

July 29, 1998

Memorandum For The President

Through: The Honorable Erskine Bowles
From: Secretary Dan Glickman
Subject: Report for Week of July 27, 1998

USDA Fact of the Week:

While per capita consumption of all vegetables remained steady in 1997, consumption of fresh vegetables climbed 4%, as per capita consumption of carrots, cucumbers, lettuce, cantaloupe, and tomatoes set records.

I. KEY DEPARTMENT NEWS

- **USDA Responds to Natural Disasters:** Following the President's announcement on July 23 that Texas farmers and ranchers are eligible for low interest loans from USDA to help them recover from the effects of natural disasters, on July 26 Secretary Glickman extended the same assistance to Oklahoma farmers and ranchers.

On July 28 and 29, Secretary Glickman toured farms hurt by the drought in Oklahoma with Governor Keating, and in Texas. Also on July 28, Secretary Glickman extended by 2 months the length of time farmers may hay and graze acreage enrolled in the Conservation Reserve Program (CRP) without additional penalties; the action was taken to assist farmers in New Mexico, Oklahoma, and Texas who have suffered forage and feed losses as a result of the drought.

On July 29, Secretary Glickman held a round table on the drought, and its effects on the Texas economy, with state officials, farmers, and academics at Texas A & M University.

On July 30, Secretary Glickman will testify before the House Committee on Agriculture on "The State of the Farm Economy," stressing the effects of the drought and other natural disasters on the farm economy, as well as the effects of low commodity prices.

Since the middle of June, USDA has approved \$18.9 million for Colorado, New York, Maine, California, South Dakota, Oklahoma, Ohio, Arizona, Alabama, New Hampshire,

Vermont, Wisconsin, Mississippi, Minnesota, Indiana, Georgia, and West Virginia, to finance clearing debris from clogged waterways, restoring vegetation, and stabilizing flood-damaged river banks.

The 1998-99 season's first official production forecasts for most major spring planted crops, including corn, grain sorghum, soybeans, and cotton, will be released by the National Agricultural Statistics Service (NASS) at 8:30 a.m. EDT on August 12. These forecasts will provide the first measure of adverse weather on the Nation's crops. Any updates to current estimates of planted acreage will also be published in this release.

The 6-10 day outlook for July 30 - August 3 calls for above-normal temperatures nearly nationwide, except in the Southwest, Great Lakes region, and along the East Coast, where near- to below-normal readings are expected. Near-to above-normal rainfall is forecast for the Southwest, central Plains, Corn Belt, and east of the Mississippi River, maintaining or improving soil moisture for summer crops. Worsening drought conditions are anticipated in eastern New Mexico, Texas, much of Oklahoma, and in parts of Arkansas and Louisiana, further stressing livestock and dryland crops.

- **Wildfire Update:** A 300 acre fire is burning near the Kennedy Space Center, but is 40% contained and firefighters expect to have it fully contained by July 29. Meanwhile, the Forest Service reports 2 major fires in Washington, one involving 2100 acres and the others 4000 acres. The possibility of fires remains very high to extreme in Arizona, California, Georgia, Idaho, Michigan, Nevada, Oklahoma, Texas, and Washington.
- **Mexican Fruit Flies Found in San Diego County, California:** Since mid-July, six Mexican fruit flies have been detected in El Cajon, San Diego County, California; USDA and State officials are making plans for eradication activities.
- **Consent Agreement Reached with Ringling Brothers:** On July 15, USDA reached a consent agreement with Feld Entertainment, Ringling Brothers-Barnum & Bailey Circus, in the case of the death of a 3-year old Asian elephant, by which Feld Entertainment will donate \$10,000 to an outside nonprofit sanctuary for elephants, donate \$10,000 for research relating to diseases of elephants, require animal handlers to comply with the requirements of the Animal Welfare Act; and enhance education training programs for animal handlers. The case has been the subject of considerable media and public interest.
- **Flue Cured Tobacco Markets Open:** Demand was not as strong as the first few sales days in 1997. After two sales days, 3,800,930 pounds were sold, averaging \$1.43 to \$1.44 per pound; sales for the comparable period last season were 9,026,114 pounds.
- **Commodity Markets in Review:** Wheat cash and futures prices fell last week, as demand continues to be weak and spring wheat conditions are favorable. Rain and mild

weather in the Corn Belt helped drive down corn and soybean prices. Rice cash prices remained steady, but futures fell as crop conditions continue to improve. Cotton prices dropped in light trading, as growing conditions improved in some Delta states. Cattle cash and futures declined, pressured by large meat supplies. Hog prices rose slightly, following a slowdown in marketing. Strong demand for chicken parts continued to drive broiler prices higher. Butter and cheese prices rose in the face of declining milk production and robust demand for cream.

