the mechanism include corn, rice, sorghum, and soybeans. According to the official decree, El Salvador will apply a fixed ad valorem import tariff of 20 percent for these products.

The elimination of the price band, which was not transparent and distorted trade, is a U.S. trade policy success. USDA has tried to elicit El Salvador to remove its price band for two years. While premature to ascertain the effect of El Salvador's action on similar policies of neighboring Central American countries, it is possible that Guatemala and Honduras may undertake similar steps. This could enhance exports of U.S. agricultural products.

U.S. Apple Orchards Approved for Apple Exports to Japan

Japanese quarantine officials recently completed their inspection of Washington apple orchards and approved 17 orchards, accounting for about 1,200 acres, for shipment to Japan. The first bins of apples earmarked for Japan have been loaded into cold storage and could be shipped as soon as late November or early December. Market

prospects for U.S. apples in Japan are promising, with estimates that exports could reach up to \$15 million the first year, with growth projected to reach over \$75 million within five years.

USDA Begins New Food Safety Education Programs

The USDA Food Safety and Inspection Service has begun two new food safety education programs. The agency is working with the Department of Health and Human Service to develop food safety training materials for volunteers participating

in Meals on Wheels, a national home delivery meal service. In addition, the agency is working with AT&T and the American Academy of Pediatrics as a technical adviser on safe food handling for a series of child care videos under development.

Number of Large Farm Borrowers Reduced

Between August and September, the USDA Loan Resolution Task Force reports that USDA delinquent large farm borrowers decreased from 873 to 859, and the total amount owed by these borrowers decreased by \$11.4 million.

National Rural Development Partnership Meeting Held

The 1994 National Rural Development Partnership Leadership meeting was held at Copper Mountain, Colorado, October 5-8. The meeting focused on development of a Partnership Strategic Action Plan to establish principles for creating, developing, and maintaining working relationships among national partners. Particular partnership issues that were addressed include comprehensive planning for rural communities, competitiveness of rural employers and workforce training, sustainable communities, rural health and welfare reform, and unfunded mandates.

USDA Work on Forest Health and Watershed Restoration

USDA Assistant Secretary for Natural Resources and Environment Jim Lyons met with representatives from The White House Office of Environmental Policy and the Department of the Interior regarding an action plan for salvage of timber burned in the recent wildfires and the restoration of watersheds.

Meeting Held on Children's Nutrition Campaign

On October 11, USDA Assistant Secretary for Food and Consumer Services Ellen Haas hosted a meeting on developing partnerships for the USDA Children's Nutrition Campaign. Over 70 agricultural, industry, health, and education organizations were represented. The goal of the meeting was to review USDA's plans and develop a strategy for the campaign that will motivate children to make healthy food choices.

B. Major Speeches

Today, I addressed the 1890 Task Force in Washington, D.C.

On October 11, I addressed the Minority Business Forum in Washington, D.C.

C. Controversies

A protest occurred at the USDA Rocky Mountain Regional Office in Lakewood, Colorado on October 6 regarding two timber sales on the state's San Juan National Forest. About 20 people, representing Ancient Forest Rescue and Greenpeace, carried signs protesting the proposed timber sales. Both timber sales are designed to promote regeneration and to improve forest health and old-growth characteristics through thinning.

"Preserve Appalachian Wilderness" is threatening a lawsuit regarding the effect of the forest plan on several endangered species on the USDA Allegheny National Forest in Pennsylvania. (*See Secretarial Work on Presidential Initiatives/Forest Plan*)

The Needles Project Area on the USDA Black Hills National Forest in South Dakota is the subject of a civil lawsuit filed in Denver, Colorado on October 4 by the Sierra Club-Black Hills Group, American Wildlands, Inc., and Friends of the Bow. The plaintiffs are asking for injunctions against all timber harvest, livestock grazing, and related activities in the area. The USDA Forest Service is working with the Department of Justice to prepare a response to the lawsuit.

The death of a dolphin being transferred to the Institute for Marine Sciences facility in Honduras has been controversial. USDA received numerous press and Congressional inquiries about the proposed movement of the dolphins from Florida to Honduras prior to actual shipment.

SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES

USDA Work on National Performance Review

On October 25, USDA Assistant Secretary for Natural Resources and Environment Jim Lyons will represent the Vice President at a Heroes of Reinvention event in Reno, Nevada, where he will honor federal employees nominated and selected as local heroes of reinvention. The recipients will be presented the hammer award lapel pin and a certificate in recognition of their contributions to improving the way government works.

Forest Plan/Pacific Northwest Economic Adjustment Initiative

The Western Forest Health Initiative Team (Phase 1), chartered by USDA Assistant Secretary for Natural Resources and Environment Jim Lyons and USDA Forest Service Chief Jack Ward Thomas, has completed its work to examine forest health

needs and possible actions. A second team (Phase 2) has been chartered to develop the specific implementation actions that will be taken utilizing Phase 1 information. The new team's target date for making recommendations to Chief Thomas is October 31. The final report will be developed based on the work of both teams.

"Preserve Appalachian Wilderness" and the "Mid-Atlantic Biodiversity Project" has requested that the USDA Allegheny National Forest in Pennsylvania conduct a formal consultation within 30 days on the effect of the forest plan on several endangered species. Three of the species were not listed at the time of the forest plan in 1985. The USDA Forest Service has an excellent ongoing relationship with the U.S. Fish and Wildlife Service, and is conducting informal studies and surveys on these species during plan implementation. Preserve Appalachian Wilderness may take legal action under the Endangered Species Act.

Helping Native Americans

The USDA Inyo National Forest located in California will host a Tribal Government Workshop, October 18-19, with 11 local Native American tribes and communities participating. The purpose is to discuss issues and opportunities for the federal government to work with tribal governments.

Early Warning Radio System Progress

Electric and telephone cooperatives and companies across the country are responding to USDA's invitation to participate in the Vice Presidential Initiative to sponsor new National Oceanic and Atmospheric Administration Weather Radio transmitter sites. Generally, respondents are offering towers but not financial support. The Department will build a campaign to find financial support for the most promising towers.

SECRETARY'S SCHEDULE FOR NEXT WEEK

On October 21, I will address the annual conference on agricultural law, sponsored by the American Agricultural Law Association, in Memphis, Tennessee.

SECRETARY'S SCHEDULE FOR NEXT MONTH

On November 10, I will travel to Kansas City, Missouri to address the National Future Farmers of America Convention and the National Association of Farm Broadcasters Convention.

I will travel to Colorado Springs, Colorado on November 14 to address the National Agricultural Bankers Conference, and then to Denver, Colorado to address the National Congress American Indians Convention.

On November 16, I will be in Williamsburg, Virginia for the U.S. Agricultural Export Development Council meeting.

DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK

Deputy Secretary Richard Rominger will travel to California and Oregon next week for several political fundraisers and related events.



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

October 20, 1994

MEMORANDUM FOR: LEON PANETTA, THE WHITE HOUSE
FROM: SECRETARY MIKE ESPY
SUBJECT: Report for the Week of October 17, 1994

KEY DEPARTMENTAL NEWS

USDA Celebrates Reorganization

Today, I hosted a public celebration at USDA to commemorate the reorganization of the Department. After addressing the gathering of USDA employees and the media, I signed an executive order which implements the reorganization plan. I also announced the subcabinet members according to their new titles under the reorganization plan. Except for consolidating and closing field offices, full implementation of the actions contained in the executive order shall have begun by December 1. Field office closures and consolidations shall be accomplished as soon as possible. After the celebration, I answered questions by the media during a satellite teleconference.

USDA Starts Sampling for E.coli

The USDA Food Safety and Inspection Service's new sampling program for raw ground beef began on October 19. This year, 5,000 samples will be tested, with half of them from federally inspected plants and half from retail stores. In each case, half will be random and half targeted samples. Preliminary results are available within two days of sample collection with final results in six days. If samples are confirmed as positive for E.coli 0157:H7, and the product is already in the stream of commerce, the product will be recalled or seized.

Mexico Issues Emergency Regulations

On October 14, Mexico published an emergency rule restricting cotton imports. A second emergency rule for import of fruits and vegetables was published on October 19. USDA analyzed the rules and determined that they were more restrictive than current import conditions. USDA notified Mexican officials who acknowledged that

unintended errors were made. Mexico is working to correct these rules and it immediately notified border inspectors to reestablish current import conditions. Mexican officials indicated that proposed regulations with a 90-day comment period will be published in cases where Mexico intends to change current import restrictions.

Crop Insurance Wheat Market Price Election Increased

USDA announced that it was increasing the crop insurance wheat market price election from \$3.15 to \$3.35. This increase means that the price election more closely matches price projections for the 1995 wheat crop. Producers who have purchased crop insurance and elected the market price will be compensated for insured losses, based on this increased price. Other producers still have until the sales closing date of October 31 to purchase crop insurance and/or elect the market price election. The \$3.35 market price will also provide the basis for the new catastrophic crop insurance policy that will be offered under the recently passed Federal Crop Insurance Reform Act of 1994. There has been intense producer and Congressional interest in this announcement, which is a significant issue in some Congressional districts.

THE WEEK AHEAD

European Trade Trip In Progress

USDA Under Secretary for International Affairs and Commodity Programs Gene Moos will be in Europe through October 28 to meet with agriculture officials and to participate in several trade conferences and export promotion activities. In Vienna, Austria, Moos will address the Feed Grain Marketing Conference, sponsored by the U.S. Feed Grains Council, on the topic of General Agreement on Tariffs and Trade (GATT) influence on grain marketing. Among other events, he will give opening remarks at The Salon International de l'Alimentation International Food Show in Paris, France.

Canadian Imports of U.S. Corn Could Reach Record Levels

Canada's imports of U.S. corn could reach 1.5 million tons in marketing year 1994/95. Record U.S. corn supplies and competitive prices, as well as smaller Canadian supplies of feed wheat, are allowing U.S. corn to displace Canadian feed grains in feed compounds. Trade sources say that Canadian purchases of U.S. corn total about 700,000 tons so far this marketing year, whereas Canada imported only about 300,000 tons of U.S. corn during the entire 1993/94 marketing year.

CONGRESS

Congressional Visits and Activities

USDA regulatory enforcement and animal care officials attended a meeting on October 14 with representatives of the National Marine Fisheries Service (NMFS), the House Merchant Marine and Fisheries Committee, and several Congressional offices to work out differing interpretations of recent amendments to the Marine Mammal Protection Act affecting the export of marine mammals.

REGULATORY ACTION

On October 17, the U.S. Treasury Department announced that the ethanol portion of ethyl tertiary butyl ether (ETBE), an ethanol-derived ether, will now be eligible for the federal gasoline excise tax exemption. ETBE is about half ethanol. This ruling significantly reduces the barriers to ETBE use in reformulated gasoline. USDA has not yet assessed the magnitude of increased ethanol use.

The docket announcing that the USDA Federal Grain Inspection Service will offer official pesticide residue testing service for 29 pesticides in wheat was published in *The Federal Register* on October 19. The service is scheduled to be available on November 18.

The USDA Farmers Home Administration Disaster Set-Aside Program will go into effect immediately after being published in *The Federal Register* on October 21. The program is designed to assist borrowers who suffered losses due to a 1993 disaster by deferring their FmHA annual installments to the end of the loan term.

The Pro-Children Act of 1994, a part of the Goals 2000 Educate America Act, prohibits smoking after December 26 in indoor facilities that house children's services funded under certain federal departments, including USDA. The Department's Women, Infants, and Children program services are included.

PRESS

Press Conferences

Today, I held a satellite press conference with the media after USDA's Team USDA reorganization celebration.

On October 18, I participated in the dedication ceremony of a new state-of-the-art plant sciences building at the USDA Beltsville Agricultural Research Center in Beltsville, Maryland. The facility will house research groups which have been

internationally recognized for improving horticultural crop varieties and production practices. Senator Paul Sarbanes and Congressman Steny Hoyer also participated in the dedication.

Press Contacts With USDA

The Washington Post is preparing an article on several USDA subcabinet members' trips to their hometowns.

USA Today may run a story about the impact of bumper crop yields this year. This newspaper also inquired about active USDA Animal Welfare Act investigations.

There has been some print interest in followup stories regarding the issue of airplane inspections and criticism of Senator Tom Daschle's proposals to simplify the inspection by eliminating some USDA Forest Service inspections.

Progressive Farmer magazine is preparing an article about Virginia losing its accredited-free status in the USDA tuberculosis program.

CBS inquired about a recall of Wendy's hamburger.

The Omaha World Herald, *Time* magazine, and *Associated Press* interviewed USDA Food Safety and Inspection Service Administrator about pathogen reduction in meat inspection.

The New York Times is working on an article about fire and its economic impact on McCall, Idaho, a town on the Payette National Forest.

The Wall Street Journal is interested in publishing an article regarding the USDA investigation of Indeco Housing Corporation in Texas and its management of 28 USDA Farmers Home Administration financed housing projects. This situation is sensitive, and press coverage is likely to be negative.

The Atlanta Constitution is preparing an article on the rural Empowerment Zone initiative. The story will focus on Lake Providence, Louisiana and surrounding areas. One angle being pursued is that the program appears to be predominantly a Southern poverty program.

Significant Freedom of Information (FOIA) Requests

Associated Press requested travel records for USDA Assistant Secretary for Food and Consumer Services Ellen Haas. It also requested information about a contract between USDA and Buena Vista Pictures to promote healthy eating by children.

Documents concerning USDA's involvement in research to find alternatives to agricultural uses of methyl bromide and its effect on the ozone layer were released to Friends of the Earth, a public interest group.

WEEK IN REVIEW

A. Important Events

Schwan's Products Update

In early October, Minnesota Department of Health (MDH) officials noted a dramatic increase in the number of confirmed Salmonella Enteritidis (Se) illnesses in humans, and health officials in other states observed similar increases. By October 7, Schwan's ice cream products manufactured in Minnesota were implicated by MDH as the source of these infections. U.S. Food and Drug Administration officials have speculated that the original source of contamination was a tank truck used to haul unpasteurized liquid egg product and later used to carry pasteurized ice cream premix.

USDA inspects tank trucks before they are accepted for transporting unpasteurized and pasteurized egg products. These trucks are not dedicated to hauling either unpasteurized and pasteurized egg products. During the past 25 years in which mandatory USDA inspection has been in place, no pasteurized egg products have ever been implicated in any human illness.

Three Companies Recall Meat Products

Late last week, USDA began receiving inquiries about an action by Wendy's restaurant chain to pull ground beef patties from some of its restaurants. The USDA Food Safety and Inspection Service then learned from Wendy's that because preliminary product testing indicated the presence of E.coli 0157:H7 in some of the beef, the company was pulling the entire day's production. The supplier of the meat, processed on October 10, was Kenosha Beef International in Kenosha, Wisconsin. Wendy's has since said that they have recovered, or accounted for, most of the beef (about 250,000 pounds) that was possibly contaminated. Kenosha also told USDA that it is voluntarily recalling the remainder of the beef (about 12,000 pounds) processed on the same day and distributed to three restaurant/food service operations and two military bases. USDA is closely monitoring this recall of beef.

Also last week, Levonian Brothers, Inc., a Troy, New York food processing firm, began voluntarily recalling about 450 pounds of its natural casing hotdogs, because the product may have been contaminated by the bacterium Listeria monocytogenes. The hotdogs were distributed to small grocery stores New York. USDA discovered the problem through its routine monitoring program for the bacterium.

The Louis Rich Company, a Madison, Wisconsin food processing firm, last week began voluntarily recalling about 49,000 pounds of its poultry franks because some of the product was undercooked. The franks were distributed to retail food and grocery stores in 13 states. The company reported the problem to USDA after it discovered that some of the product already shipped to stores may have been undercooked.

California Medfly Update

After touring the Camarillo, California Medfly outbreak area, a Japanese delegation held a press conference at Medfly Project headquarters in Bell, California to discuss their assessment of the situation and any decisions regarding trade of agricultural products. The Japanese officials indicated that they were impressed by the quick and thorough response to the Medfly outbreak and were relieved to learn that the outbreak is in a confined area. Trapping of the 86-square-mile quarantine area continues.

Reorganization/Crop Insurance Reform Briefings Held

Deputy Secretary Richard Rominger and I conducted briefings on USDA reorganization and crop insurance reform for representatives of constituent and consumer organizations on October 14. Additional briefings on rural development and natural resources and environment changes resulting from reorganization were given on October 17.

USDA Veteran Named for USDA Science and Education Post

Floyd Horn has been named on October 18 as USDA Deputy Under Secretary for Science and Education. In this position, Horn will help oversee national and international research and educational activities in sustainable agriculture, pest management, livestock diseases, food safety and biotechnology, nutrition, and improved crop and livestock production. Horn has served for 24 years as a scientist, a research leader and in USDA Agricultural Research Service administrative positions.

Russia Rescheduling and Ukraine Default Updates

Russia has informed the USDA Commodity Credit Corporation (CCC) that Russia has agreed to all provisions incorporated into the U.S. Rescheduling Bilateral Agreement, which is expected to be signed soon. Nine official Ukraine notices of default, worth \$18.9 million, are outstanding. Claims paid by CCC and not recovered amount to \$12.2 million.

Largest Pork Production Ever Likely in 1995

USDA recently reported that the largest production of pork on record, with all-time highs in the number of hogs slaughtered, is likely to occur in 1995. The size of hog operations has increased and major operators plan for continued growth. These producers expect a 30 percent growth in 1994 and plan to market nearly twice as many hogs in 1996 as they did in 1993. Another industry change has been a shift in production. North Carolina, now the second largest hog-producing state, increased production 34 percent in the past year. Iowa ranks as the No. 1 hog-producing state.