Average prices for the week ending July 24, 1998

| Commodity | Weekly price | Change from a week ago | Change from a year ago |
|----------------|--------------|------------------------|------------------------|
| Wheat \$/bu | 2.85 | -0.05 | -0.79 |
| Corn \$/bu | 2.25 | -0.05 | -0.23 |
| Soybeans \$/bu | 6.14 | -0.25 | -1.43 |
| Rice \$/cwt | 10.42 | 0.00 | -1.25 |
| Cotton ¢/lb | 73.79 | +0.13 | 1.46 |
| Steers \$/cwt | 59.48 | -0.47 | -5.17 |
| Hogs \$/cwt | 36.10 | +1.90 | -22.90 |
| Broilers ¢/lb | 67.63 | +0.63 | 5.73 |
| Cheese \$/lb | 1.66 | +0.05 | 0.39 |
| Butter \$/lb | 2.07 | +0.08 | 0.97 |
| Milk \$/cwt | 14.53 | -0.02 | NA |

II. USDA WORK ON PRESIDENTIAL INITIATIVES

- **The President's Wheat Initiative:** On July 24, USDA's Kansas City Commodity Office issued its first wheat tender in response to President Clinton's July 18 announcement that, to reduce the current wheat surplus, USDA would purchase more than 80 million bushels of wheat. The tender invites offers to sell to the Commodity Credit Corporation (CCC) up to 550,000 MT of hard red winter wheat for shipment between August 16 - September 30, and must be submitted to USDA by August 3.
- **Presidential Initiative on Food Safety:**

- **Update on Water Park *E. coli* O157:H7 Outbreak in Atlanta:** The *Atlanta Journal-Constitution* published an article stating that beef served during the spring in Madison County (Georgia) schools is emerging as the likely source of the *E. coli* O157:H7 outbreak that affected more than two dozen children at an Atlanta water park. The article says that the contamination was traced to meat manufactured by Bauer Meat Company of Ocala, Florida; however, USDA experts say that the article is misleading because although the patterns of the strains involved are similar, there is no new data and it has not been confirmed that the outbreaks was, in fact, connected to the Bauer Company product.
- **USDA Enforces Food Safety Rules:** On July 21, USDA suspended operations at Grand Champion Foods of Norwich, Connecticut, because sanitary conditions and practices at the plant resulted in product adulteration and misbranding.
- **Presidential Initiative on Race:**
 - **USDA and NAACP Joint Venture:** During the 89th Annual Convention of the NAACP, USDA and the NAACP entered into a joint venture to develop strategies to stem agricultural-related problems that disproportionately affect African-American farmers; USDA and the NAACP have established advisory councils to coordinate and develop a plan of operation.
 - **USDA Workshop Focuses on Working Effectively With American Indians:** One of USDA's Native American Liaison officials will serve as an instructor the week of August 2, at a workshop, *Working Effectively with American Indians*, in Lac du Flambeau, Wisconsin, to improve the delivery of USDA's conservation programs to this historically under-served group.
 - **Outreach to the African American Community:** The Office of Communications is mailing Secretary Glickman's remarks to the NAACP, along with a photograph and a cover letter, to more than 300 African American newspapers and magazines.
 - **Civil Rights Speakers Bureau:** The Agency Support and Special Emphasis Programs Division (ASSEPD) is developing a Civil Rights Speakers Bureau to be implemented by October, 1998.
- **Presidential Initiative on Welfare Reform:**
 - **Welfare Reform Waiver Update:** During the period from July 21, through July 28, USDA approved a request from Idaho for an extension of its current waiver exempting residents of the Duck Valley Indian Reservation from work requirements of the provisions of the Welfare Reform Bill that limit able-bodied

adults between the ages of 18 and 50 without dependents, to 36 months of food stamp participation, unless they are employed for an average of 20 hours a week, or are participating in a work program.

- **Presidential Initiative on Global Climate Change:**
 - On July 24, USDA's lead official on climate change spoke at the Offsets Forum sponsored by the Center for Clean Air Policy, to discuss the provisions of the Kyoto Protocol, the Bonn meeting of the Subsidiary Bodies of the UN Framework Convention on Climate Change, and expectations regarding the upcoming Conference of the Parties in Buenos Aires in November.