Record Large Cotton Crop Gets Larger

USDA estimates total U.S. cotton production at 19.3 million bales, up 278,000 bales from the September forecast. This is expected to be the largest crop ever produced in the United States, surpassing the previous record of 18.9 million bales in 1937.

USDA Housing and Farm Loan Programs Suffer Reductions

USDA Farmers Home Administration (FmHA) FY95 loan programs are facing significantly reduced funding levels for several housing and farm direct loan programs. The reduction is the result of procedures required by Office of Management and Budget (OMB) for calculating interest rate subsidies, which results in a calculated increase in program costs. USDA will be requesting a change in these procedures.

High Risk Borrower States Named

California, Texas, Georgia, Louisiana, Mississippi, Arizona, Florida, Arkansas, Oklahoma, South Carolina, South Dakota, and Montana have been named by the USDA Loan Resolution Task Force (LRTF) as the current "Million Dollar High-Risk States." These states account for 75 percent of the total number of LRTF cases and over 80 percent of total borrowed USDA Farmers Home Administration funds owed.

B. Major Speeches

Today, I addressed USDA employees regarding the importance of USDA reorganization and their important stake in it.

C. Controversies

The USDA Forest Service has received a statutorily required written notice of intent to sue from the Southwest Center for Biological Diversity on all 11 national forests in the Southwestern Region (Arizona and New Mexico) for failure to reinstate consultation under the Endangered Species Act (ESA) on 40 plant and animal species

that have been listed since Forest Plans were approved in 1985 and 1986. The same issue is pending in the Pacific Rivers Council cases in Oregon and Idaho, where plaintiffs seek to halt ongoing grazing, road-building, timber sales, and other activities. Following an adverse decision in the Ninth Circuit in Pacific Rivers Council, the U.S. Department of Justice, in concert with affected federal land management agencies, is reviewing recommendations on whether to seek Supreme Court review.

Food activist Jeremy Rifkin has alerted food activists and farmers to attend his anti-rBST demonstration on October 24 in Toronto, Canada. Rifkin is part of the U.S. Food and Drug Administration-led delegation to the Codex International meeting, scheduled for October 24-28 in Toronto. Rifkin has alerted the Canadian Broadcasting Corporation, which plans to cover the demonstration and also televise the debate on biotechnology on October 26. Rifkin has asked farmers to pour U.S. milk with rBST, a growth hormone to help cows produce more milk, on the pavement.

Last week, USDA received calls from the offices of Senators Daniel Moynihan and Alfonse D'Amato, as well as Congressman Amo Houghton, on behalf of Tear's Market, a meat processing plant in Penn Yan, New York, regarding the Department's enforcement of the zero tolerance policy for foodborne pathogens. According to USDA Food Safety and Inspection Service officials, Tear's Market is not in Progressive Enforcement Action and is in no immediate threat of being closed.

Harvesting of the Cripps Bent Timber Sale on the Shawnee National Forest in Illinois is scheduled to begin later this month. As with nearly all hardwood sales in this area, the Forest is preparing for on-site protest demonstrations when operations begin.

Controversy is expected on a powerline location decision, due to be released on October 21 by the Forest Supervisor of the USDA Pike and San Isabel National Forests in Colorado. The decision will authorize Public Service Company of Colorado (PSC) to operate and maintain nine miles of transmission line on national lands. The alternative preferred by PSC, Governor Roy Romer, and local residents would have placed nearly all of the 20.1-mile line on the Forest. Local residents have contacted Members of Congress and appeals are anticipated.

SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES

Forest Plan/Pacific Northwest Economic Adjustment Initiative

On November 1, Congressmen Larry LaRocco and Tom Foley and I will announce short-term actions the USDA Forest Service is taking to address problems of forest health in the Western states. Examples of such projects include riparian

rehabilitation, stream bank stabilization, closure of roads, reseeding, replanting, restocking, and removal of dead and dying wood. I will also announce additional long-term measures that USDA will examine to accomplish the goal of improving forest health and reducing risk of catastrophic wildfire.

SECRETARY'S SCHEDULE FOR NEXT WEEK

I will be in the office all next week.

SECRETARY'S SCHEDULE FOR NEXT MONTH

On November 2, I will address a meeting of commodity association representatives at the Commodity Club in Washington, D.C.

On November 10, I will travel to Kansas City, Missouri to address the National Future Farmers of America and the National Association of Farm Broadcasters Conventions.

I will travel to Colorado Springs, Colorado on November 14 to address the National Agricultural Bankers Conference, and then to Denver, Colorado to address the National Congress American Indians Convention.

On November 16, I will be in Williamsburg, Virginia for the U.S. Agricultural Export Development Council meeting.

DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK

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





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

October 27, 1994

MEMORANDUM FOR: LEON PANETTA, THE WHITE HOUSE
FROM: SECRETARY MIKE ESPY
SUBJECT: Report for the Week of October 24, 1994

KEY DEPARTMENTAL NEWS

USDA and South Africa to Sign Statement of Shared Principles

Through November 1, I will be in the Republic of South Africa to meet with Minister of Agriculture Kraai Van Niekerk and other South African officials. In addition to visiting various agricultural, agribusiness, and feeding sites, I will participate in a signing ceremony for the Principles for Technical Assistance on October 31. The Principles will set terms for U.S. technical assistance for South Africa's rural, agricultural, and nutrition and feeding programs. This agreement will establish a mechanism to promote coordination and cooperation on various projects, including extension education, rural development, support for small farm development, school nutrition, and rural water projects.

Outlook Favorable After Japanese Visit to Medfly Area

After an extensive site assessment, a team of Japanese quarantine officials expressed general satisfaction with the response made by Federal, state, and industry officials after the September 29 discovery of Medflies in Ventura County, California. A final decision by Japan on whether to impose additional requirements or safeguards on imports of California citrus is expected soon, pending a more thorough review of the situation by officials in Tokyo, Japan. U.S. 1993 exports of oranges and lemons to Japan, the bulk of which originate in California, were valued at \$90 million and \$82 million, respectively. Japan presently recognizes and accepts the existing system of quarantined zones, and does not impose a post-harvest treatment requirement for fruit originating from commercial, non-quarantined areas.

THE WEEK AHEAD

USDA/Hispanic Education Group to Meet

The USDA/Hispanic Association of Colleges and Universities (HACU) leadership group will meet in San Antonio, Texas today through October 28. This group will adopt a strategic plan, which formalizes the missions and goals of the group and describes the evolving partnership between USDA and HACU. The group will also meet with the Director of The White House Initiative on Hispanic Education and the new USDA liaison to the HACU Washington, D.C. office. An orientation will be held soon in Washington, D.C. for the USDA liaison and the Regional Hispanic Liaison Officer, who is stationed at New Mexico State University.

Farm Weather Outlook and Update

The National Weather Service's outlook through October 31 calls for mostly above-normal to normal temperatures and above-normal to normal precipitation. However, little or no rain is expected from west Texas across Arizona into California. Drier weather has allowed record flood waters to begin receding over southeast Texas, where extensive property damage has occurred. This area of the state is a major cow-calf production region and will likely suffer some livestock losses.

USDA Reports

The USDA Economic Research Service's (ERS) report, *Food Spending in American Households, 1980-92*, stresses that average annual food expenditures in urban households rose from \$985 per person in 1980 to \$1,567 in 1992. This October 31 released bulletin presents information on trends in household food expenditures for major food groups by selected demographic factors during those years.

Another ERS report, *Agriculture and the Environment in the European Union*, will state that agricultural production in the European Union has increased dramatically since the early 1950s, but at a considerable environmental cost. This report will also be released October 31.

CONGRESS

Congressional Visits and Activities

Senator Barbara Boxer has written USDA urging action to eradicate the recent Medfly outbreak in Ventura County, California. She also stressed the importance of using the most environmentally sound measures available.

Congressman Kika de la Garza wrote on behalf of fellow Members of Congress Neil Abercrombie and Patsy Mink opposing the USDA Animal and Plant Health Inspection Service proposal to allow the importation of honey bees and honey bee semen from New Zealand.

Congressman Henry Gonzales wrote supporting Texas' request for about \$1.9 million from a USDA FY95 contingency fund. Texas officials are requesting the funds to aid in their efforts to control the spread of rabies in that state.

PRESS

Press Conferences

USDA Forest Service Deputy Chief Tom Mills, leader of the team investigating the air tanker crash near Missoula, Montana during the wildfire season in the West, will discuss the team's findings at a media briefing on November 1 in Missoula, Montana.

Press Contacts With USDA

ABC's 20/20 plans to air a story soon about alleged reverse discrimination against white males in the USDA Forest Service. Most of the employees interviewed will likely be from California and be pictured out of uniform.

CNN is developing two stories: one will investigate the implications and impacts of USDA reorganization; and the other will investigate USDA Forest Service eradication policy for the prairie dog.

The Los Angeles Times is working on a story on wildland-urban interface and whether people living in fire-prone areas should pay higher taxes. In addition, the article will probably discuss whether large expenditures, such as a satellite telecom system for firefighting, would be cost effective.

USDA Acting Chief Economist Keith Collins spoke with a *Time* magazine reporter about the 1994 record harvests for corn, soybeans, and cotton, and their significance for producers and consumers.

National Geographic is considering a feature on mountain lions and is seeking USDA's assistance in following a confirmed mountain lion livestock kill through the tracking and taking of the predator.

USDA has received numerous calls on the new sampling program for E. coli 0157:H7. USDA Acting Under Secretary for Food Safety Mike Taylor was interviewed by *CNN* and *The Washington Post* regarding this issue. *ABC's Good Morning America* also expressed interest in a future story.

USDA is still awaiting a *Wall Street Journal* article that is critical of the USDA Rural Housing and Community Development's (RHCD) multi-family housing program in Texas. The developer of the housing in question violated agency regulations on finance and management matters, failed to maintain the property, and allowed the projects on question to deteriorate. USDA has initiated actions to suspend, propose debarment, and take additional legal action against the developer. RHCD was formerly the USDA Farmers Home Administration.

See attached news articles about recent campaign visits by Deputy Secretary of Agriculture Richard Rominger.

Significant Freedom of Information (FOIA) Requests

Associated Press requested computer-generated travel vouchers regarding my travel. This press service also requested an appeal of the USDA decision to withhold some information. The news service also requested official schedules, telephone logs, and other information related to Child Nutrition Reauthorization and USDA Under Secretary for Food, Nutrition, and Consumer Services Ellen Haas.

WEEK IN REVIEW

A. Important Events

USDA Works to Resolve Food Donation Problems

USDA Office of Inspector General, U.S. Agency for International Development (USAID), and World Food Program (WFP) representatives met in Rome, Italy on October 19 to discuss problems in providing U.S. food donations to needy countries. In January, the General Accounting Office (GAO) issued a report on the inadequate accountability for U.S. food donations to the WFP. GAO findings included sizeable commodity losses due to theft, inappropriate disposition, mismanagement, and spoilage of product. Both USAID and USDA pledged to work together to resolve these issues.

Conservation Reserve Program FY95 Payments Total \$1.8 Billion

On October 25, I announced that more than \$1.8 billion in annual rental payments are being made to qualified producers on 375,000 contracts in the USDA Commodity Credit Corporation's Conservation Reserve Program (CRP). These payments are made under contracts that producers signed in order to enroll cropland in the CRP during crop years 1986-1992.

Canada Finds Dumping of U.S. Apples

In response to a complaint filed by the Canadian Horticultural Council, Revenue Canada recently announced a preliminary determination of dumping of U.S. Delicious apple imports. On January 10, 1995, Revenue Canada will make a final decision on whether to uphold the finding of dumping or terminate the investigation. Canada is a key market for U.S. apples, with the Red Delicious and Golden Delicious varieties accounting for the bulk of the trade. U.S. apple shipments to Canada in marketing year 1993/94 were valued at \$60 million, representing about 16 percent of total U.S. exports that year.

Bumper Grain Harvest Causes Strain on Transportation System

The USDA Agricultural Marketing Service reports that grain shippers are having difficulty in getting rail and truck capacity to move this year's record corn and soybean crops. Railcar loadings are expected to continue to be very heavy throughout fall into winter, and shortages of railcars for grain are expected to continue. Extreme shortages of motor carrier equipment to move grain is also being reported throughout the major grain-producing areas. Even if trucks are available, there are not enough drivers available. This problem is being experienced by shippers and motor carriers throughout the country, regardless of commodity or season.

Hearing on Tart Cherry Marketing Order Reopened

USDA recently announced that it would reopen the public hearing on a proposed Federal marketing order for red tart cherries grown in Michigan, New York, Pennsylvania, Oregon, Utah, Washington, and Wisconsin. Hearing sessions are scheduled to take place in Michigan and Oregon during the week of January 13, 1995. The hearing was reopened because additional evidence is needed on several issues. In particular, information is being sought relative to which states should be included under the order's regulation, the economic impact of the proposed order on small and large businesses, whether program benefits would exceed costs, and precisely how some proposed order provisions would operate.

Salmonella Update

The USDA Agricultural Marketing Service Des Moines, Iowa regional office continues to coordinate with the U.S. Food and Drug Administration (FDA) and the Minnesota Department of Health regarding followup of a Salmonella enteritidis (Se) outbreak associated with Schwan's Ice Cream. At FDA's request, USDA is compiling information at official egg products plants regarding shipments of egg products in the tankers in question. As part of the investigation, FDA has confirmed that one composite sample of liquid egg yolk was found Se positive, another composite sample of whole eggs was positive for Salmonella, and a third sample of whole eggs has been reported as presumptive positive. All are from different plants. USDA has advised FDA that it is not uncommon for unpasteurized egg products to be positive for Salmonella.

Assistance Provided to Disaster Victims

Six Georgia counties and 35 Texas counties have been designated as major disaster areas due to flooding. Both states have requested waivers to the ongoing food stamp program to meet the needs of disaster victims. Most of those waivers have been approved by USDA. The USDA Food and Consumer Services approved a request from the Texas Department of Human Services to distribute USDA commodities to households in the communities of Conroe and Livingston. Eight truckloads of USDA foods (about 288,000 pounds valued at \$275,000) are being delivered.

B. Major Speeches

On October 21, I addressed the American Agricultural Law Association in Memphis, Tennessee. USDA General Counsel Jim Gilliland and Acting Assistant Secretary for Marketing and Regulatory Programs Pat Jensen also attended the meeting.

C. Controversies

Several environmental groups have rented a billboard adjacent to the Shawnee National Forest in Harrisburg, Illinois and painted it with an illustration criticizing the USDA Forest Service timber management policies. Smokey Bear is shown standing among stumps labeled "Shawnee National Forest," and "Stop Logging" is in large letters across the top of the billboard. Although Forest Service employees are disturbed by this tactic, a previous district court ruling said that noncommercial use of Smokey Bear to express a differing view is protected by the First Amendment.

USDA Rural Housing and Community Development (RHCD) Acting Administrator Michael Dunn is the subject of an unfair labor practices complaint by a union in Texas after his refusal to turn over management team reports concerning an ongoing multi-family RHCD housing program in the state. *(See Press Contacts With USDA)*

SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES

National Service

On October 19, USDA and the AmeriCorps governing board, Corporation for National and Community Service, entered into an agreement transferring AmeriCorps funds to the Department. On October 23, Corporation Director Eli Segal visited with USDA AmeriCorps members in Des Moines, Iowa, and on October 25, the Corporation held its first board meeting at USDA headquarters in Washington, D.C.

President's Council on Sustainable Development

Today and October 28, Deputy Secretary of Agriculture Richard Rominger attends the President's Council on Sustainable Development (PCSD) meeting in Washington, D.C. As the USDA representative on the Council, Deputy Secretary Rominger is also co-chairman of the PCSD Task Force on Sustainable Agriculture.

Sustainable Food Production

USDA Deputy Under Secretary for Natural Resources and Environment Tom Hebert will speak at The White House Conference on Sustainable Food Production in Kansas City, Missouri on October 31. The goal of Hebert's address will be to generate discussion regarding the importance of meeting economic goals as we work toward meeting environmental goals.

Biomass Initiative

USDA Director of Energy Roger Conway chaired a technical review session on October 21 with university and industry representatives regarding biomass feedstock analysis developed by a Department of Energy laboratory, the Environmental Protection Agency, and USDA. The meeting focused on the credibility of the data and modeling framework that were used to evaluate the economic feasibility of a biomass industry. Further refinements were agreed upon to reflect rural world practical concerns. The economic analysis will be a critical factor in determining whether The White House moves forward with a biomass initiative.

SECRETARY'S SCHEDULE FOR NEXT WEEK

I will travel to the Republic of South Africa through November 1 to meet with officials of that government and to sign a Joint Statement of Shared Principles.

SECRETARY'S SCHEDULE FOR NEXT MONTH

On November 2, I will address the Commodity Club in Washington, D.C.

On November 4, I will speak at the Youth Enterprise in Agriculture Mid-Year Summit in Champaign, Illinois.

I will travel to Kansas City, Missouri on November 10 to address the conventions of the National Future Farmers of America and the National Association of Farm Broadcasters.

On November 14, I will address the National Agricultural Bankers Conference in Colorado Springs, Colorado and the National Congress of American Indians Convention in Denver, Colorado.

I will be in Williamsburg, Virginia on November 16 to address the U.S. Agricultural Export Development Council annual meeting on trade and agricultural exports.

DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK

On November 2, Deputy Secretary Richard Rominger will participate in the President's Management Council meeting in Washington, D.C. At this meeting, Deputy Secretary Rominger will make a presentation on government-wide field office consolidation.

Medford, Oregon

The Mail Tribune, Tuesday, Oct. 25, 1994

Official defends USDA's record

By PETER WONG
of the Mail Tribune

The No. 2 official at the U.S. Department of Agriculture says the Clinton administration ought to get credit for its efforts to resolve the difficult conflicts over natural resources in the West.

"I don't believe this administration's policies are a war on the West," said Deputy Secretary Richard Rominger. "There have been issues that have been controversial for a number of years, but we are trying to resolve them.

"On timber, we still have a long way to go."

Rominger, a Californian whose Cabinet department is the parent agency of the Forest Service, spoke in an interview last week while on a two-day swing through Oregon. His trip was not at government expense; he appeared at the invitation of Sue Kupillas, a Democrat from Eagle Point who seeks the open 2nd District congressional seat of southern, central and eastern Oregon.

Rominger was briefed on efforts to salvage timber and restore acreage burned in last summer's Hull Mountain fire. Most of the land involved is managed by Boise Cascade Corp. and the Bureau of Land Management, part of the Interior Department. But the briefing was an opportunity for Rominger to hear a critique of federal forest management policies.

One of those present was Hank Snow, vice president of Medite Corp., who said, "The bottom line is that the government needs to get its act together to lead, follow or get out of the way."

Rominger said the Forest Service plans by the end of this year to tell how it will manage forests, particularly in eastern and southern Oregon, where trees have been weakened by drought, disease and insect

neither the timber industry nor environmental groups have been happy with the administration's efforts to resolve the conflict over the management of the Northwest's federal forests. Federal judges will decide whether the administration's plan, which slashes the amount of timber production from 1980s levels, complies with federal environmental laws.

"We're trying to do the best job we can in the forests for timber and all the other uses that the forests have," he said at Hull Mountain. "It's just getting more complicated every day.



Rominger

from what we've had in the past. But we know that neither is going to prevail."

He praised the Applegate Partnership as an example of how seemingly opposing points of view on forest management can be brought together.

Rominger said there is sentiment in Congress to make changes in the Endangered Species Act, under which the northern spotted owl was declared a threatened species in 1990 and vast tracts of old-growth forests were put off-limits to logging.

"I don't think at this point that the administration has proposed any specific modifications," he said in the interview. "But members on both sides of the aisle have suggested there ought to be

"It makes it more difficult when we have people on the extremes who either don't want anything to happen in the forests or those who don't want any changes

Rominger stumps for timber initiative

By Steve Lundgren
Bulletin Staff Writer

Richard Rominger, deputy secretary for the U.S. Department of Agriculture, said the Western Forest Health Initiative currently being developed will streamline the process for salvaging dead and dying timber in Northwest forests.

"We are getting some timber back on the market and we want to continue that," Rominger said Thursday in Bend.

Rominger took a swing through Oregon with 2nd Congressional District candidate Sue

Kupillas to discuss forest ranching and farming issues with citizens and to stump for Kupillas.

Rominger met with groups in Medford, Bend and The Dalles and flew over the site of the Hull Mountain fire near Grants Pass and several national forests in between to get a feel for forest health problems.

The Western Forest Health Initiative is a plan that addresses such issues as insect and disease infestations and heavy fuel build-ups that increase fire danger.

Rominger did not elaborate on

how the initiative would streamline salvage and thinning operations or get through the legal gantlet that surrounds Forest Service actions.

Kupillas used the trip to push for faster action on forest health issues.

A small group mostly representing farmers met with Rominger at Kasey's Texas Style Bar-B-Q during Rominger's brief stop here. They grilled Rominger on the need to reform federal regulatory processes. Paul Clowers, a Jefferson County farmer, said the paperwork needed to comply with everything from taxes to pesticide use was so great he had to hire a

full-time secretary to deal with it on his family farm.

Rominger said the department is working on reducing the red tape for farmers as part of the Clinton administration's "reinventing government."

Kupillas, an outspoken critic of Clinton's forest plan for the Northwest, said her tour with Rominger was partly to show she is willing to work with the administration in an effort to influence forest policies.

Her opponent, Republican Wes Cooley, today issued a statement saying the trip proves Kupillas is willing to cozy up to the Clinton administration.

USDA deputy lie

By AUSTIN ABRAMS
for The Chronicle

Rancher Richard Rominger Thursday assured fellow producers that USDA's partnership with extension and research programs are secure with President Clinton.

Rominger is deputy secretary, U.S. Department of Agriculture and was on an Oregon tour which included The Dalles.

Rominger grows wheat, alfalfa, tomatoes and other crops in California where for six years he was director of the state's food and agriculture department.

During a stop at Orchard View Farms, Rominger said that there was a move by the Office of



Richard Rominger

Management and Budget (OMB) to cut some of the money which goes to research, development and the county extension service.

"In a meeting with the president, vice president, Secretary of Agriculture and budget director, we convinced the president not to cut it. We intend to keep our partnership of extension.

"We are going to do all that is necessary to keep the money now being spent in the baseline budget," he said.

Gathered for the tour were fruit and grain producers located east of the Cascade Mountains. Orchard

about 30 full-time employees and about 500 seasonal workers for harvest and packing, he said.

Kupillas said one approach may be for groups of small businesses to pool resources and develop some kind of HMO program. She led an effort in Jackson County which resulted in the establishment of a health clinic providing service to a small community.

Bailey said that Orchard View Farms continues to plant more cherry trees and has shifted its focus from measuring the farm output by quantity of production to how much value the farm generates. Its development of a controlled atmosphere bag to prolong the shelf life of the fresh cherry has been a major step in that direction. Orchard View also does custom packaging of fruits for other industries including cranberries and blueberries.

It also sizes and sorts fruit for other local and regional growers.

Goetze told Rominger and Kupillas that "We are closer to the Asian market than we are to the domestic market. We've got to use the Columbia River and we will fight to the last man those who want to cut its use."

Ken Bailey, who handles labor issues for Orchard View and has been involved in these issues at the state and national level, told Rominger that "USDA does not deal directly with the labor issues, but during the last six months, the USDA has been helpful. We appreciate that kind of help. Those of us who have lots of agricultural employees have not seen this type of help before."

Orchardist Mel Omeg voiced concern over Initiative 187 in California which would cut out health and welfare benefits for illegal aliens. Omeg warned that such a move, though likely to pass as the polls show, would actually cost more in the long run. The people are here, he said, and any at-

ns to region's farm issues



Issues — Orcharded Bob Bessy, right, shares local farm issues with USDA Deputy Secretary Richard H. Haringer (left) and others during the congressional hearing on the farm bill.

Gov. Thursday, facing a crisis in the wheat market, executive director of the Oregon Wheat Growers' Assn. and County Judge John Mabrey is at left. (Photo by Austin Adams)

Tougher standards coming for poultry

By ED MERRIMAN

Capital Press Staff Writer

SALEM — Poultry inspection will soon be subject to the same increasingly strict standards faced by beef processors, according to Richard Rominger, deputy secretary of agriculture.

Beef inspection standards for years have included zero tolerance for fecal matter, Rominger said. However that has not been the case for poultry. When inspections turned up fecal matter in poultry the requirements simply called for washing with a chlorine solution.

To alleviate that disparity, USDA is drafting rules that will put poultry inspection on a par with beef, Rominger said.

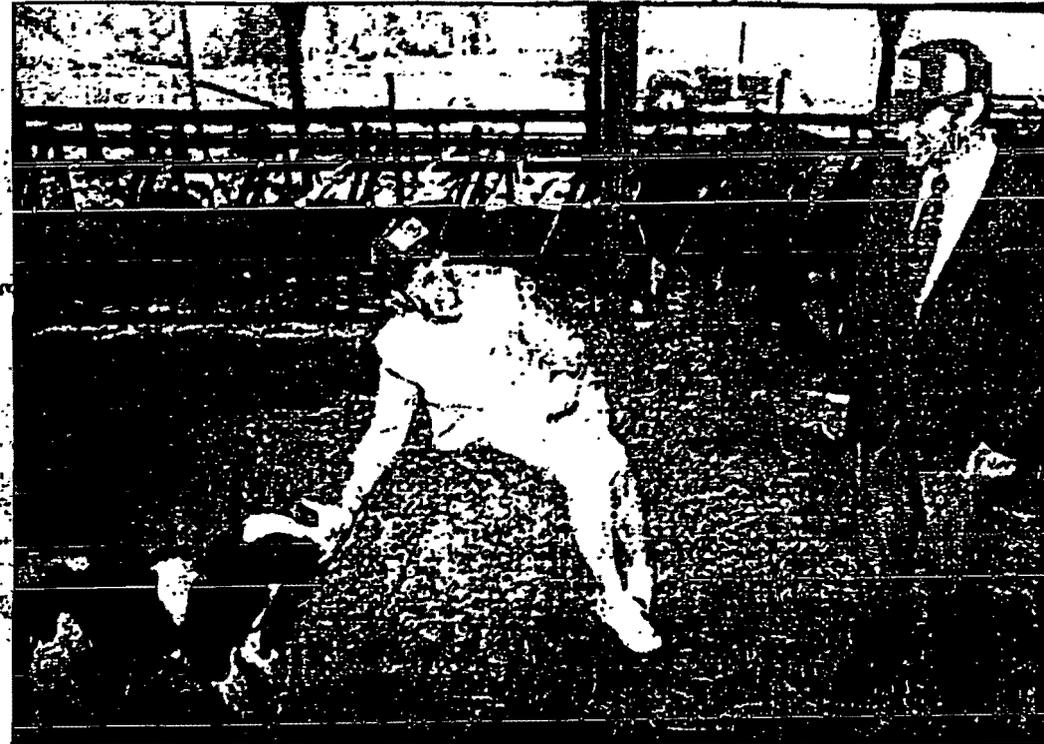
"We are working on a law that bans fecal matter in poultry," Rominger said. He reportedly is under consideration to replace Mike Espy as secretary of agriculture.

Espy resigned earlier this month in the face of allegations that he violated ethics standards for federal agency officials by accepting travel, lodging and other items from industries or firms regulated by USDA.

Although Espy resigned he is still running the agency and plans to continue to do so until the end of the year. During that time, Rominger said, Espy

intends to guide USDA through the first difficult phase of reorganization and downsizing, which he began.

The stricter poultry inspection standards are just one of the changes related to food safety taking shape at USDA, Rominger said. He spoke in Salem Wednesday while meeting with agriculture industry



CALF, UP CLOSE — Oregon State Sen. Catherine Webber, who is running for Congress, makes acquaintance of calf at Don Moisan's dairy farm north of Keizer, Ore., while U.S. Deputy Secretary of Agriculture Richard E. Rominger watches. Rominger met with representatives of the Oregon dairy industry Wednesday while in the state on other matters. Accompanying him in addition to Webber were Sheldon Pratt of the Oregon Dairy Farmers of Oregon, lobbyist Dave Nelson, dairy farmer Pete Jensen and representatives of Danigold Inc. (Capital Press photo by Geoff Parks)

representatives and touring Oregon farms to promote Catherine Webber, a candidate for Oregon's Fifth Congressional District.

He said a new Food Safety Department created within USDA is part of an overall consolidation and budget-cutting effort by the Clinton administration.

Plans call for USDA's new Food Safety Department to eventually take over more inspection responsibilities from the Food and Drug Admin-

istration, the Environmental Protection Agency and other agencies, Rominger said.

"The USDA can do inspections better because we have a relationship with ranchers and can take food inspection all the way from the ranch to the table," Rominger said.

USDA's renewed effort against E. coli and salmonella bacteria includes the hiring of additional inspectors.

While the lack of a quick test to identify E. coli or salmonella limited inspection efficacy in

the past, what appears to be an effective test is now in use in a pilot program that may soon be expanded nationwide, Rominger said.

In response to specific questions raised by agricultural industry representatives at the meeting, Rominger said:

"The USDA is working with the Environmental Protection Agency to eliminate the outdated Delaney Clause from food safety standards on pesticide residues.

"The dairy industry in various regions of the country needs to agree on a workable program because the 'self

help' plan presented isn't acceptable. It doesn't give the government enough control over federal money that would be involved.

"USDA continues to support commodity marketing orders despite the cancellation of citrus marketing orders in California that had failed due to corruption. "Growers and packers were cheating each other and filing lawsuits." California's almond marketing order may also be in trouble for similar reasons.

"A high turnover rate in Congress is creating a lack of continuity on important measures up for renewal in the next session, including the Farm Bill, Clean Water Act and Endangered Species Act and others.

"With U.S. farmers producing surplus crops, the loss of prime farmland development hasn't been a hot issue but it may be time for a pilot land use program that could eventually lead to a national model.

"No change is expected in the sugar supply management approach to controlling prices, but normalization of relations with Cuba someday could pose problems for that program.

"Commodity price support and acreage idling programs will likely see more cuts even though agriculture has already taken more than its share compared with other agencies, like EPA, where the budget continues to grow.

"The Conservation Reserve Program and the Wetland Reserve Program will likely continue to provide funds to help farmers achieve society's goals of soil conservation and wetland preservation.

"USDA may have to take Canada to court to resolve trade issues. Canada is backing off North American Free Trade Agreement provisions, saying it signed GATT afterward and therefore isn't bound by NAFTA.

"Since NAFTA and General Agreement on Tariffs and Trade negotiations were completed, U.S. exports to Mexico, including agricultural products, are up 17 percent. That trend is expected to continue.

"In the coming decade USDA commodity programs will focus on increasing exports. Continued use of the Export Enhancement and Dairy Export Incentive programs is planned to deal with unfair world trade practices.



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

November 10, 1994

MEMORANDUM FOR: LEON PANETTA, THE WHITE HOUSE
FROM: SECRETARY MIKE ESPY
SUBJECT: Report for the Week of November 7, 1994

KEY DEPARTMENTAL NEWS

USDA Crop Production Report Forecasts Record Crops

The November 9 USDA *Crop Production* report forecasted record corn, soybean, and cotton crops for 1994, based on conditions as of November 1. Corn production is forecast at a record high 10.0 billion bushels, up 4 percent from the October 1 forecast and up 58 percent from the 1993 crop. Corn yields are expected to average a record high 138.4 bushels per acre.

Soybean production is forecast at a record high 2.52 billion bushels, up 3 percent from the October 1 forecast and up 35 percent from 1993. Yields are forecast at a high 41.5 bushels per acre. All cotton production for 1994 remains at a record high 19.5 million bales, up 1 percent from October 1 and 21 percent larger than 1993. Yields are expected to average 695 pounds per harvested acre.

High Corn Yields May Impact Acreage Reduction Program Decisions

The record 1994 corn production estimate will likely impact the final decision on the Acreage Reduction Program (ARP), which would require that producers reduce the level of planting for next year. On September 30, USDA announced the preliminary ARP rate of 7.5 percent. Final determination of the corn ARP must be announced by November 15. Projected season average prices are 15 cents per bushel below September estimates.

U.S. Agricultural Exports May Reach \$43 Billion in FY94

FY94 U.S. agricultural exports will exceed USDA's forecast of \$42.5 billion due to recent strong gains for cotton and soybeans, combined with broad-based gains for high-value, intermediate, and consumer foods. Fish and wood product exports are expected to add an additional \$9.8 billion.

Stronger than previously anticipated exports of wheat, corn, and soybeans resulted in an upward revision of the FY95 agricultural export forecast from \$43 billion to \$44 billion. If realized, this would represent a new record high for U.S. agricultural exports, just slightly above the record \$43.8 billion set in FY81. This data will be released as the official USDA forecast on November 29.

THE WEEK AHEAD

Conference to Focus on Food Stamp Payment Accuracy

Over 200 state and Federal officials are expected to attend the National Food Stamp Program Payment Accuracy Conference on November 16-17. This conference, entitled "Managing for the Public Trust," is for state welfare commissioners who oversee the USDA Food Stamp Program in their states. The purpose is to increase their commitment to payment accuracy in the program. Conference speakers will include Deputy Secretary Richard Rominger and Department of Health and Human Services Assistant Secretary David Ellwood.

USDA Reports

The USDA Economic Research Service's (ERS) November 16 report, *Vegetables and Specialties Outlook and Situation Report*, will state that contract production for tomatoes, sweet corn, snap beans, and green peas for processing is expected to rise 24 percent to a record high of 16.5 million short tons. Potato production is also expected to reach a record high.

Food Aid Needs Assessment, to be published on November 16, will discuss the fact that 60 developing countries have reduced needs for food aid in 1994/95. Most of the decline is in Asia, where good crops have reduced needs. In Sub-Saharan Africa, needs have increased because of reduced harvests in east and southern Africa.

On November 18, ERS will publish *Agricultural Outlook*. This issue will feature a one-year progress report on the North American Free Trade Agreement and its impacts on Mexico's economy and the U.S. farm sector.

Farm Weather Outlook and Update

The National Weather Service's outlook through November 14 calls for mostly below-normal to normal temperatures west of the Great Plains and above to much above-normal averages elsewhere. Precipitation will be mostly normal to above-normal, except below-normal totals in the mid-Atlantic to the northeastern states region and from west Texas across the desert southwest into southern California.

Harvest progressed between storm systems in the Corn Belt, Delta, and Southeast. The heaviest rain of the season, with heavy snow in the mountains, fell over the Pacific Northwest southward into central California, improving limited soil moisture supplies for winter wheat. Precipitation was highly variable in Washington and Oregon. Precipitation improved limited soil moisture supplies in west Texas wheat areas. Heavy rain halted field work in lower portions of the Arkansas, Tennessee, and Mississippi river watersheds.