III. NOTABLE CONGRESSIONAL ACTIVITY

- On July 28, the Senate Energy and Natural Resources Committee held a hearing on the GAO report on Tongass. Jim Caplan, Acting Regional Forester-Region 10; Tom Mills, Director, Pacific Northwest Research Station, U.S. Forest Service; and Roger Viadero, Inspector General, testified.
- On July 29, the House Agriculture Committee held a hearing on H.R. 4149, the Forest Service Overhead Cost Reduction and Fiscal Accountability Act of 1998. Sally Thompson, Chief Financial Officer, and Francis Pandolfi, Special Assistant to the Chief, U.S. Forest Service, testified.
- On July 29, the Senate Agriculture Committee held a hearing on USDA reorganization, including county office closings and collocations; administrative convergence; and personnel reductions. Deputy Secretary Rominger testified.
- On July 29, the Senate Energy and Natural Resources Committee marked up S. 1719, a bill to direct the Secretary of Agriculture and the Secretary of the Interior to exchange land and other assets with Big Sky Lumber Co.; H.R. 3830, a bill to provide for the exchange of certain lands within the state of Utah; H.R. 2886, a bill to provide for a demonstration project in the Stanislaus National Forest, California, under which a private contractor will perform multiple resource management activities for that unit of the National Forest System; H.R. 3796, a bill to authorize the Secretary of Agriculture to convey the administrative site for the Rogue River National Forest and use the proceeds for the construction or improvement of offices and support buildings for the Rogue River National Forest and the Bureau of Land Management; H.R. 1663, a bill to clarify the intent of the Congress in Public Law 93-632 to require the Secretary of Agriculture to continue to provide for the maintenance of 18 concrete dams and weirs that were located in the Emigrant Wilderness at the time the wilderness area was designated as wilderness in that public law; S. 2039, a bill to amend the National Trails System Act to designate El Camino Real de Tierra Adentro as a National Historic Trail; S. 469, a bill to

designate a portion of the Sudbury, Assabet and Concord Rivers as a component of the National Wild and Scenic River System; S. 2109, a bill to provide for an exchange of lands located near Gustava, Alaska; S. 2276, a bill to amend the National Trails System Act to designate *El Camino Real de los Tejas* as a National Historic Trail; H.R. 2493, a bill to establish a mechanism by which the Secretary of Agriculture and the Secretary of the Interior can provide for uniform management of livestock grazing on federal lands; S. 1102, a bill to amend the general mining laws to provide a reasonable royalty form mineral activities on federal lands, to specific reclamation requirements for mineral activities on federal lands, to create a state program for the reclamation of hard rock mining sites on federal lands; and, S. 326, a bill to provide for the reclamation of abandoned hard rock mines.

- On July 30, the House Resources Subcommittee on Forests and Forest Health will hold a hearing on NEPA equity. Michael Dombeck, Chief, U.S. Forest Service, will testify.
- On July 30, the House Agriculture Committee will hold a hearing on the "State of the Farm Economy." Secretary Dan Glickman will testify.
- On July 31, the Senate Agriculture Committee will hold a confirmation hearing on pending nominations for Charlie Rawls to be General Counsel, U.S. Department of Agriculture, and Keith Kelly to be a member of the Board of Directors of the Commodity Credit Corporation.
- On August 4, the House Resources Subcommittee on Forests and Forest Health will hold an oversight hearing on a GAO study of fire suppression.
- On August 5, the House Agriculture Subcommittee on Department Operations, Nutrition and Foreign Agriculture will hold a hearing to review legislation requiring the Secretary of Agriculture to ensure that food stamp benefits are not provided for deceased individuals. Shirley Watkins, Under Secretary for Food, Nutrition and Consumer Service, will testify.
- On August 6, the House Agriculture Committee will mark up H.R. 4149, the Forest Service Cost Reduction and Fiscal Responsibility Act of 1998.

IV. SECRETARY'S SCHEDULE

- On July 30, Secretary Glickman will testify before the House Agriculture Committee regarding the farm economy crisis.
- On July 30, Secretary Glickman will meet with Senators Breaux and Craig on sugar programs.

- On July 31, Secretary Glickman will meet with Representative Cramer and Senator Shelby on peanut programs.
- From August 2- 3, Secretary Glickman will attend the National Governor's Association Conference, in Milwaukee, Wisconsin.