CONGRESS

Congressional Visits and Activities

This week, the USDA Forest Service delivered its Alaska Region-Pacific Northwest Research Station's Anadromous Fish Habitat Assessment (AFHA) documents to the House and Senate Appropriations Subcommittees on Interior and Related Agencies. The AFHA responds to the FY94 Appropriations Act, which directed the Department to report on the effectiveness of current fish habitat protection procedures and the need for additional protection on the Tongass National Forest in Alaska. It is expected that numerous copies of the report will be requested by the media, timber industry representatives, salmon fishing industry representatives, and the environmental community.

USDA has received many calls from Congressional offices about the funding levels for the Section 502 Single Family Housing Program. At present, 40 percent of the allocation has been made to the states. Reduced funding levels and increased interest rates have reduced the size of the FY95 program. Initially, the program level was projected at \$1.2 billion. The increase in interest rates has decreased the program level to \$933 million.

REGULATORY ACTION

The USDA Animal and Plant Health Inspection Service will publish an Advance Notice of Proposed Rulemaking in the *Federal Register* regarding the Government of Mexico's petition to request the United States to allow importation of avocados from specified areas of Mexico into Northeastern states. As part of the process, public meetings to gain input on this issue will be held November 28 in Miami, Florida and November 29 in San Diego, California. The proposal has generated significant Congressional and industry interest. Deputy Secretary Richard Rominger has been working closely with both the California avocado industry and concerned Members of the California delegation to address their concerns.

PRESS

Press Contacts With USDA

Acting Under Secretary for Food Safety Mike Taylor will be interviewed by the *Kansas City Star* regarding USDA's recent action to block a Canadian shipment of beef from entering the United States because of suspected inadequate inspection.

The *Wall Street Journal* is working on a story about a USDA Foreign Agricultural Service employee whose request for overseas assignment was allegedly rejected because his child has a disability. The USDA Office of Civil Rights Enforcement is reviewing this decision. The agency action has also generated significant Congressional inquiries.

American Journal, a syndicated television news magazine, interviewed USDA Food Safety and Inspection Service Compliance Director Patrick Clerkin about Federal authority and testing in determining meat adulteration.

The Washington Post requested an interview with USDA Food Safety and Inspection Service Administrator Mike Taylor about the status of the "fresh" poultry label issue. The item is scheduled for November 11.

CBS has contacted the USDA meat inspector at an Ohio plant who has been charged with harassment. The inspector will speak to the reporter through his legal representative.

CNN and *USA Today* have visited the Ocoee River on the Cherokee National Forest in Tennessee to do stories about the construction involved with preparing the river for the 1996 Olympic Canoe and Kayak Slalom events.

USA Today inquired about a University of Wisconsin press release about a microbe found in alfalfa that fights human illness. The call was referred to the USDA Agricultural Research Service.

Self magazine is working on a story on "Careers You've Never Heard Of" for women. The article is expected to highlight the fact that 40 percent of the USDA Forest Service workforce are women, 24 percent of whom work outdoors.

The Key West Citizen in Florida asked USDA about five surplus Navy dolphins scheduled to move to a USDA-licensed exhibitor in Sugarloaf Key, Florida. The USDA Animal and Plant Health Inspection Service is conducting an inspection; the report will be sent to the National Marine Fisheries Service (NMFS) and the Marine Mammal Commission. NMFS and the Commission will make the decision that would permit the dolphins to move.

ABC's Prime Time Live requested information regarding the USDA Animal and Plant Health Inspection Service investigation of a USDA-registered research facility. Coulston Research, doing business as White Sands Research Center at Holloman Air Force Base in Alamogordo, New Mexico, is under investigation for alleged violations of the Animal Welfare Act. The case is under Departmental review.

ABC's 20/20 asked for recent USDA press releases on violations of the Animal Welfare Act by exhibitors. We anticipate that an on-camera interview will also be requested.

Associated Press inquired about the plant pathogenic sources that caused USDA to regulate the genetically engineered Calgene canola plant prior to its being deregulated. The laurate canola lines were considered regulated articles because they are derived from plant pathogens and cauliflower mosaic virus. A press release on the deregulation of this canola was also provided to the *Chicago Daily Southtown* and the *Atlanta Business Chronicle*.

USDA Rural Utilities Service Administrator Wally Beyer was interviewed by *Associated Press* regarding reorganization of his agency.

USDA Under Secretary for Farm and Foreign Agricultural Services Gene Moos was interviewed today by *Futures World News* regarding farm policy issues.

Reuters is working on a story on why traders around the world depend on USDA's foreign crop reporting.

WEEK IN REVIEW

A. Important Events

Alaska Conservation and Development Areas Named

On November 4, USDA Natural Resources Conservation Service (formerly Soil Conservation Service) Chief Paul Johnson announced the designation of two Resource Conservation and Development (RC&D) areas in southeast Alaska and the Kenai peninsula to help solve local environmental and economic problems. The two new RC&D areas cover more than 47 million acres. The RC&D program helps community leaders find solutions to the challenges of controlling soil erosion, protecting water quality, and sustaining the resource base vital to local employment in fishing, forestry, and tourism.

Marine Science Center Approved by Trustee Council

At a meeting in Anchorage, Alaska on November 2 and 3, the Exxon Valdez Oil Spill Trustee Council approved the establishment of the Seward Institute of Marine Science, which will study the marine mammals, marine birds, and the ecosystem injured by the oil spill.

Hog Prices Continue to Fall

USDA is continuing to receive correspondence from hog producers, producer associations, and Members of Congress concerning the drop in hog prices. Of particular concern is the price spread from farm to retail. USDA continues to monitor the situation. However, oversupply of hogs may result in even lower prices to producers as packers slaughter in record numbers.

Medfly Update

The USDA Animal and Plant Health Inspection Service reports that the Cooperative Medfly Eradication Project has completed three aerial applications of malathion and bait over a 16-square-mile area in Camarillo, California. The project continues to monitor malathion bait treatments in the quarantine area. No Medfly host fruits may leave the area without treatment. Trapping of the 86-square-mile quarantine area continues. The last adult Medfly was detected on October 6.

USDA County Committee Authority Delegated

USDA Rural Economic and Community Development State Directors have been delegated the authority of county Farmers Home Administration committees, which were disbanded by reorganization of the Department. The Directors are charged with the responsibility to determine the eligibility of potential farm credit program borrowers.

Commodity Improvement Council Meets

On November 7, USDA Under Secretary for Food, Nutrition, and Consumer Services Ellen Haas chaired the Commodity Improvement Council's second meeting. The Council, whose membership is comprised of USDA agency representatives, approved six recommendations that will result in: an improved nutritional profile of 40 percent of the commodities currently available to schools; purchase of six new low-fat or reduced-fat products; and a revision of school commodity preference surveys to influence more nutritional selections. The group voted in favor of nutrition labels for institutional size containers.

B. Travel

Today, I traveled to Kansas City, Missouri to address the conventions of both the National Association of Farm Broadcasters and the National Future Farmers of America.

C. Major Speeches

Today, I addressed the National Association of Farm Broadcasters and the National Future Farmers of America in Kansas City, Missouri.

D. Controversies

The District Court in the Blackbird Mine Superfund case in Idaho has released the USDA Forest Service, the passive landowner, from liability for cleanup of this mining site where the pollution was the responsibility of the mine owner under the 1872 Mining Law. The Department argued that it should not be liable as an innocent landowner where the damage was done without government control and without compensation to USDA. The cost of this cleanup was estimated at \$100 million. The co-defendants will likely appeal. The ruling could have significant implications because 25,000 abandoned mine sites are on National Forest lands.

The District Court, upon remand from the Ninth Circuit, has enjoined logging and road building from proceeding on two National Forests in the Pacific Northwest in the Pacific Rivers Council case. It has, however, denied an emergency motion to enjoin grazing, which the Ninth Circuit had at first enjoined. It found that there was no "irretrievable, irreversible" effect from grazing. The plaintiffs have now petitioned the Ninth Circuit for a broadened injunction against winter and summer grazing. This would involve hundreds of ranchers, making this a potentially significant political issue in the West. Similar cases have been filed or noticed on numerous Forests in the northwest and southwest.

USDA has been notified that environmental groups will initiate a lawsuit on December 11 arguing that the USDA Forest Service has failed to reinstate consultation under the Endangered Species Act (ESA) for 40 separate species in Arizona and New Mexico. The plaintiffs are likely to attempt to apply the theory of the lawsuits against other Federal agencies and their activities. With over 250 listed species and 1,100 candidates on the National Forests, the potential for more of these types of lawsuits is high. USDA is receiving inquiries from Members of Congress regarding the implications of these lawsuits and whether the ESA should be amended to address this problem.

SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES

Rangeland Reform

On November 14, USDA Under Secretary for Natural Resources and Environment Jim Lyons and Deputy Under Secretary for Natural Resources and Environment Adela Backiel will meet with U.S. Department of the Interior Chief of Staff Tom Collier to discuss grazing incentives. A follow-up meeting is being scheduled between me and Secretary of the Interior Bruce Babbitt for later this month. The final rangeland reform environmental impact statement is nearing completion.

Forest Plan/Pacific Northwest Economic Adjustment Initiative

On November 4, USDA Under Secretary for Natural Resources and Environment Jim Lyons announced the launch of 36 proposed forest health projects to be managed by the USDA Forest Service in Idaho and Washington. The projects include management actions to address forest fire risk and associated problems, including reforestation of burned forest lands, watershed restoration, reduction of excessive understory vegetation, and salvage of timber burned in wildfires.

On November 17, Federal Judge Dwyer is hearing arguments on the plaintiffs' objections to the Record of Decision (ROD) supporting the Northwest Forest Plan. While the Administration was successful in having the injunction against the plan lifted, the substantive issues regarding the ROD have not yet been resolved, which will generate substantial interest in the Administration's initiative.

SECRETARY'S SCHEDULE FOR NEXT WEEK

On November 14, I will address the National Agricultural Bankers Conference in Colorado Springs, Colorado and the National Congress of American Indians Convention in Denver, Colorado.

I will travel to Williamsburg, Virginia on November 16 to address the U.S. Agricultural Export Development Council.

SECRETARY'S SCHEDULE FOR NEXT MONTH

On December 4-5, I will travel to Boston, Massachusetts to participate in a Harvard University Business School group, which will look into the beneficial use of new technology and its relationship to nutritional and food safety priorities.

I plan to address the National Farmers Organization during its convention in Nevada, which will be held December 6-8.

I will participate in the Ag Americas Conference in Miami, Florida, which will be held December 12-15.

DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK

On November 15, Deputy Secretary Richard Rominger will participate in the Riley Memorial Foundation science policy meeting and roundtable in Washington, D.C.

Deputy Secretary Rominger will address State Welfare Commissioners at the Food Stamp Payment Accuracy Conference in Crystal City, Virginia on November 16.

Also on November 16, Deputy Secretary Rominger will address the University of California's Golden State Roundtable in Washington, D.C. His remarks will focus on USDA reorganization and the 1995 Farm Bill.



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

November 17, 1994

MEMORANDUM FOR: LEON PANETTA, THE WHITE HOUSE
FROM: SECRETARY MIKE ESPY
SUBJECT: Report for the Weeks of November 14 and 21, 1994

KEY DEPARTMENTAL NEWS

1995 Corn Acreage Reduction Program Announced

On November 15, USDA announced that there will be no adjustment in the Acreage Reduction Program (ARP) percentages for the 1995 corn, grain sorghum, barley, and oats crops. The Agricultural Act of 1949, as amended, requires that the Secretary of Agriculture announce the preliminary feed grain ARP percentages on or before September 30. On September 30, I announced 1995 percentages of 7.5 percent for corn and zero percent for grain sorghum, barley, and oats, which requires that producers reduce the level of planting by that amount for next year. Adjustments can be made in the 1995 program not later than November 15 if the total supply of feed grains had changed significantly after the 1995 ARP percentages were first announced.

Since the initial announcement, estimated feed grain supplies for the 1994 crop were up about 6 percent. However, demand prospects for 1994/95 and 1995/96 were up as well. Lower world wheat supplies available for feeding and the increased likelihood for lower corn exports by China have improved the prospects for U.S. feed grain exports. Also, the forecast for domestic feed grain demand is higher than earlier indications because of the prospective increases in livestock and meat production. Therefore, no adjustment in the feed grain ARP percentages was warranted.

THE WEEK AHEAD

USDA Holds Roundtable on Minority Nutrition Needs

USDA Under Secretary for Food, Nutrition, and Consumer Services Ellen Haas will hold a Roundtable on the Nutrition Needs of Minority Populations in Miami, Florida on November 21. The Roundtable will be to discuss with leaders of community based organizations how to target nutrition education messages to a culturally diverse audience.

USDA to Participate in Health, Safety, and Food for America Forum

On November 22, USDA Under Secretary Ellen Haas will moderate a plenary session on food safety, agricultural production, and human nutrition at the national forum, "Meeting the Challenge: Health, Safety, and Food for America" in Washington, D.C. Organized by The White House Office of Science and Technology Policy and the Committee on Health, Safety, and Food Research and Development of the National Science and Technology Council in cooperation with the Institute of Medicine and the National Academy of Sciences, the forum is co-sponsored by a number of public and private organizations representing a diverse group of stakeholders in the health, safety, and food arenas. The forum is designed to provide private sector views on priority issues.

Department to Announce Soil and Water Conservation Efforts

On November 22, USDA Deputy Under Secretary for Natural Resources and Environment Tom Hebert will attend the 50th anniversary meeting of the Kansas Association of Conservation Districts. He will announce efforts to work with U.S. soil and water conservation districts to reinvent basic working agreements (Memorandums of Understanding) at the county level to meet the needs of the conservation program the Department is building.

First U.S.-Canada Joint Commission on Grains Meeting to Take Place

The Joint Commission on Grains, established by the United States and Canada, meets in Washington, D.C. on November 22-23. This first meeting will likely focus on organizational issues, including mapping out the Commission's work program for the coming year. The Commission is composed of five private sector representatives, each from Canada and the United States.

USDA Reports

Today, the USDA Economic Research Service (ERS) released *The New Generation of American Farmers: Farm Entry and Exit Prospects*, which states that between 1992 and 2002, more than 500,000 older farmers will retire from farming and be replaced by 250,000 new farmers. Among other information, the report reveals that farm numbers are expected to decline about 1.3 percent annually, reaching about 1.7 million by 2002.

The November 21 ERS *Wheat Situation and Outlook Report* will discuss the rise in U.S. winter wheat planting.

On November 22, ERS will publish the following: *Cotton and Wool Situation and Outlook Report*; *Livestock, Dairy, and Poultry Situation and Outlook Report*; and *U.S. Agricultural Trade Update*. *Poultry Situation and Outlook Supplement* will be released on November 23.

Farm Weather Outlook and Update

The weather pattern shows great variability as storms move slowly eastward across the nation. Above-normal precipitation and colder-than-normal temperatures will result in an above-normal snowpack accumulation in Western states. Above-normal to normal temperatures and periodic showers will aid soil moisture recharge across much of the nation east of the Great Plains through next week.

Normal to above-normal averages prevailed in the Eastern states. Rain improved limited soil moisture for western wheat areas, but interrupted field work. Harvest made good progress between storm systems east of the Rockies. Late-season tropical storm "Gordon" produced heavy showers and high East Coast surf in Florida over the past weekend.

CONGRESS

Congressional Hearings

House Agriculture Subcommittee on Livestock Chairman Harold Volkmer is considering holding a hearing on November 29 on the spread in pork prices from the farm to retail level. USDA is doing an analysis on this issue at the request of Senators Tom Daschle, Charles Grassley, Tom Harkin, and Bob Kerrey.

Congressional Visits and Activities

USDA Packers and Stockyards Deputy Administrator Calvin Watkins and Packers and Stockyards Director of Industry Analysis Jerry Grinnell will meet today and November 18 with staff of the House Appropriations and Agriculture Committees to discuss the status of the meat packer concentration study, which will collect and analyze data on the degree of vertical integration in the meat packing industry.

USDA Animal and Plant Health Inspection Service representatives conducted briefings for House and Senate staff on November 10 to discuss allocations for the Department's FY95 boll weevil eradication program.

Senators Larry Craig, Pete Domenici, and Tom Daschle sent a letter to USDA on November 10 concerning forest health. The Senators request that a cooperative effort between the Administration and Congress begin before the release of the Western Forest Health Initiative that the Department is assembling.

USDA Under Secretary for Farm and Foreign Agricultural Services Gene Moos met today with staff from Senator Bob Dole's office to discuss the upcoming Senate vote on the General Agreement on Tariffs and Trade.

PRESS

Press Contacts With USDA

USDA Under Secretary for Rural Economic and Community Development Bob Nash was interviewed on November 15 in St. Louis, Missouri by the *St. Louis Metro Sentinel* and the *St. Louis Post Dispatch* regarding USDA reorganization and reinventing government.

USDA Acting Under Secretary for Food Safety Mike Taylor was interviewed on November 10 by *The National Cattlemen*, *Food and Drug Law Institute Newsletter*, *Food and Drink Daily*, *The National Provisioner*, and *Self* regarding general food safety issues. Representatives of several trade industry groups attended.

CNN interviewed USDA Deputy Administrator for Special Nutrition Programs Mary Ann Keeffe on November 11 regarding decreased funding for USDA food purchases and other types of food assistance available to low-income clients.

CNN may also do a reinventing government story on the USDA Rural Economic and Community Development county office in Vandalia, Illinois. After Presidential and Vice Presidential campaign stops in Vandalia, *CNN* chose to do a follow-up story there on reinventing government. This is one of the new and improved "one-stop shopping" USDA offices for clients.

Business News requested a copy of the latest USDA Animal and Plant Health Inspection Service inspection report on Antioch University's research facility, which ceased operation on September 30. This facility is under investigation for Animal Welfare Act violations.

The November 28 edition of *Sports Illustrated* is expected to include a story on ski areas, written by a freelancer who may be a former disgruntled USDA Forest Service employee. Sugarbush Ski Area, which operates on Vermont's Green Mountain National Forest under a special use permit, will be used as an example of conflicts surrounding snowmaking and the time-consuming state and federal review process. The USDA Forest Service is preparing an environmental impact statement for a proposal to expand snowmaking at the ski area.

USDA expects significant media interest in oral arguments presented in U.S. District Court in Washington State today. The arguments will address several different industry suits against the Administration regarding the Forest Plan and related issues.

WEEK IN REVIEW

A. Important Events

U.S. Apples Find Market in Israel

Following a report of a failed domestic apple crop, Israel recently ended a ban on U.S. apples. Israel's regulations for certifying shipments of U.S. apples were seen as difficult and burdensome for U.S. exporters. Through a coordinated effort among U.S. apple exporters and USDA, Israel agreed to improved requirements for U.S. apple exports to that country. The market is estimated at a potential 50,000 tons and the first shipment of U.S. apples to Israel is expected to be exported this week.

U.S.-New Zealand Memorandum Signed Regarding Forestry

A Memorandum of Understanding (MOU) signed by USDA Forest Service Chief Jack Ward Thomas and the New Zealand Forest Research Institute was signed in San Francisco, California on November 15. The MOU provides a general framework of cooperation to encourage communication on forest science and technology.

Review of Screwworm Program in Central America Successful

On November 7-10, USDA Acting Assistant Secretary for Marketing and Regulatory Programs Pat Jensen traveled to Honduras as head of the delegation for the Department's review of the Screwworm Program in Central America. During the review, Jensen reviewed the progress of the individual binational programs with El Salvador, Honduras, and Nicaragua, as well as proposals for future activities in Costa Rica and Panama.

Jensen also met with the Ministers of Agriculture from each of the Central American countries, where discussions centered on the interests of U.S. agriculture and identified areas of mutual interest for future collaborative work. She expressed interest in expanding the trade of agricultural commodities between our countries and received positive feedback as to how they viewed the current situation and how to strengthen trade opportunities.

At the conclusion of her visit, Jensen joined Honduras President Carlos Roberto Reina in a ceremony to declare portions of Honduras free of screwworms. She was accompanied by U.S. Ambassador to Honduras William Pryce.

The screwworm is a pest that attacks warm-blooded animals, including humans. If not treated, the larvae will cause death in about a week. This pest has been eradicated in the southern United States, Mexico, Guatemala, and El Salvador. Work is now being conducted to eradicate the screwworm in Honduras and Nicaragua. The Screwworm Commission's goal is to reach Panama and to establish a barrier that will prevent reinfestation of the United States, Mexico, and Central America.

NAFTA Agricultural Trade Committee Meets

USDA Counsel to the Secretary for International Trade Joe O'Mara chaired the first meeting of the North American Free Trade Agreement (NAFTA) Committee on Agricultural Trade in Washington, D.C. on November 15.

Food and Agriculture Organization Holds Meeting

USDA Deputy Under Secretary for Farm and Foreign Agricultural Services Jim Schroeder is serving as the ex-officio head of the U.S. delegation to the United Nations Food and Agriculture Organization (FAO) Council meeting in Rome, Italy, November 13 through today. At this meeting, Schroeder presented the United States' statement regarding the organization's draft report on the State of Food and Agriculture. In addition to participating in the formal meeting, Schroeder also met with FAO officials concerning agricultural development and food security in developing countries.

B. Travel

On November 14, I addressed the National Agricultural Bankers Conference in Colorado Springs, Colorado and the National Congress of American Indians Convention in Denver, Colorado.

On November 15, I addressed the national meeting of the USDA Rural Economic and Community Development State Directors in St. Louis, Missouri.

On November 16, I traveled to Williamsburg, Virginia to address the U.S. Agricultural Export Development Council.

C. Major Speeches

On November 14, I addressed the National Agricultural Bankers Conference in Colorado Springs, Colorado. I also spoke at the National Congress of American Indians Convention in Denver Colorado that day.

I addressed the U.S. Agricultural Export Development Council in Williamsburg, Virginia on November 16.

D. Controversies

USDA has filed its response in Texas Food Industry Association et al v. Espy et. al. This lawsuit was filed in a Texas federal district court by a variety of meat industry associations, which are challenging the Department's determination that raw ground beef containing E. coli 0157:H7 is adulterated and the sampling and testing program developed by USDA to deal with such adulteration.

The Sierra Club and West Highlands Conservancy newsletters are carrying stories about a proposed 80,000-acre electricity generating windfarm proposed by Kenetech Windpower in West Virginia. The environmental groups view the windpower development as foreclosing the possibility that any of this land would ever be added to the Monongahela National Forest. When Congress created the Forest in 1911, it established a large boundary around private property from which additional lands could be purchased. Private property in the windfarm proposal is owned by Georgia Pacific and Westvaco. The project could generate about 500 megawatts of electricity that would be sold to existing electric companies for peaking power.

Supples v. Espy, a lawsuit challenging the delayed implementation of disqualification penalties under the Food Stamp Act of 1977, as amended, has been filed in the U.S. District Court in Buffalo, New York. The regulatory provision at issue requires that if an intentional program violation is discovered after the perpetrator has ceased participation in the Food Stamp Program, the disqualification penalty called for by Section 6(b) of the Act, 7 U.S.C., should be delayed until that individual is recertified for program participation. This issue is under consideration by two federal courts and two other federal courts have declared the USDA policy on this issue invalid.

An item in the tentative FY95 final budget may receive attention and publicity from the public and the media. The USDA Forest Service Eastern Region budget is reduced by \$1.8 million from the initial budget advice and may generate speculation that funds have been diverted to the Pacific Northwest from Eastern Region forests.

SECRETARY'S SCHEDULE FOR NEXT WEEK

I have no official travel scheduled for next week.

SECRETARY'S SCHEDULE FOR NEXT MONTH

On December 4-5, I will travel to Boston, Massachusetts to participate in a Harvard University Business School group, which will look into the beneficial use of new technology and its relationship to nutritional and food safety priorities.

I will address the National Farmers Organization during its convention in Nevada, which will be held December 6-8.

I will participate in the Ag Americas Conference in Miami, Florida, December 12-15.

DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK

On November 22, Deputy Secretary Richard Rominger will travel to Wichita, Kansas for a Kansas Association of Conservation Districts event, where he will speak about USDA's Memorandum of Understanding with conservation districts. Deputy Secretary Rominger will then travel to Salina, Kansas for a site visit.

Deputy Secretary Rominger will address the North Carolina Agribusiness Council's Agriculture and the Environment Conference in Raleigh, North Carolina on November 29.

November 17, 1994

ADDENDUM TO WEEKLY REPORT

PRESS

ABC's 20/20 will run a feature on its November 18 program regarding affirmative action in the federal government. Karl Mertz, the USDA Agricultural Research Service 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, was interviewed for the segment. Mertz has since been returned to his EEO duties, pending formal actions by the federal Office of Special Counsel and USDA.



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

December 1, 1994

MEMORANDUM FOR: LEON PANETTA, THE WHITE HOUSE
FROM: SECRETARY MIKE ESPY
SUBJECT: Report for the Week of November 28, 1994

KEY DEPARTMENTAL NEWS

USDA To Laud Passage of GATT

Following tonight's Senate vote on the Uruguay Round of the General Agreement on Tariffs and Trade, I will issue a statement lauding the benefits to U.S. agriculture from increased exports.

U.S. Exports Set Record

U.S. exports of agricultural, fish, and forest products for FY94 are now estimated to be valued at a record \$53.3 billion, \$600 million higher than last year's record level. Agricultural exports alone closed the year at \$43.5 billion, only \$300 million short of the record achieved for agricultural products in FY81.

Office Closings To Be Announced Next Week

On December 6, USDA will announce the closure of field offices across the country in light of the Department's reorganization. A cornerstone of USDA's reorganization is the creation of field service centers where the Department's customers receive "one-stop service." By consolidating field offices and sharing resources, USDA can provide better, more efficient service and reduce costs to taxpayers.

To serve customers in the 3,071 counties across the nation, USDA has been maintaining field offices in 3,700 locations for the program areas of the USDA Farm Service Agency, the USDA Natural Resources Conservation Service, and the USDA Rural Housing and Community Development Service. To improve customer service in the counties, USDA is creating a network of 2,531 USDA Service Centers. In the process, a total of 1,070 current offices will be closed or moved. This includes 498 offices which will be closed in counties where service will be provided in a neighboring county. The balance of 572 are current offices which are not collocated and will be moved to create the Service Centers.

In addition to Department-wide reorganization, the USDA Forest Service and the USDA Natural Resource Conservation Service have developed extensive reorganization and reinvention plans for their respective agencies. Reports detailing the individual agency reorganization and reinvention efforts will be released next week.

THE WEEK AHEAD

Urban Resources Partnership Meets To Review Accomplishments

On December 8, USDA Under Secretary for Natural Resources and Environment Jim Lyons will meet with the leadership of the federal partner agencies and coordinators of four Urban Resources Partnership (URP) pilot cities (Atlanta, Georgia; Chicago, Illinois; New York, New York; and Seattle, Washington). The purpose of the meeting is to review 1994 accomplishments under the URP initiative and to show how the agencies have pooled their technical and financial resources to create a public and private partnership with states and communities to help people create more sustainable, safe, and healthy urban environments.

USDA Hosts "Season of Sharing" Banquet for Needy

In the spirit of the holiday season, Team USDA will host its second annual "Season of Sharing" on December 6. The Department will feed employee-donated meals to over 1,100 homeless children and their families. Each child will receive a toy donated by USDA employees.

Farm Weather Outlook and Update

The National Weather Service's outlook through December 15 calls for mostly above-normal temperatures east of the Rockies. Below-normal averages are confined to interior parts of New England and the West Coast, with near-normal averages elsewhere. Precipitation is expected to be mostly below normal east of the Mississippi and above normal to normal over the Pacific Northwest into northern California, the Great Basin region, and along the Canadian border. Little or no precipitation is expected elsewhere.

Early winter storm systems continue building snowpack over the western mountains from the Rockies to the Coastal Range. Snow over the Northern Plains wheat provided a protective snow cover last weekend. Rain in the Southern states caused further delay in late-season harvest efforts and planting of winter wheat from the Delta to the Carolinas. The rain helped recharge soil moisture over most of the Corn Belt and over the Central Plains wheat belt from northern Texas into Nebraska. Soil moisture continues to be limited in the southwest corner of the wheat belt, from west Texas into the southwest corner of Kansas and southeast Colorado.

CONGRESS

Congressional Visits and Activities

On December 6, I will brief Members of Congress on USDA proposed office consolidations across the country. The Department will also brief constituent groups. A press event to announce the closings and consolidations will follow. (*See Key Departmental News/Office Closings To Be Announced Next Week and Press/Press Conferences*)

USDA Under Secretary for Natural Resources and Environment Jim Lyons met with Senator Byron Dorgan on November 28 regarding mineral leasing on national grasslands. Senator Dorgan wants to protect certain ecologically sensitive lands from mineral entry.

REGULATORY ACTION

On November 29, USDA announced that it is recommending the merger of five federal milk orders in the Southern United States. Details of the recommended decision were in the November 29 *Federal Register*. (*See Week In Review/USDA Recommends Merger of Southern Federal Market Orders*)

On December 2, USDA will announce a proposal to change food labels so they inform consumers that some poultry products are made from a mechanical separation process. The USDA Food Safety and Inspection Service (FSIS) will issue a proposed rule that would require mechanically separated poultry to be identified in the ingredients statement on hotdogs, bologna, and other processed products as "mechanically separated chicken or turkey." This proposal will help ensure that the labeling for processed poultry products is truthful and not misleading.

In a related action, FSIS will publish next week a final rule that allows meat produced by a different type of advanced meat and bone separation machinery to be labeled as "meat," instead of "mechanically separated meat." USDA has determined that meat produced by new high-tech equipment is comparable in appearance, texture, and composition to meat trimmings and similar meat products and can be fairly described as "meat." FSIS is inviting comment on whether the proposed terminology adequately informs consumers and on possible alternatives for identifying mechanically separated poultry.

A proposed USDA Food Stamp Program regulation was published in the November 22 *Federal Register* to implement provisions of the Mickey Leland Childhood Hunger Relief Act. The new rule would increase program benefits to households with no elderly or disabled members by increasing their permitted deduction of excess shelter

expenses. On October 1, 1995, the deduction limit would increase from the current \$231 to \$247 per month in the contiguous states and the District of Columbia. The limit would be removed entirely on January 1, 1997. This rule contains discretionary provisions to simplify regulations governing the use of standard utility allowances, providing state agencies more flexibility in developing standards and simplifying requirements for determining whether an applicant satisfies those standards.

PRESS

Press Conferences

USDA will hold a press conference on December 6 to announce office closings and consolidations in response to reorganization of the Department. (*See Key Departmental News/Office Closings To Be Announced Next Week and Congress/Congressional Visits and Activities*)

Press Contacts With USDA

Both *ABC's Prime Time Live* and *NBC's Dateline* are researching stories about the Electronic Benefits Transfer (EBT) program for food stamps and its success in eliminating fraud and abuse. These stories are expected to air in January.

CNN is working on a story about the environmental impact of expanding the Crested Butte, Colorado ski area. The story is likely to run in early January.

CBS is researching a follow-up story to its "Harvest of Shame" documentary about migrant farm workers. *CBS* is looking into USDA's services to migrant/seasonal workers.

Audubon Magazine and *CNN* are following up on the failure to put Big Leaf mahoganies on Appendix II of the Convention on International Trade in Endangered Species. The U.S. delegation supported the listing of the species.

The USDA Food Safety and Inspection Service has received numerous press calls concerning the Department's action to hold an estimated 20 million pounds of beef from Australia. (*See Week In Review/USDA Holds Australian Beef Pending Tests for Chemical Compound*)

Legal Times inquired about the Department's decisionmaking process for the safe handling food label proposal, initially published in August 1993.

On December 6, USDA Under Secretary for Food, Nutrition, and Consumer Services Ellen Haas will be interviewed by *ABC's Prime Time Live* and *NBC's Dateline* regarding food stamp and retailer fraud and trafficking.

Significant Freedom of Information (FOIA) Requests

Associated Press requested a chronology of the development of USDA's Poultry Enhancement Program.

The U.S. Office of Special Counsel requested a review of documents concerning an investigation of personnel practices.

Food Chemical News asked for copies of USDA correspondence between the USDA Animal and Plant Health Inspection Service and Agriculture Canada regarding a proposal for increased certification of table eggs.

McClatchy Newspapers requested copies of compliance reviews of USDA Market Promotion Funds in 1992, 1993, and 1994 for the California Walnut Commission, the Almond Board of California, the Wine Institute, and the California Table Grape Commission.

People for the Ethical Treatment of Animals requested USDA Food Safety and Inspection Service records regarding the collection of ear tags from Mexican-origin cattle in U.S. slaughter plants.

WEEK IN REVIEW

A. Important Events

World AIDS Day Observed By USDA

Today, USDA hosted an hour-long program in observance of World AIDS Day. Held in conjunction with the Departments of Commerce and Navy and the National Aeronautics and Space Administration, the *AIDS and Families* program was broadcast by satellite to USDA offices across the country.

Forest Service Employees Killed While On Duty

Two USDA Forest Service employees were recently killed while on duty. While conducting avalanche control duties, Roger Evans was killed on California's Tahoe National Forest on November 23. In the Chattahoochee National Forest in Georgia, Mary Jo Brown died while attempting to deploy her fire shelter at the Cedar Mountain fire. Two of her three-member crew survived by running through the fire front. The Forest Service is conducting investigations on both incidents.

USDA Recommends Merger of Southern Federal Milk Orders

On November 29, USDA announced that it is recommending the merger of five federal milk orders in the Southern United States. The proposed merger is based on a hearing held last November in Atlanta, Georgia. The Department's recommended decision would merge the Georgia, Alabama-West Florida, Greater Louisiana, New Orleans-Mississippi, and Central Arkansas marketing areas into a new "Southeast area." The new area would also include the territory of the former Memphis and Nashville, Tennessee milk marketing areas.

The larger order is needed in the Southeast to provide for a broader sharing of the fluid milk sales in what has become a common milk production and marketing area. The merger is expected to provide a more equitable sharing of the cost of maintaining the seasonal reserve milk in the region.

The recommended decision denies a proposal to merge the Central Arkansas and Paducah, Kentucky marketing areas with the former Memphis marketing area. The decision indicates that the Paducah order was not incorporated in the Southeast marketing area, because Paducah appears to have more in common with other federal order markets.

The USDA Agricultural Marketing Service also will hold a hearing in Charlotte, North Carolina on January 4, 1995 on proposals to amend three other orders in the Southeast.

Korea Opens Doors for U.S. Lumber

The USDA Animal and Plant Health Inspection Service was recently notified by the Korean National Plant Quarantine Service that legislation has been enacted to permit the importation of kiln-dried, sawn pine and larch wood from the United States. Properly certified shipments of these wood types can begin arriving in Korean ports on December 16.