V. DEPUTY SECRETARY'S SCHEDULE

- From July 29 – August 2, Deputy Secretary Rominger will address the General Session of the Annual Conference for the National Association of County Agricultural Agents, in San Antonio, Texas.
- On August 4, Deputy Secretary Rominger will give the keynote address at the Opening General Session of the 70th Annual National Institute on Cooperative Education, in Anaheim, California.
- On August 5, Deputy Secretary Rominger will address the opening of the Farmers' Market at the Social Security Administration in Baltimore, Maryland.

VI. SUB-CABINET SCHEDULE

- On July 27, 28, and 29 respectively, Under Secretary Woteki and Deputy Under Secretary Wilcox participated in three public food safety meetings in Washington: a Food Safety Inspection Service Public Meeting on Hazard Analysis and Critical Control Points (HAACP) Models; New Food Safety Technology for HACCP; and the National Advisory Committee on Meat and Poultry Inspection (Audio-teleconference on zero tolerance).
- On July 28, Under Secretary Woteki and Deputy Under Secretary Wilcox participated in an interagency meeting of the Foodborne Outbreak Response and Coordination Group (FORCG).
- On July 30, Under Secretary Lyons will speak on the American Heritage Rivers Initiative Event with Congressman Kanjorski in Wilkes-Barre, Pennsylvania.
- On July 31, Under Secretary Long Thompson will attend a Memorandum of Understanding signing on the Mississippi Delta in Memphis, Tennessee.
- On August 4, Assistant Secretary Dunn will speak at the Retail Farmers Market in Inwood, West Virginia.
- From August 5-7, Under Secretary Long Thompson will hold a Panel Discussion on

"Building Economic Self-Determination in Indian Communities," in Washington, D.C.

- On August 7, Under Secretary Woteki will provide the keynote address at FDA's public meeting entitled "Food Safety Risk Assessment, Users and Needs" at the University of Maryland.

VII. MEDIA INQUIRIES AND AMPLIFICATION

Inquiries:

- *Gannet News Service* requested background information on the National School Lunch and Breakfast Programs for a back-to-school story.
- *The Arkansas Democrat Gazette* in Little Rock, Arkansas, requested background on the process by which schools obtain commodities.
- *U.S. News and World Report*: will interview personnel from the Intermountain Regional office, and officials from Sinclair Oil during the week of July 26, on the Snowbasin land exchange between the Forest Service and Sinclair Oil.

Amplification:

- **President's Conference Call with Farm Broadcasters:** On July 23, Secretary Glickman moderated a conference call with President Clinton and farm broadcasters from around the country. From the White House, the Secretary and the President talked with farm broadcasters about the current state of agriculture, and the Administration's efforts to help farmers cope with natural disasters and low farm prices. The President announced that disaster assistance will be available throughout Texas -- which Secretary Glickman designated a disaster area due to drought and excessive heat -- for agriculture producers. Farm broadcasters asking questions were Agrinet, Kill Devil Hills, North Carolina; Brownfield Network, Jefferson City, Missouri; Texas State Ag Network, Dallas, Texas; Arkansas Radio Network-Agriculture, Little Rock, Arkansas; Red River Farm Network, Grand Forks, North Dakota; WHO-AM, Des Moines, Iowa; WGNS-AM, Murfreesboro, Tennessee. (Each network feeds to dozens, even hundreds, of farm radio stations in different regions of the country.) Approximately 170 print and radio reporters from around the country listened through telephone lines to the conference call.

USDA Radio broadcast live coverage, and USDA satellite TV news provided an actuality of President Clinton and Secretary Glickman announcing measures to help farmers hurt by drought, and other weather disasters.

USDA issued a news release July 23 on President Clinton's announcing that disaster

assistance will be available throughout Texas for agriculture producers suffering losses because of the summer's drought, and Secretary Glickman's announcing the designation of the entire state as a disaster area. Promising to get assistance quickly to qualifying agricultural producers, the President said, "We can't make it rain, but we can extend help to farmers who are suffering losses through no fault of their own."

USDA issued a news release July 26 on Secretary Glickman's designating most counties in Oklahoma (66 of the state's 77 counties) as disaster areas due to drought and excessive heat. The Secretary also announced the President was sending him to Oklahoma and Texas to view damaged farmland, and to let producers in those states know the Administration is moving quickly and efficiently to get them assistance.