USDA Delegation Explores Reinvention Proposal

On November 29, Deputy Secretary Richard Rominger, USDA Acting Assistant Secretary for Marketing and Regulatory Programs Pat Jensen, and USDA Animal and Plant Health Inspection Service Acting Administrator Lonnie King traveled to North Carolina to meet with Governor James Hunt, Commissioner of Agriculture Jim Graham, and officials from North Carolina State University to evaluate a possible site for the USDA Center for Plant Health Science and Technology.

The Center will draw together as partners academic, government, and industry research groups, as well as management and development groups, to foster innovation and technology transfer to resolve plant protection problems. The Center would form a nucleus of plant health expertise devoted to advancing the scientific basis for phytosanitary decisionmaking, which is critical to expanding markets under the North American Free Trade Agreement and the General Agreement on Tariffs and Trade.

Agricultural Policy and Technical Advisory Committees Meet

On November 28-29, U.S. Trade Representative Mickey Kantor and I chaired the Agricultural Policy Advisory Committee for Trade (APAC) in Washington, D.C. The meeting included a discussion on long-term trade strategies, the possible effects of the 1995 Farm Bill on trade policy, China World Trade Organization accession, and other bilateral and multilateral trade issues. APAC members also attended a White House briefing on the General Agreement on Tariffs and Trade Uruguay Round agreement. I also met with the Agricultural Technical Advisory Committee on November 29.

USDA Holds Australian Beef Pending Tests for Chemical Compound

The USDA Food Safety and Inspection Service (FSIS) continues to hold Australian beef that may contain residues of chlorfluazuron. Chlorfluazuron is not registered in the United States, and there are no established tolerances for its residues in food. FSIS notified its 150 import establishments on November 18 to hold any shipments of beef from 63 plants in the Australian territories of Queensland and New South Wales until testing is completed for chemical residues. The Australian government had notified the Department that it had discovered small traces of the chemical during routine monitoring of beef samples. Chlorfluazuron is used to control the cotton boll worm in Australia. A drought in eastern Australia caused some cattle producers to feed cotton waste to maintain their herds.

USDA Continues On Children's Nutrition Campaign

USDA Under Secretary for Food, Nutrition, and Consumer Services Ellen Haas traveled to Los Angeles, California on November 30 to meet with representatives of The Walt Disney Company regarding work to promote good nutrition for children. While in Los Angeles, Under Secretary Haas visited a farmers market that accepts food stamps and is interested in making the transition to Electronic Benefits Transfer.

B. Controversies

The USDA Office of General Counsel is recommending that the Department of Justice appeal the Pacific Rivers Council v. Thomas case to the Supreme Court. A petition for appeal must be filed with the Supreme Court by December 21. The Ninth Circuit Court ruled that the USDA Forest Service must reinstate consultation with the National Marine Fisheries Service under the Endangered Species Act. In the meantime, all activities are likely to be enjoined. The Department of Commerce is recommending that USDA not seek a petition for appeal.

A hearing was held on November 30 in Texas Food Industry Association, et al. v. Espy, et al. This lawsuit was filed in a Texas federal district court by a variety of meat industry associations, which are challenging USDA's determination that raw ground beef containing E. coli 0157:H7 is adulterated and the sampling and testing program developed by the Department to deal with such adulteration. The judge heard arguments in the case and suggested that he would rule within two weeks.

The killing of a black bear on Utah's Dixie National Forest has caused some interagency friction and attracted some media attention. At issue is the responsibility for wildlife management on USDA Forest Service lands.

On November 28 in Homestead, Florida and on November 29 in San Diego, California, the USDA Animal and Plant Health Inspection Service held public meetings to solicit input on Mexico's request for the United States to import fresh Hass avocados. Participants expressed considerable opposition to the proposal. Congressman Randy Cunningham is expected to write a letter opposing the proposal, which will be signed by Members of the California Congressional delegation.

SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES

National Service

About 85 percent of USDA Natural Resources Conservation Service AmeriCorps members are already serving. The remaining 15 percent are expected to be at work by December 15.

Range Reform

Secretary of the Interior Bruce Babbitt and I will be briefed on December 6 by USDA Under Secretary for Natural Resources and Environment Jim Lyons regarding incentive-based grazing fees.

Forest Plan

The USDA Forest Service-led interagency team to study timber sales will be briefing USDA Under Secretary for Natural Resources and Environment Jim Lyons and USDA Forest Service Chief Jack Thomas in the coming weeks. The team, which involves several federal agencies, is studying the role of below-cost timber sales and timber harvesting under ecosystem management.

The Western Forest Health Initiative has submitted a draft report to USDA Under Secretary for Natural Resources and Environment Jim Lyons for internal review. The report recommends specific short- and long-term actions for overcoming barriers to achieving forest health objectives in national forests. Release of the report is expected this month, pending clearance by OMB and The White House.

A briefing was held on November 30 for Congressional staff on the current status of the Forest Plan, including a discussion of funded forest health projects and other measures being considered to promote healthy forests.

SECRETARY'S SCHEDULE FOR NEXT WEEK

On December 4-5, I will travel to Boston, Massachusetts to participate in a Harvard University Business School group, which will look into the beneficial use of new technology and its relationship to nutritional and food safety priorities.

I will participate in the Ag Americas Conference in Miami, Florida, December 12-15.

DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK

Deputy Secretary Richard Rominger will address the National Rice Industry Outlook Conference in Reno, Nevada on December 5. He will also deliver a speech to the California Farm Bureau Convention in Anaheim, California the same day.



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

December 8, 1994

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

KEY DEPARTMENTAL NEWS

USDA Office Closings Announced as Part of Reorganization

On December 6, USDA released its plan for office closings resulting from the Department's reorganization. I spent much of the day briefing Members of Congress on the plan. As a follow-up to Congressional and media briefings, the Department hosted a special briefing for constituent groups on December 7. Senior USDA officials also participated in an audio conference call with farm broadcasters that day.

In this major step, 1,274 field offices are being closed to save money, reduce staff, and improve service to USDA customers. Since I took office, 152 offices have already been closed, and an additional 1,122 offices are slated for closure. Together, this field phase of USDA reorganization and the headquarters restructuring announced earlier will save taxpayers about \$3.6 billion over the next five years, reduce staff by up to 11,000, and eliminate 14 USDA agencies.

Of the total closures announced, 1,070 county-based individual field offices will be closed and their functions will be transferred to USDA field service centers. The field service centers will provide assistance in one location for customers of USDA's Farm Service Agency and Natural Resources Conservation Service. Other Departmental agencies, such as the Rural Housing and Community Development Service, may also be collocated in the field service centers.

THE WEEK AHEAD

Greens Creek Exchange To Be Signed

A signing ceremony for the Greens Creek Exchange agreement will be held on December 14 between the Kennecott Greens Creek Mining Company (KGCMC) and USDA. The ceremony will be open to the press, and USDA Under Secretary for Natural Resources and Environment Jim Lyons will conduct a satellite media availability with the Alaskan press. The agreement will grant KGCMC the right to explore the subsurface of 7,500 acres of national forest land within the Admiralty Island National Monument non-wilderness adjacent to their existing privately owned lands. In exchange, KGCMC will fund the acquisition of \$1 million of private holdings to be incorporated into the Tongass National Forest in Alaska. KGCMC will pay a sliding scale royalty rate.

Joint Commission On Grains Sets Second Meeting

The second meeting of the Canada-U.S. Joint Commission on Grains will be held on December 12-14 in Winnipeg, Canada. Commissioners will be briefed on the operations of U.S. and Canadian grain programs.

CONGRESS

Key Congressional Visits and Activities

On December 6, I spent much of the day briefing Members of Congress on USDA's plan for office closings resulting from the Department's reorganization. *(See Key Departmental News/USDA Office Closings Announced as Part of Reorganization)*

On December 14, USDA Under Secretary for Natural Resources and Environment Jim Lyons will brief the Alaska Congressional delegation regarding the Greens Creek Exchange. The land exchange portion of this agreement will require Congressional ratification. *(See The Week Ahead/Greens Creek Exchange To Be Signed)*

REGULATORY ACTION

USDA Finalizing Meat and Poultry Inspection Regulatory Proposal

The USDA Food Safety and Inspection Service (FSIS) continues to plan the upcoming publication of a comprehensive regulatory proposal to improve inspection of meat and poultry, along with an extensive communications outreach effort. FSIS has been developing the regulatory package to include near-term process interventions to reduce pathogens, such as a mandatory Hazard Analysis and Critical Control Points (HACCP) system, microbial testing, and improved sanitation.

PRESS

Press Conferences

On December 6, I conducted a press conference to announce office closings and consolidations as a part of USDA reorganization. (*See Key Departmental News/USDA Office Closings Announced as Part of Reorganization*)

Press Contacts With USDA

CBS News inquired about USDA's Intermediary Relending Program, particularly program limitations on interest rates at which Departmental funds could be relented by recipients.

Parade magazine inquired about possible USDA programs that foster civic responsibility. Possibilities mentioned were AmeriCorps and self-help housing loan programs.

USDA Acting Assistant Secretary for Marketing and Regulatory Programs Pat Jensen was interviewed on December 6 by *ABC's 20/20*, the *Los Angeles Times*, and the *St. Paul Pioneer Press* regarding USDA's efforts to prevent stolen pets from ending up in research institutions. *The Ladies Home Journal* asked for copies of the Animal Welfare Act, Pet Protection Act, and its standards and regulations.

20/20 and the *Los Angeles Times* also expressed interest in doing stories on the USDA Animal and Plant Inspection Service's Beagle Brigade, made up of 40 dogs adopted from shelters. The beagles inspect (sniff) luggage for fruits, vegetables, and meats at international airports and comprise a key component of USDA's strategy to detect pests, such as the Medfly, that can be carried on food brought from foreign countries.

USDA continues to receive media interest regarding the advanced notice for proposed rulemaking in response to a petition from Mexico which would allow access of Mexican avocados into certain states in the United States.

The Raleigh News-Observer requested information concerning USDA investigations of pseudorabies-infected or exposed swine being shipped from North Carolina to other states.

Science magazine wanted to know the effect of the Uruguay Round of the General Agreement on Tariffs and Trade Uruguay Round on USDA Animal and Plant Health Inspection Service (APHIS) regulations. The Department replied that APHIS regulations are based on science and that USDA will continue to look at import requests from a scientific pest-risk perspective.

Significant Freedom of Information (FOIA) Requests

The USDA Payette National Forest in Idaho continues to be inundated with FOIA requests on fire review, especially from the Ecology Center, which is apparently a splinter group of Earth First!.

WEEK IN REVIEW

A. Important Events

Exxon Valdez Oil Spill Trustee Council Approves Resolutions To Acquire Lands

On December 2, the Exxon Valdez Oil Spill (EVOS) Trustee Council approved resolutions to acquire over 345,000 acres of land in Alaska's Kodiak region and Prince William Sound to restore and rehabilitate resources injured by the oil spill. The majority of the 150,000-plus acres of land acquired within the Prince William Sound will be incorporated into the Chugach National Forest. The lands are presently owned by several native corporations and will be acquired in a combination of fee simple title and strict conservation easements at the federally appraised fair market value through the EVOS settlement funds. The USDA Forest Service represents the Department on the Trustee Council.

USDA Sends Officials To Assess Crop Damage In Florida

Florida Commissioner of Agriculture Bob Crawford has written USDA regarding assistance to producers affected by Tropical Storm Gordon. As a result of storm damage in south Florida, USDA Consolidated Farm Service Agency representatives will be in the state to assess and document crop damage. Adjusters will be determining acreage, production to count, and cause of loss for any crop where a producer has notified USDA that a loss has occurred.

Brazilian Cotton Anti-Dumping Complaint Foreseen

On December 1, the U.S. Agricultural Counselor in Brazil was notified by Brazil's Ministry of Industry, Commerce, and Tourism (MICT) that the country will open an anti-subsidy investigation of U.S. cotton exports to Brazil. No decision has been made at this time to apply a countervailing duty (CVD), although Brazil could apply a CVD for up to four months while the investigation is being conducted. According to MICT, such a decision will depend on responses to questionnaires sent to Brazilian importers and U.S. exporters of cotton, as well as Brazil's consultations with the U.S. government. If, as a result of this investigation, Brazil decides to apply the CVDs, these additional duties could be applied for a period of up to five years. Brazil has been a fast-growing market for U.S. cotton.

Medfly Eradication Program Reviewed

The International Science Advisory Panel (ISAP) recently completed a review of the areawide Mediterranean fruit fly eradication program in the Los Angeles, California area. The ISAP made several recommendations, including adjusting the number of sterile flies released in the core area, adjusting the number of traps used in the area, and including certain areas that are currently under quarantine in the sterile release area. ISAP's preliminary response indicated that the areawide plan was on schedule and working better than expected.

Hog Prices Continue To Fall

During the past few weeks, hog prices have declined to a 20-year and near-record low of \$25.50 per hundredweight (cwt.) in the widely followed Iowa-Southern Minnesota cash market. Increased production and inventories of pork and other protein meat sources appear to be responsible for this adverse market. USDA has received numerous Congressional and producer inquiries, mostly centered around long-term supply agreements, vertical integration, and the potential demise of the small- to mid-size independent pork producer.

B. Travel

On December 4, I traveled to Boston, Massachusetts to participate in a two-day Harvard University Business School group, which examined the beneficial use of new technology and its relationship to nutritional and food safety priorities.

C. Controversies

USDA and the Office of the U.S. Trade Representative have begun an investigation into probable discrimination against U.S. lumber products in the construction of the roof of the giant ice skating arena which is being built for the 1998 Nagano Winter Olympics. The Japanese construction company building the arena selected a Japanese company to provide material to cover the arena, even though six U.S. companies provided bids of lower priced, higher quality U.S. materials. Japan was urged to allow U.S. products a fair chance in this market, but U.S. wood was contracted for a minimal 3 percent.

Environmental plaintiffs filed a federal lawsuit on December 1 in Portland, Oregon alleging that the USDA Forest Service has failed to maintain viable populations of bull trout on 28 national forests. The lawsuit, which is patterned after the Northern spotted owl litigation, seeks an injunction to stop all actions adversely affecting the viability of the bull trout on the national forests in Idaho, Montana, Oregon, and Washington. A companion lawsuit against the U.S. Fish and Wildlife Service's decision not to list the bull trout under the Endangered Species Act has also been filed in the same Oregon court.

The Ashley National Forest in Utah plans to release its draft environmental impact statement on the Blanchett Park Dam and Reservoir proposal the week of December 19. The Uinta Water Conservancy District (UWCD) proposes to construct and operate a storage reservoir facility in Blanchett Park. However, based on USDA's analysis of several negative impacts of this proposal, the Department prefers to take no action on it. USDA anticipates strong negative reaction from the UWCD and from County Commissioners. However, the proposal does not have widespread support in local communities.

The Klamath County Board of Commissioners in Oregon recently launched a move to restrict the federal government's authority to close roads across national forests and public lands in the county. This move could reinforce similar "home rule" proposals in northern California. The Commissioners directed the County Attorney to draft a proposed roads ordinance that will be presented on December 21. The Board may consider the ordinance on January 4. The proposed ordinance prohibits the federal government from closing any roads without public hearings.

Wyoming's Bridger-Teton National Forest recently released the Pinedale District Motorized Travel Plan predecisional environmental assessment. The preferred alternative will allow for 403 miles of motorized roads and trails and close 425 miles of unimproved roads. Road closings are necessary because of adverse soil, water, and wildlife impacts. USDA does not expect the road closures to be received well by local residents and Congressional inquiries are expected.

SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES

Early Warning Radio System Progress

The National Weather Service, working with the Federal Emergency Management Agency, Alabama state authorities, and site sponsors, is finalizing plans for the December 19 dedication of the pilot Early Warning System transmitter site at Piedmont, Alabama. The ceremony will be at the Piedmont Masonic Lodge, where the Goshen Methodist Church congregation has held services since its sanctuary was destroyed by a tornado in March. Several people were killed by the tornado. USDA Rural Utilities Service Administrator Wally Beyer and I plan to attend the dedication.

Helping Native Americans

USDA Agency representatives met on December 7 to discuss the programwide expansion of frozen ground beef for distribution to Native American reservations, based on the findings of a pilot project conducted this fiscal year. The agenda included program coordination, storage considerations, and transportation arrangements.

SECRETARY'S SCHEDULE FOR NEXT WEEK

On December 14, I will present the keynote address for the Hemispheric Conference on Agribusiness in the Americas during the 18th Annual Miami Conference on the Caribbean and Latin America.

DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK

On December 12, Deputy Secretary Richard Rominger will address the 3rd Annual Norman A. and Ruth A. Berg Fellowship Forum on soil and water conservation in Washington, D.C.

On December 12-13, Deputy Secretary Rominger will attend the White House Conference on Environmental Technology Roundtable in Washington, D.C.



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

December 15, 1994

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

KEY DEPARTMENTAL NEWS

USDA To Extend and Target CRP Contracts

On December 14, USDA announced that it would take several actions regarding the Conservation Reserve Program (CRP), including modifying and extending CRP contracts, improving the targeting of the CRP to more environmentally sensitive acres, and using conservation easements on the most environmentally sensitive areas. CRP has saved soil, expanded wildlife habitat and populations, improved soil, air and water quality, enhanced wetlands, and encouraged tree plantings. At the same time, it has reduced deficiency payments, strengthened farm income, and helped balance the supply and demand of agricultural commodities. The announced actions will enable the Department to maintain substantial CRP participation and target the CRP to achieve enhanced environmental and conservation benefits.

The CRP has been tremendously popular among farmers and the environmental and conservation community, and there is strong support among these groups and Congress to continue the program. Created in 1985, CRP contracts were scheduled to expire beginning in 1995, and the Congressional Budget Office (CBO) baseline does not presently include funds for the program beyond the current contracts. During the GATT debate, the Administration committed to continue the program, and the Department's announcement fulfills that commitment and will hopefully result in CBO adding funds to the CRP baseline.

By offering all CRP participants the opportunity to extend their CRP contracts, while targeting new CRP contracts to more environmentally sensitive land, the Department's announced actions was supported by both the agriculture and environmental communities. The future of the CRP will be one of the most important issues in the upcoming 1995 Farm Bill debate, and the Department's announcement marks a

significant starting point for the debate. The announcement has been the subject of intense inquiry from Congress, constituency groups, and the media, and the Department expects to hold Congressional and other briefings to answer questions regarding the announcement. *(See USDA news release at end of this report)*

USDA Integrated Pest Management Initiative Announced

On December 14, Deputy Secretary Richard Rominger announced a comprehensive Integrated Pest Management (IPM) initiative to provide farmers and natural resource managers with the tools they need to address environmental and economic challenges. This initiative is part of the Administration's commitment to help agricultural producers implement IPM methods on 75 percent of agricultural lands by the year 2000.

By setting ambitious goals for IPM research and education programs, USDA will develop new biological controls and other IPM tools to help farmers remain competitive in the global market. The IPM systems approach combines a wide array of crop production practices with careful monitoring of pests and their natural enemies, such as the use of resistant varieties, timing of planting, cultivation, biological controls, and judicious use of pesticides. The USDA initiative will focus research and education programs to meet producer needs by increasing the role of state and local levels in setting priorities and streamlining the process of funding IPM research and extension programs. It also establishes a new program for research into replacements for pesticides that may be lost through pest resistance or regulation.

Class II Milk Pricing Formula Change

On December 13, USDA announced that it has proposed changes to how the Class II milk price is calculated each month under all federal milk marketing orders. Producers will soon vote on the amended orders, which contain this changed method of pricing Class II milk. The new pricing method will use the Minnesota-Wisconsin price for the second preceding month and add a fixed differential of 30 cents. This price will be announced at the same time as the Class I milk price.

USDA Acting Assistant Secretary for Marketing and Regulatory Programs Pat Jensen said that the adoption of this pricing formula will coordinate the value of producer milk used in the manufacture of Class II dairy products with higher Class I fluid milk prices. The new pricing formula simplifies the pricing procedure and assures that Class II milk prices move in the same direction and magnitude as fluid milk prices. This is important because the Class II product market, which uses about 10 percent of the nation's milk production, is closely linked to the same marketing and distribution channels as fluid, Class I milk; and linking the two pricing methods should better reflect and respond to marketing conditions.

THE WEEK AHEAD

Promotion of Ecosystem Management

USDA Forest Service Chief Jack Ward Thomas will sign a Memorandum of Understanding on December 21 with the National Science Foundation (NSF) to expand cooperation and participation in the NSF's Long-Term Ecological Research (LTER) network. Long-term ecological studies are critical to understanding how ecosystems function over time, scales, ecosystem types, and through many interactions. The agreement expands USDA Forest Service efforts, which include a variety of long-term studies underway in many areas and five experimental forests participating in the LTER network.

On December 19, USDA Under Secretary for Natural Resources and Environment Jim Lyons will meet with natural resource policy leaders within the Administration to discuss the unified implementation of ecosystem management.

USDA Reports

The USDA Economic Research Service's (ERS) December 19 *Agricultural Outlook* report will include a progress report on agricultural reform in Eastern Europe and a discussion of the impact of grain quality on U.S. exports. Also included will be a feature on 1992 Census of Agriculture findings on farm population, and updates on U.S. agricultural trade and 1995 food prices. The summary of findings will be released on December 19 and the full report on January 5, 1995.

The December 21 ERS report, *Livestock, Dairy, and Poultry Situation and Outlook Report*, will address the situation of record pork production, abundant supplies of competing meats, and the collapse of hog prices in 1994.

The December 22 ERS report, *U.S. Agricultural Trade Update*, will contain an analysis of trade data for October.

Farm Weather Outlook and Update

The National Weather Service's outlook through December 19 calls for mostly above-normal to normal temperatures, except for below-normal averages from the Great Basin to the desert southwest states. Precipitation is expected to be mostly above-normal to normal, with only pockets of below-normal totals over interior Washington and Oregon, southern California, and in the eastern Gulf Coastal region.

CONGRESS

Congressional Hearings

The House Small Business Subcommittee on Regulation, Business Opportunities, and Technology has scheduled a December 21 hearing to discuss federal services to needy citizens. The hearing is also expected to consider the role of nonprofit organizations and other groups in fighting hunger and nutritional inadequacies among low-income Americans.

Key Congressional Visits and Activities

There continues to be Congressional interest in USDA's administration of J-1 visa waivers for foreign physicians needed to work in underserved areas of the United States.

On December 14, USDA Assistant Secretary for Food and Consumer Services Ellen Haas and USDA Nutrition Policy Coordinator Eileen Kennedy briefed Congressional staff on the new USDA Center for Nutrition and Policy Promotion.

On December 8, USDA Acting Assistant Secretary for Marketing and Regulatory Programs Pat Jensen, USDA Animal and Plant Health Inspection Service Acting Administrator Lonnie King, and representatives of the Department of the Interior's National Park Service met with Senator Conrad Burns regarding the status of brucellosis in bison from Yellowstone National Park. Bison leaving the park may threaten Montana's status as a brucellosis-free state. Senator Burns believes a testing program needs to be in place for the Yellowstone bison. A proposed Environmental Impact Statement (EIS) on a long-term solution for the Yellowstone bison is expected to be completed within a month, with a final EIS released in early 1995.

Senator William Cohen has urged the USDA Animal and Plant Health Inspection Service (APHIS) to exempt small airlines from regulations governing the transfer of beef and pork meals on international aircraft. Senator Cohen believes the airlines, which currently use Maine airports, will use airports in Canada if such exemptions are not granted. APHIS prohibits the movement of beef and pork from cargo holds to passenger compartments because of associated disease risk. APHIS has worked with a small international airline using Maine airports to develop an alternate menu that does not include beef or pork.

Senators Phil Gramm and Kay Bailey Hutchison and Congressmen Kika de la Garza, Larry Combest, and Charles Stenholm are expressing concerns about the USDA Animal and Plant Health Inspection Service's (APHIS) allocation of funds for boll weevil eradication programs in Texas.

REGULATORY ACTION

A proposed rule in the December 14 *Federal Register* would establish multiple component pricing for milk priced under the Southern Michigan federal milk order. The proposal reflects changing demand and provides for more efficient marketing conditions. Comments on the proposal will be received through January 13, 1995. (See *Key Departmental News/Class II Milk Pricing Formula Change*)

A proposed rule in the December 8 *Federal Register* allows food stamp households to deduct from their income legally obligated child support paid to a child living in another household. The rule would implement a provision of the 1993 Mickey Leland Childhood Hunger Relief Act, which was effective on September 1. The provision, which would take effect on October 1, 1995, is designed to help low-income households meet child support obligations.

USDA has extended the comment period to January 3, 1995 regarding the advance notice for proposed rulemaking in response to a petition from Mexico which would allow access of Mexican avocados into certain states in the United States.

PRESS

Press Conferences

On December 8, I announced the appointment of three key USDA officials: Floyd Horn was named Acting Under Secretary for Research, Education, and Economics; Karl Stauber was named Acting Deputy Under Secretary for Research, Education, and Economics; and Grant Buntrock was named Acting Administrator of the Consolidated Farm Services Agency.

On December 14, Deputy Secretary Richard Rominger held a press conference announcing the roll-out of the USDA Integrated Pest Management Initiative. (See *Key Departmental News/Integrated Pest Management Initiative Announced*)

USDA Acting Under Secretary for Food Safety Mike Taylor issued a statement on December 13 regarding a federal district court decision which denied a motion to enjoin USDA from implementing and enforcing its new E. coli 0157:H7 sampling and testing program and the use of regulatory enforcement tools against raw ground beef. In the statement, Acting Under Secretary Taylor said that USDA plans to initiate rulemaking soon to propose important changes in meat and poultry inspection that will for the first time target and reduce pathogenic microorganisms in all raw products and substantially improve the system's ability to prevent food safety problems. (See *Week In Review/Important Events/Controversies*)

Press Contacts With USDA

On December 13, I was interviewed by Chicago, Illinois *WGN* radio/television, the Memphis, Tennessee *Commercial Appeal*, and the Washington, D.C. Howard University student newspaper, *Community News*, regarding my accomplishments as Secretary of Agriculture.

USDA Under Secretary for Natural Resources and Environment Jim Lyons was interviewed this week about reinvention of USDA's natural resources and environment mission area. Interviews included *Associated Press*, *The Oregonian*, *Seattle-Post Intelligencer*, and *Seattle Times*. (See *Secretarial Work on Presidential Initiatives/Streamlining USDA*)

CBS 60 Minutes is working on a follow-up story to a *New York Times* article which alleged that Senator Tom Daschle interfered with the routine USDA Forest Service inspection of forest fire airplanes, jeopardizing the safety of some aircraft. A Forest Service inspector gave an off-duty interview about the claims. Air date is unknown.

David Osborne with *The Washington Post* is researching a story about the Clinton Administration. The reporter has requested information about USDA agriculture programs.

Last week, USDA furnished *NBC Dateline* and *ABC Prime Time Live* an undercover USDA Office of Inspector General (OIG) videotape showing trafficking of Electronic Benefits Transfer cards at an indoor market in Baltimore, Maryland. Also provided were videotapes showing trafficking of food stamps for cash between OIG undercover agents and a grocery store and restaurant owner, as well as a drug dealer selling crack cocaine for food stamps to an undercover agent. An OIG representative was also interviewed by *Dateline*.

The *Los Angeles Times* requested an interview with USDA Acting Assistant Secretary for Marketing and Regulatory Programs Pat Jensen about a meeting she had with a special interest group, Last Chance for Animals, regarding dealers licensed under the Animal Welfare Act.

USDA Under Secretary for Food, Nutrition, and Consumer Services Ellen Haas was interviewed by the *Chicago Tribune* on December 8 for a follow-up story on the Department's School Meals Initiative for Healthy Children.

Significant Freedom of Information (FOIA) Requests

The Union of Concerned Scientists requested copies of all notifications since September 1994 of releases of genetically engineered crops into the environment.

A. Important Events

First GSM Program For China Announced

On December 13, USDA announced its first-ever USDA GSM-102 program for China. Under the agreement, the Department has authorized \$100 million in credit guarantees in connection with sales of U.S. agricultural commodities to China under the USDA Commodity Credit Corporation's (CCC) Export Credit Guarantee Program (GSM-102) for FY95.

The GSM-102 program is used to maintain or increase exports of U.S. agricultural commodities to private or public sector importers in creditworthy countries. Typically, under the program, CCC guarantees repayment of credits extended by U.S. banks to foreign banks covering export transactions. With these guaranteed credits, U.S. exporters can sell more commodities than would otherwise be sold.

Taiwan Fails To Fulfill Agreement To Open Potato Market

Taiwan is indicating it does not intend to fulfill its commitment to open its market to U.S. table stock potatoes produced in Idaho, Washington, Oregon, and California. Efforts are underway to ensure immediate access for U.S. potatoes is provided. It was understood that the remaining phytosanitary-based obstacle barring the entry of U.S. potatoes had been overcome, following an October visit by a Taiwanese plant quarantine inspector. Taiwan authorities have maintained that an agreement has been reached with the United States in the context of the GATT accession talks to open the market upon entry to the World Trade Organization. In addition, Taiwan farmers have planted 1,500 hectares to potatoes. Taiwan authorities have expressed concern that it would be unfair to expose Taiwanese potato farmers to liberalized market forces. Prior to this development, the U.S. industry was preparing to initiate potato shipments to Taiwan, with some shipments already booked for this month. Industry sources estimate that the opening of Taiwan's market would result in \$3 million in new U.S. export sales.

U.S.-Canada Joint Commission On Grains Meets

On December 14, the U.S.-Canada Joint Commission on Grains completed its second meeting with progress reported in a number of areas. The Commissioners conducted an overview comparison on the marketing, distribution, and handling systems in both countries to provide a common understanding of their operation. A review was conducted of the regulatory systems in each country relating to varieties, grading, and inspection. The Commission Co-Chairs are asking the grain industry and producers on both sides of the border to contribute to the Commission's work by submitting written briefs.

The creation of the Commission was agreed to in the recent U.S.-Canada Memorandum of Understanding on cereal grains. The binational Commission of five Canadians and five Americans will examine all aspects of the two countries' marketing and support systems for all grains. The Commission will be in operation through September 11, 1995, and is scheduled to report its preliminary findings and recommendations to both governments by June 12, 1995.

1995 Japan Prize Awarded To USDA Scientist

Dr. Edward F. Knipling, a retired USDA Agricultural Research Service entomologist, has been named winner of the 1995 Japan Prize for his development of environmentally-friendly technologies for controlling insect pests in agriculture without the use of chemicals. Dr. Knipling is best known for development of the sterile insect technique, used for eradicating the screwworm in livestock from the United States, Mexico, and Libya. The screwworm is a devastating insect parasite of livestock. The same technology has been used around the world for control of other insect pests. The \$500,000 award will be given at ceremonies in Tokyo, Japan in April 1995.

Interagency Committee on School Health Meeting Held

USDA Under Secretary for Food, Nutrition, and Consumer Services Ellen Haas attended the December 12 meeting of the Interagency Committee on School Health (ICHS), whose mission is to increase the overall effectiveness of federal leadership in promoting and implementing school health programs. Under Secretary Haas was named as a committee co-chair.

USDA and Dry Sausage Industry Take Action To Reduce Bacteria Risk

On December 9, USDA Food Safety and Inspection Service (FSIS) officials met with representatives of the nation's 250 dry sausage makers to focus on processing procedures to ensure the safety of their product from the dangerous E. coli 0157:H7 bacterium. The meeting and a conference call with industry and Food and Drug Administration representatives was called to discuss the recent recall of 10,000 pounds of dry salami produced by a San Francisco firm. The product has been linked to recent foodborne illnesses in Washington and California.

Public Health Emphasized By USDA

The USDA Food Safety and Inspection Service has reorganized its epidemiology and emergency program activities to form a new, integrated Epidemiology and Emergency Response Program (EERP) that will enhance the public health emphasis of the program's activities and focus agency resources. EERP plans, formulates, and establishes public health programs aimed at controlling the incidence of foodborne

disease linked to the consumption of meat and poultry products. It also provides direction on the development of policies related to public health and assesses the effectiveness of agency strategies and policies to ensure food safety and public health.

EERP operates a foodborne hazard control center to which reports of imminent and actual outbreaks of foodborne disease are directed, and oversees the activities of agency epidemiologists, public health veterinarians, and others involved in identifying and controlling current and potential threats to public health. The goals of EERP are to plan a variety of programs to identify, evaluate, monitor, reduce, and prevent foodborne illness and will maintain liaison with other federal, state, and local public health officials involved in foodborne illness detection and control. It will also lead and coordinate all traceback and recall activities in order to ensure consistency of response, public statements, and accurate representation of USDA policies.

B. Travel

On December 12, I traveled to Lincoln, Illinois to attend the funeral service of former Secretary of Agriculture Edward Madigan.

On December 14, I traveled to Miami, Florida to participate in the Hemispheric Conference on Agribusiness in the Americas during the 18th Annual Miami Conference on the Caribbean and Latin America.

C. Major Speeches

I presented the keynote address for the Hemispheric Conference on Agribusiness in the Americas during the 18th Annual Miami Conference on the Caribbean and Latin America on December 14.

D. Controversies

On December 13, in Texas Food Industry Association v. Espy, a U.S. District Judge denied several supermarket and meat industry organizations' motion to enjoin the USDA Food Safety and Inspection Service from implementing and enforcing its new E. coli 0157:H7 sampling and testing program and the use of regulatory enforcement tools against raw ground beef found to contain this deadly bacteria. The Court found that the plaintiffs did not have a substantial likelihood of success on the merits of their claims. The judge found in favor of USDA on all counts of the plaintiffs' complaint. The plaintiffs have 60 days to appeal the court's order.

SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES

Forest Plan/Pacific Northwest Economic Adjustment Initiative

The Western Forest Health Initiative Report was released by USDA on December 12, with recommendations for specific short- and long-term actions for overcoming barriers to achieving forest health objectives in the nation's national forests. Continued national media interest is expected. Briefings for western state governors and USDA foresters will be scheduled after the holidays.

Empowerment Zones and Enterprise Communities Update

On December 19, I am expected to join Vice President Gore and other Cabinet members to review nominations for rural Empowerment Zones and Enterprise Communities. When final selections are made, I am scheduled to join President Clinton on December 21 to announce the recipients. On December 22, I will travel to recipient communities to celebrate this important designation.

Streamlining Government--USDA Natural Resources

It was announced that an estimated \$75 million in savings will result from USDA Forest Service and USDA Natural Resources Conservation Service (NRCS) reorganization. Most of the savings will occur over USDA's five-year reinvention period. The reinvention proposal calls for a 51 percent reduction in NRCS headquarters staff, saving \$19 million. Co-location of NRCS and USDA Consolidated Farm Services Agency field offices will lead to about \$38 million in savings. The decrease in USDA Forest Service regional offices from nine to seven and a 10-20 percent headquarters reduction will result in another \$17 million in savings.