On July 26, Secretary Glickman discussed the effect of drought on farms throughout the country, and announced disaster assistance to Oklahoma on CBS's "Face the Nation;" On July 23 Secretary Glickman discussed the effect of the weather on farmers and consumers in a live interview on CNN, and in *Newsweek*; while Under Secretary for Food and Foreign Agricultural Services Gus Schumacher discussed the weather and its effect on farmers in an interview with CNBC, and emergency loans in interviews with the *Houston Chronicle* and the *Fort Worth Star-Telegram*.

- **Transportation Summit:** Secretary Glickman, along with Transportation Secretary Rodney Slater, addressed USDA's national summit, "Agricultural Transportation Challenges for the 21st Century" July 27 in Kansas City, Missouri. In his remarks, the Secretary said agricultural transportation priorities are important to the Administration, especially when farmers are struggling. He also emphasized the connection between strong transportation systems and a vital farm economy. The two-day discussion of critical transportation issues affecting American agriculture, which was attended by representatives from government, industry, and academia, attracted strong media coverage. Secretary Glickman and Secretary Slater answered questions from summit participants and held a media availability. The Secretary also taped an interview with Ag Radio WHB for its daily farm show July 27.
- **Administration Support for Farm Co-ops:** Deputy Secretary Richard Rominger will deliver the keynote address at the National Council of Farmer Cooperatives August 4, in which he will discuss Administration support for co-ops, and their increasing importance since passage of the Farm Bill.

VIII. FOIA REQUESTS

Nothing of significance to report this week.

IX. WEEKEND CONTACT

Greg Frazier

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August 5, 1998

Memorandum For The President

Through: The Honorable Erskine Bowles
From: Secretary Dan Glickman
Subject: Report for Week of August 3, 1998

USDA FACT OF THE WEEK

Released July 31, USDA's most recent report of agricultural prices showed that overall, the prices farmers received in July remained steady from their June levels; however, the pressure on certain commodities continued deepening the slump in key markets as corn prices fell 7.5% in July, wheat was off 7%, beef prices dropped 6%, and hogs returned 14% less in July than they did in June.

I. KEY DEPARTMENT NEWS

- **USDA Responds to Continuing Disaster Conditions:** Following his July 30 testimony to the House Agriculture Committee on the state of the farm economy, concentrating on the natural disaster conditions afflicting many parts of the agriculture sector, Secretary Glickman addressed the same subject in a speech to the natural resources committee of the National Governors Association, on August 3.

On August 5, Secretary Glickman declared the entire state of South Carolina a disaster area, making farmers and ranchers there eligible for low interest economic emergency loans.

To date, USDA has made 143 counties in 11 states eligible to hay and graze Conservation Reserve Program (CRP) acreage in response to feed shortage conditions and is readying to make additional counties in the northern Plains eligible.

Currently, USDA estimates paying \$1.6 billion in crop insurance indemnities this year as a result of disaster-related agricultural losses; losses in Texas alone may range as high as \$700 million.

The National Agricultural Statistics Service's first survey-based 1998 production

forecasts for cotton, corn, sorghum, rice, soybeans, sugarcane, and sugar beets will be published in the August 12 *Crop Production*. In addition, new survey-based production forecasts will be issued for winter wheat, durum, other spring wheat, barley, and oats. USDA's projections of U.S. supply, use, and prices for 1998/99 will be published, at the same time, in the *World Agricultural Supply and Demand Estimates* report. The *WASDE* report will contain world and country-specific supply and use forecasts for wheat, corn, coarse grains, rice, cotton, soybeans, and soybean products. The report will also include projections of 1998 and 1999 U.S. livestock product and dairy supply, use, and prices.

The 6-10 day outlook for August 6-10 calls for warm and mostly dry conditions west of the Rockies. In most areas from the Rockies eastward, rainfall will be near- to above-normal, benefiting reproductive crops. The exception will be central and southern Texas, where hot, mostly dry weather is forecast to continue. Temperatures are anticipated to be near normal on the central Plains and below normal in the Corn Belt and Southeast.

- **Wild Fire Update:** 2 major fires are burning in the southern area, a 10,350 acre fire in Oklahoma and an 1800 acre fire in Texas; a 3000 acre fire is burning at Tule Lake, California; and a 1400 acre fire at the Pinnacle National Monument in southern California. To date this fire season, 53,201 fires have burned 2.5 million acres, both slightly over the ten year average.
- **Senate Confirms USDA Nominees:** On July 31, the Senate confirmed Charlie Rawls as USDA's new General Counsel and Keith Kelly, Administrator of the Farm Service Agency, to become a member of the board of directors of the Commodity Credit Corporation. Secretary Glickman swore both in on August 3.