SECRETARY'S SCHEDULE FOR NEXT WEEK

On December 21, I am scheduled to join President Clinton at The White House to announce the designation of Empowerment Zones/Enterprise Communities in rural areas across the nation. I may travel to the designated sites on December 22 to celebrate with communities which receive these designations. (*See Secretarial Work on Presidential Initiatives/Empowerment Zones and Enterprise Communities Update*)

DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK

On December 21, Deputy Secretary Richard Rominger will attend the President's Management Council meeting in Washington, D.C.

Release No. 0946.94

Tom Amontree (202) 720-4623

USDA TO EXTEND AND TARGET CRP CONTRACTS

WASHINGTON, Dec. 14--Secretary of Agriculture Mike Espy today announced that the Department of Agriculture will take several actions regarding the Conservation Reserve Program, including modifying and extending CRP contracts, improving the targeting of the CRP to more environmentally sensitive acres, and using conservation easements on the most environmentally sensitive acres.

"The CRP has been a tremendously beneficial program for producers and for the general public," Espy said. The Secretary noted that the CRP has saved soil, expanded wildlife habitat and populations, improved soil, air and water quality, enhanced wetlands, and encouraged tree plantings. "At the same time, it has reduced deficiency payments, strengthened farm income, and helped balance the supply and demand of agricultural commodities. The actions announced today will enable the Department to maintain substantial CRP participation and target the CRP to achieve enhanced environmental and conservation benefits," Espy said.

During the 1995 calendar year, the Department will consider requests from CRP participants to be released from their CRP contracts or to modify their current contracts to reduce the amount of acreage subject to it. The Department will also request and consider bids from producers to enroll new acreage in the CRP program subject to new 10 year contracts. To be accepted, the new acreage will have to meet higher environmental and conservation criteria and provide significant soil erosion, water quality, or wildlife benefits. Only the most environmentally beneficial acres would be selected for new contracts. In addition, the amount of new acreage which may be enrolled will not exceed the maximum amount allowed under law. The Department will also establish criteria to ensure that acreage released from current CRP contracts in 1995 can be properly managed for conservation purposes.

In order to target the CRP towards the most environmentally sensitive acres, the Department anticipates that the acreage which will be released from current CRP contracts under this action is acreage that would likely be returned to production upon the expiration of the contract. "By providing an opportunity for CRP participants to request an early release from their contracts, we will be able to retarget the CRP and enroll new, more environmentally sensitive acres under new 10 year contracts," Espy said.

In addition to this action in 1995, the Secretary announced today that the Department intends to offer all CRP participants the opportunity to modify and extend their contracts upon maturity, beginning in 1996. The Secretary of Agriculture is authorized under the provisions of the Food, Agriculture, Conservation, and Trade Act of 1990 (the 1990 Act) to offer, beginning in 1996, CRP participants the opportunity to modify and extend their CRP contracts for another 10 years. This authority applies to 10 year contracts entered into prior to the enactment of the 1990 Act on November 28, 1990.

-more-

The Secretary also has the authority to offer CRP participants who entered into 10 year contracts after this date the opportunity to modify their contracts to extend their expiration date an additional 5 years. CRP participants whose contracts were scheduled to expire in 1995 but who modify the expiration date of their contract to 1996 under the Secretary's announcement on August 24, 1994, would be offered the opportunity to modify and extend their contracts for another 9 years.

Before the Department will modify and extend a CRP contract, the rental rates for the acreage subject to the extended CRP contract will be reevaluated. Depending on prevailing local rental rates for comparable land, some CRP participants may be offered higher rental rates, while others may be offered reduced rates.

CRP participants would also be able to request adjustments in the acreage covered by their contracts. CRP participants would be able to choose to keep all or a portion of their current contractual acreage under the extended contract. In addition, CRP participants would be allowed to shift acreage from the same farm into the CRP even if that acreage was not previously subject to the CRP contract. However, in order to be considered for coverage under the extended CRP contract, any new acreage must be more environmentally sensitive and provide greater soil erosion, water quality, or wildlife benefits than the acreage previously subject to the CRP contract. CRP participants would not be able to increase their total CRP acreage beyond the current contractual level.

In the process of modifying and extending CRP contracts, the Department intends to offer CRP participants the opportunity to place conservation easements on high priority acreage. Both existing and new high priority acreage would be considered for conservation easements. "By purchasing conservation easements, we will be able to ensure that the most environmentally sensitive lands remain protected," Deputy Secretary Richard Rominger said. "In addition, the use of easements will benefit taxpayers, since the Department will no longer be making annual rental payments for land that should be removed from production," Rominger said.

"The actions announced today are farmer and environmentally friendly," Espy concluded. "Farmers can have confidence that the CRP will continue. At the same time, we are targeting the CRP to the most environmentally sensitive acreage in order to achieve enhanced environmental and conservation benefits."

CRP participants will be notified of the opportunity to modify and extend their current CRP contracts by local USDA Consolidated Farm Service Agency (CFSA) offices. The actual terms and conditions of the actions announced today will be developed through the regulatory process, and the Department of Agriculture plans to have regulations in place to implement these actions by the summer of 1995. In addition, as with the current CRP program, the actual level of allowed participation would be subject to the availability of appropriated funds.

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

December 21, 1994

MEMORANDUM FOR: LEON PANETTA, THE WHITE HOUSE
FROM: SECRETARY MIKE ESPY
SUBJECT: Report for the Weeks of December 19 and 26, 1994

KEY DEPARTMENTAL NEWS

Empowerment Zones and Enterprise Communities Announced

Today, I joined President Clinton and Vice President Gore at The White House to announce the designation of Empowerment Zones/Enterprise Communities in rural communities across the nation. After the White House briefing, I talked to farm broadcasters and print reporters about the three rural zones and 30 rural communities in a conference call. Deputy Secretary Richard Rominger and USDA Under Secretary for Rural Economic and Community Development Bob Nash also gave interviews during a broadcast satellite tour today.

On December 22, I will travel to Greenwood, Mississippi to participate in a press conference and celebration for the Mid-Delta Empowerment Zone, consisting of six Mississippi counties with a poverty rate of 45.3 percent. Following the press conference, I will travel to Jackson, Mississippi to lead a television satellite press conference to Kentucky and Texas communities that have been designated as the two other rural zones.

Decision Announced In Spotted Owl Litigation

Today, a federal judge has ruled in favor of the government in upholding the legal merit of the President's Northwest Forest Plan. This is a positive development, but the ruling may yet be appealed to the Ninth Circuit and there may be other lawsuits brought on other grounds.

However, the Court noted "that the federal defendants have acted within the lawful scope of their discretion in adopting the 1994 Forest Plan...The order now entered, if upheld on appeal, will mark the first time in several years that the owl habitat forests will be managed by the responsible agencies under a plan found lawful by the courts." The judge also observed that the Forest Plan was "the result of a massive effort by

the Executive branch of the federal government to meet the legal and scientific needs of forest management. They reflected an unprecedented thoroughness in doing this complex and difficult job." (See *Reuter and Knight-Ridder articles at end of this report*)

Major Wheat and Corn Sales Made To China

USDA announced on December 20 and today that China has purchased approximately 1.5 million metric tons and 300,000 metric tons of wheat, respectively, from the United States. The USDA Commodity Credit Corporation accepted the bids from U.S. exporters under the Export Enhancement Program.

China also purchased 1.45 million metric tons of corn for delivery during the 1994-95 marketing year. These are among the largest U.S. export sales in history on a single day.

THE WEEK AHEAD

Food Aid Agreement To Be Signed

A Title I-funded Food for Progress agreement with Armenia is scheduled to be signed on December 29 by the USDA Foreign Agricultural Service. The agreement will provide \$30 million for commodities and freight on 100,000 metric tons of wheat and up to 20,000 tons of soybeans, with the final quantity of soybeans to be determined by the cost of the wheat and freight.

Abandoned Mine Cleanup Proposal

A joint letter is being developed from USDA and the Department of the Interior to the Environmental Protection Agency which will propose a program without new legislation for control of pollution from abandoned mines on federal lands. The proposal advocates statewide identification and cleanup of prioritized water bodies impaired by abandoned mine discharges. This approach will accelerate the targeting of sites and initiate remediation actions that are highest priority and most effective.

CONGRESS

Key Congressional Visits and Activities

The Florida and California Congressional delegations have written to express their concerns about Mexico's request to expand exports of Hass variety avocados to certain parts of the United States. Both letters urge USDA to delay the introduction

of a workplan for these imports until a pest risk assessment has been completed. The comment period for the Advanced Notice of Proposed Rulemaking regarding Mexico's request was set to close on December 13, but has been extended until January 3, 1995.

USDA received a comprehensive list of questions and requests for information from the Senate Agriculture Committee staff in preparation for the 1995 Farm Bill.

REGULATORY ACTION

The final rule concerning identification of cattle imported from Mexico will permit freeze branding on the tailhead, instead of hot-iron branding on the face, is tentatively scheduled for publication on December 22. This issue generated considerable interest among animal welfare groups, including publication of full-page advertisements in national newspapers. The proposed rule generated 12,600 comments from the public during the rulemaking process.

The USDA Food and Consumer Services (FCS) is developing a proposed rule that will provide food-based menu systems as alternative methods for schools to use in meeting Dietary Guidelines. After publication of this proposed rule, FCS will hold a public meeting to solicit additional input on the food-based menu system proposal. The final rule is expected to be published this summer.

USDA will soon publish a final rule to establish comprehensive regulations concerning the importation of unmanufactured wood particles.

PRESS

Press Conferences

Today, I joined President Clinton and Vice President Gore in announcing the designation of Empowerment Zones/Enterprise Communities in rural areas. After the press conference at The White House, I conducted a conference call with farm broadcasters and print reporters. On December 22, I will hold a press conference in Greenwood, Mississippi and a satellite television news conference to Empowerment Zones in Kentucky and Texas. (*See Key Departmental News/Empowerment Zones and Enterprise Communities Announced*).

Press Contacts With USDA

On December 15, I was interviewed by *Reuters* and *Ag Day News*, an agriculture focused television show that airs on several stations nationwide. The interviews focused on my tenure as Secretary of Agriculture.

The *Livingston Enterprise News* of Livingston, Montana recently interviewed a USDA Animal and Plant Health Inspection Service veterinarian about the possibility that the state will lose its brucellosis-free status because of infected bison migrations from Yellowstone National Park into Montana. USDA stated that it is the responsibility of Montana and the National Park Service to quarantine the bison or test them in the park to protect the state against losing its brucellosis-free status.

The Washington Post, *USA Today*, *Biotechnology Information Center Newsletter*, *Food Insight* magazine, and the Environmental Defense Fund have recently asked for information on how the USDA Animal and Plant Health Inspection Service ensured that a new genetically engineered squash would not grow out of control. There are no reports that the squash has contributed to weed problems.

CNN and *The Washington Post* requested information about a 500,000-bird roost in Manassas, Virginia. The USDA Animal and Plant Health Inspection Service is providing the city with technical advice and supplying city workers with noise-making cannons to discourage the birds from roosting in the area.

CNN's Earth Matters requested data about deer problems across the United States.

The USDA Food Safety and Inspection Service has received numerous calls regarding the release of Australian beef suspected of containing pesticide contamination. (*See Week In Review/USDA Releases Warehoused Beef From Australia*)

Significant Freedom of Information (FOIA) Requests

The Institute for Agriculture and Trade Policy has requested information regarding pesticides, herbicides, fungicides, rodenticides, and other agricultural chemicals and their effects on human health.

WEEK IN REVIEW

Important Events

USDA Releases Warehoused Beef From Australia

On December 15, the USDA Food Safety and Inspection Service (FSIS) announced that it will end the impoundment of Australian beef suspected of having traces of chlorfluazuron, a pesticide not registered in the United States, which had been used on cotton crops later fed to Australian cattle. The FSIS, in consultation with the Environmental Protection Agency and the Food and Drug Administration, tested the meat and the results were negative.

First U.S. Apple Shipment Received In Japan

A small shipment of U.S. apples recently arrived in Japan. This shipment, which consisted of two cartons each of Red Delicious and Golden Delicious apples, was sent to assure that all possible barriers to importation are resolved before the main shipment of U.S. apples arrives in Japan in early January. These are the first U.S. apples to be exported to Japan since 1971. Japanese growers continue to protest the importation of U.S. apples.

Court Rules On "Fresh" Poultry Case

On December 14, the Ninth Circuit Court of Appeals affirmed a lower court's ruling that prohibited the state of California from restricting the use of the term "fresh" on poultry product labels to poultry with an internal temperature above 26 degrees F. The court held that the Federal Poultry Products Inspection Act preempted that portion of the state law.

Current USDA policy permits poultry to be labeled "fresh" under specified temperature levels. This policy is currently under review. As part of the review, the Department has conducted public hearings on the use of the term "fresh" on poultry labels and the Microbiological Advisory Committee will review the scientific literature on temperature effects on poultry to ensure that any change in policy does not create food safety problems. The Department is also developing a proposed rule which would amend the federal poultry products inspection regulations to further define when the term "fresh" may be used on labeling. This issue has been the subject of intense industry, consumer, and Congressional interest.

States Submit Food Stamp Claims For Tax Refund Offset Program

During the past week, 32 states participating in the federal Tax Refund Offset Program submitted their certified files of food stamp claims, which will be referred to the Internal Revenue Service for collection in 1995. The files encompass 187,000 claims, worth about \$100 million. Last year, states' certified files also contained about \$100 million and resulted in collections of more than \$30 million.

Development Of Pesticide Alternative

USDA Agricultural Research Service (ARS) scientists in Weslaco, Texas and Hilo, Hawaii have found preliminary evidence that a blend of yellow and red dye can kill Mediterranean fruit flies (Medflies) and Mexican fruit flies. The dye mixture may have the potential to replace malathion insecticide, which is currently used to control these pests on citrus and other food crops. The dyes are registered by the Food and

Drug Administration for safe use in soap, lipstick, antacid medications, and other drugs and cosmetics. Their use as a commercial insecticide would require approval from the Environmental Protection Agency. ARS is now seeking approval for full-scale trials on the dyes.

USDA Announces Final 1995 Upland Cotton Acreage Reduction Program

Today, USDA announced that the acreage reduction program percentage for the 1995 crop of upland cotton will be 0 percent. This is a reduction from the preliminary level of 7.5 percent announced on October 31 and reflects tightened 1993-crop ending supplies resulting from a significant increase in U.S. upland cotton export sales. The 0 percent level most closely conforms with the applicable statutory requirement regarding the maintenance of the desirable 1995-96 end-of-year stock level. USDA has received an extensive number of Congressional letters regarding the appropriate acreage-reduction level.

SECRETARIAL WORK ON PRESIDENTIAL INITIATIVES

Early Warning Radio System Progress

On December 19, I announced that the first new Early Warning Disaster System transmitter became operational in Piedmont, Alabama. This is the town in which 20 people were killed by a tornado while worshipping in a church on Palm Sunday earlier this year. After the disaster, Vice President Gore and I traveled to the area, where the Vice President ordered the expansion of the early warning system.

SECRETARY'S SCHEDULE FOR NEXT WEEK

I will be on personal leave through December 26.

DEPUTY SECRETARY'S SCHEDULE FOR NEXT WEEK

Deputy Secretary Richard Rominger will be spending the holidays on his farm with his family in California.

14:37 U.S. judge upholds plan for logging in Northwest

SEATTLE, Wash., Dec 21 (Reuter) - U.S. District Judge William Dwyer issued an order uphold federal plan that would reopen public land in the Pacific Northwest to some logging activity.

Dwyer said in a 69-page ruling that arguments raised by environmentalists and timber industry interests were not sufficient to invalidate the plan crafted by the Clinton administration to preserve the old-growth habitat of the northern spotted owl and other species.

Under the plan, about 4 million acres of federally owned lands in Oregon, Washington and northern California would be available for logging.

REUTER [nN21242604]

KNIGHT-RIDDER MoneyCenter News #13759 Received at 3:35P on 21-Dec-94

Federal Judge upholds Clinton plan for Northwest forest management

The Associated Press

Seattle--Dec 21--A federal judge today upheld the Clinton administration's logging plan for the Northwest's national forests, saying environmentalists and the timber industry both failed to prove that it was illegal.

"All claims and arguments asserted by plaintiffs...have been considered, and none would justify invalidation of the plan," US District Judge William Dwyer wrote.

Dwyer ruled in 1991 that the Bush administration was breaking US environmental laws and ordered a halt to logging across millions of acres of national forests that contained the threatened northern spotted owl. That injunction was lifted earlier this year.

After the Clinton administration proposed a new plan, known as Option 9, both environmental and timber industry groups sued.

Clinton projected that the plan would result in about 1 billion board feet of logging annually in federal forests in Oregon, Washington and Northern California, less than one-fourth the rate of the 1980s.

Conservationists said that was still too much and the plan violated federal laws and provided little assurance the owls or troubled fish species would survive.

The timber industry said the plan was illegally prepared in secret and should be thrown out so a new plan allowing more logging could be developed. Clarence Moriwaki, spokesman for the Office of Forestry and Economic Development in Portland, Ore., said the ruling acknowledges the plan is "a desirable balance between protecting the environment and also providing economic opportunities for the region."

Both sides predicted Dwyer would throw out the plan, based on questions he had posed to their lawyers last month.

"The question is not whether the court would write the same plan, but whether the agencies have acted within the bounds of the law," Dwyer wrote. "On the present record the answer to that question is yes."

He said if his order is upheld on appeal, it "will mark the first time in several years that the owl habitat forest will be managed by the responsible agencies under a plan found lawful by the courts."

Dwyer also said Option 9 contains the highest level of logging that would be allowed under the law, and that "any more logging sales than the plan contemplates would probably violate the laws." End