In separate but related developments, Secretary Glickman announced the following personnel appointments: Frank Stegner-Castro as the new deputy general counsel and Anne Keys Kennedy and Glenda Humiston as deputy under secretaries for natural resources and the environment.

On August 5, Secretary Glickman and J. Brian Atwood, administrator of the U.S. Agency for International Development (USAID), announced the initial list of countries eligible for U.S. food donations under the initiative: Afghanistan; Albania, Bosnia, and Macedonia; Bangladesh; the Caucasus region; Ethiopia and Eritrea; Honduras; Indonesia; Moldova; Mongolia; Nicaragua; Peru; the Sahel region of Africa; southern Sudan; West Africa; and Yemen.

- **USDA Wins Meatpacking Concentration Case:** On July 31, the Judicial Officer of the Department of Agriculture issued an order against IBP, Inc., the nation's largest meat packer, preventing it from entering into or continuing any agreement, contract, arrangement or understanding that contains a right of first refusal that provides that IBP

may obtain livestock by matching the highest previous bid for the livestock. The decision also affirmed USDA's position that harm to competition can be proven by a showing of harm to competitors instead of requiring the higher standard of harm to competition.

- **USDA Bills Northeast Dairy Compact Commission:** This week, USDA billed the Northeast Interstate Dairy Compact Commission \$2.8 million to compensate the Commodity Credit Corporation (CCC) for dairy product purchases that resulted from milk production increases in the Compact region.
- **Asian Long-Horned Beetle in Chicago:** USDA has confirmed that the Asian long-horned beetle is in the Ravenswood neighborhood of Chicago, Illinois. The beetle is believed to have been introduced to the area from China through crating and packing material used for shipping, and attacks maple, horsechestnut, poplar, willow, elm, mulberry, black locust, and other hardwood trees. The Illinois Department of Agriculture has quarantined the infested area, and USDA will provide technical and scientific expertise in planning and executing the reforestation of the area after the infested trees have been removed.
- **Medfly Update:** On August 1, USDA and state officials began ground treatments for Medflies in San Diego County, California, and on the same date, began the third aerial treatment of malathion in a 33.5 square-mile treatment area near Sebring, Florida.
- **Developments Affecting Agricultural Trade:** Following entreaties from the highest levels of the US government, France has agreed to comply with the EU's decision to permit the importation of 2 varieties of genetically-modified corn, keeping a \$200 million market for US growers open.

On July 29, the EU threatened to impose a new duty on shipments of US corn gluten feed, if the WTO rules against the US quota on wheat gluten, or if the US quota extends beyond the scheduled expiration of June, 2001.

From July 23 through July 29, USDA facilitated the export of 3922 metric tons of dairy products through the Dairy Export Incentive Program to destinations worldwide.

On July 31, in accordance with IMF-sought market reforms, Indonesia's state buying agency, BULOG, held its first open tender, and awarded US exporters 235,500 tons.

EU wheat export subsidies continue undercutting US wheat by \$2-3 per ton.

- **Commodity Markets in Review:** Cash and futures prices for wheat fell last week, pressured by weak demand and growing supplies. Widespread beneficial showers over the Corn Belt last week pushed down prices for corn and soybeans. Rice prices were

steady. Cotton cash and futures prices sagged, following improved crop conditions (except in Texas). Cattle prices dropped on indications that red meat output would increase in coming weeks. Hog prices rose as packers stepped up slaughter in response to attractive prices. Broiler prices moved up as product markets remain strong. Butter prices advanced in the face of tight inventories. Cheese prices were unchanged.

Average prices for the week ending July 31, 1998

| Commodity | Weekly price | Change from a week ago | Change from a year ago |
|------------------|---------------------|-------------------------------|-------------------------------|
| Wheat \$/bu | 2.72 | -0.13 | -0.95 |
| Corn \$/bu | 2.12 | -0.13 | -0.50 |
| Soybeans \$/bu | 5.92 | -0.22 | -1.65 |
| Rice \$/cwt | 9.38 | -1.04 | -2.29 |
| Cotton c/lb | 71.01 | -2.78 | -1.46 |
| Steers \$/cwt | 59.18 | -0.30 | -7.35 |
| Hogs \$/cwt | 36.65 | +0.55 | -20.30 |
| Broilers c/lb | 68.30 | 0.67 | 6.42 |
| Cheese \$/lb | 1.66 | 0.00 | +0.37 |
| Butter \$/lb | 2.12 | +0.05 | +1.02 |
| Milk \$/cwt | 14.60 | +0.07 | NA |

II. USDA WORK ON PRESIDENTIAL INITIATIVES

• **Presidential Wheat Purchase and Donation Initiative:**

- On August 4, USDA completed its first tender to purchase 550,000 tons of wheat under the President's initiative to remove approximately 2.5 million tons surplus wheat from the domestic market, paying \$61 million for an average price of \$4.12 per bushel.

• **Presidential Initiative on Food Safety:**

- **Second Quarterly Enforcement Report Shows Most Meat and Poultry Plants are in Compliance:** On August 3, USDA released its second quarterly report on

enforcement activities in U.S. meat and poultry plants, from April 1 through June 30, that shows that large plants with HACCP systems operating according to requirements 93 percent of the time, compared with 92 percent during the first quarter. During the second quarter since HACCP implementation, USDA issued 16,979 noncompliance Reports.

- **Presidential Initiative on Welfare Reform:**

- **USDA Continues Fight Against Food Stamp Fraud:** Last week, USDA's Operation Talon resulted in 49 more arrests, bringing the number of felons arrested under the initiative to 3013; the fugitives are located and arrested by cross matching food stamp rolls against lists of outstanding warrants.
- **New Hampshire Begins EBT Pilot:** On August 3, 1998, New Hampshire began an EBT pilot in Concord, delivering food stamps and cash to 2,200 households; statewide expansion will begin in October and will be completed by the end of November 1998.
- **Welfare Reform Waiver Update:** During the period from July 28, through August 4, USDA approved a request from California to extend, modify and reinstate a waiver exempting residents of 9 counties from the work requirements the Welfare Reform Bill that limit able-bodied adults between the ages of 18 and 50 without dependents to 36 months of food stamp participation unless they are employed for an average of 20 hours a week or are participating in a work program. Although 24 counties qualified for an exemption on the basis of unemployment exceeding 10 percent, California only requested a waiver for 9 of those counties. The waiver is retroactive to April 1, 1998.

- **Presidential Initiative on Race:**

- During his August 5 remarks to the conference on Building Economic Self-Determination in Indian Communities, Secretary Glickman announced \$340,000 in new assistance, bringing USDA's total assistance to Native Americans to over \$44 million over the last 2 years. The new awards will provide \$24,500 to the Oneida Tribe in Indiana for processing and marketing white corn; \$99,800 to 450 Native American livestock producers in Arizona for a new corral to improve marketing opportunities; and \$180,000 to the Red Lake Band of the Chippewa to construct a new window share manufacturing facility.
- **Nonprofit Corporation Status Approved for Native American Tribal Group:** USDA has approved the establishment of the Wakanyeja Owayanke Tipi (WOT), as a nonprofit corporation under tribal law on July 29, which will operate on tribal land located in Mellatte County, South Dakota, and will be an eligible grant

recipient for USDA's community facilities grant program.

- On July 30, USDA's chief of staff taught two courses at Harvard's Kennedy School of Government on changing the culture of large organizations, using the Secretary's civil rights initiative as a case study.

III. NOTABLE CONGRESSIONAL ACTIVITY

- **Congress Passes Bill to Advance Payments to Farmers:** On August 3, the House cleared for the President legislation that will allow farmers to take their 1999 farm program payments in October, making \$5.5 billion available 3 months early.
- On July 30, the House Resources Subcommittee on Forests and Forest Health held a hearing on the application of NEPA. Michael Dombeck, Chief, U.S. Forest Service, testified.
- On July 30, the House Agriculture Committee held a hearing on the "State of the Farm Economy." Secretary Glickman testified.
- On July 31, the Senate Agriculture Committee held a confirmation hearing on pending nominations for Charlie Rawls to be General Counsel, U.S. Department of Agriculture, and Keith Kelly to be a member of the Board of Directors of the Commodity Credit Corporation.
- On August 4, the House Resources Subcommittee on Forests and Forest Health held an oversight hearing on a GAO study of fire suppression. Janice McDougal, Associate Deputy Chief, State and Private Forestry, U.S. Forest Service, testified.
- On August 5, the House Agriculture Subcommittee on Department Operations, Nutrition and Foreign Agriculture held a hearing to review legislation requiring the Secretary of Agriculture to ensure that food stamp benefits are not provided for deceased individuals. Shirley Watkins, Under Secretary for Food, Nutrition and Consumer Service, testified.
- On August 5, the House Resources Committee will mark up several land exchange bills affecting the forest service.
- On August 6, the House Agriculture Committee will mark up H.R. 4149, the Forest Service Cost Reduction and Fiscal Accountability Act of 1998.
- On August 13, the Senate Agriculture Committee will hold a field hearing in Lewistown, Idaho, on wheat pricing and other grower issues. Witness to be announced.

IV. SECRETARY'S SCHEDULE

- On August 5, Secretary Glickman addressed the conference on Building Economic Self-Determination in Indian Communities on "Doing Business in Indian Communities."
- On August 7, Secretary Glickman will be interviewed by CBS "60 Minutes" correspondent Ed Bradley, on civil rights at the USDA.
- On August 11, Secretary Glickman will attend farm forums in Abilene and Stephenville, Texas, with Representative Stenholm.

V. DEPUTY SECRETARY'S SCHEDULE

Nothing of significance to report this week.

VI. SUB-CABINET SCHEDULE

- On August 6, Under Secretary Schumacher will attend the conference on Building Economic Self-Determination in Indian Communities's panel on "Building Economic Self-Determination in Indian Communities," in Washington, D.C.
- On August 7, Under Secretary Watkins will speak before the National Black Nurses Association in Phoenix, Arizona.
- On August 7, Under Secretary Woteki will provide the keynote address at FDA's public meeting entitled "Food Safety Risk Assessment, Users and Needs" at the University of Maryland. She will give an overview of the President's Food Safety Initiative with an emphasis on the role of risk assessment.
- On August 11, Under Secretary Woteki, Deputy Under Secretary Wilcox, Administrator Billy, and others will participate in a media event warning consumers against using color as an indicator of hamburgers' having been cooked to a safe temperature.
- From August 12-13, Under Secretary Schumacher will address the Nebraska Grain and Feed Association in Kearney, Nebraska.

VII. MEDIA INQUIRIES AND AMPLIFICATION

Amplification:

- **News conference on IMF funding:** Secretary Glickman joined Representative Leonard S. Boswell (D-Iowa) July 30 in a telephone news conference from Capitol Hill with Iowa media to discuss the International Monetary Fund.
- **Interview with Louisiana Media on Farm Economy:** Secretary Glickman and Senator John Breaux (D-Louisiana) discussed the farm economy in a televised broadcast to Louisiana television stations (recorded in the Senate television studio) July 31.
- **Speech on Farm Crisis:** Secretary Glickman delivered a speech on the farm crisis and the Administration's efforts to build a farm safety net before the Natural Resources and Environment Committee of the National Governors Association in Milwaukee, Wisconsin, August 3.
- **Speech About Indian Country:** Secretary Glickman will speak about agriculture and economic development at the inter-agency conference, "Building Economic Self Determination in Indian Communities," in Washington, D.C., August 5. His remarks will focus on USDA's part in fulfilling President Clinton's efforts to create stronger government-to-government relations.
- **Deputy Secretary Toured Drought Devastation in Texas, Delivered Speech:** Deputy Secretary Richard Rominger spoke to the National Association of County Agricultural Agents in San Antonio, Texas, July 30, followed by a media availability attended by local and regional reporters. Mr. Rominger focused on Administration efforts to help drought-stricken farmers by declaring disaster areas in Florida, Texas, and Oklahoma, and authorizing wheat purchases to help Northern Plains farmers while easing hunger in the developing world. Mr. Rominger also discussed drought and administration efforts to help farmers in interviews with the *San Antonio Express* and Channel 14-San Antonio. On July 31, the Deputy Secretary toured farms affected by the heat in Cameron, Hildago, and Starr Counties, accompanied by reporters.
- **Administration Support for Farm Co-ops:** Deputy Secretary Richard Rominger is delivering the keynote address at the National Council of Farmer Cooperatives August 4. He is discussing Administration support for co-ops, their increasing importance since passage of the Farm Bill, and other issues of interest to co-ops, in addition to Administration actions to assist farmers during the recent crisis and federal feeding program purchases.

Inquiries:

- **Civil rights interview:** CBS's "Sixty Minutes" will interview Secretary Glickman on civil rights, August 7.
- A reporter from the *New York Times* is researching an article on U.S. food shipments

under humanitarian exceptions U.S. sanctions. We understand the story may be published in the Sunday, August 9 edition of the *Times*.

- There has been significant media interest following the detection of a single Medfly in Marin County, California earlier in July. APHIS personnel in Los Angeles conducted interviews with, or provided information for, KGO radio, Channel 4 TV (San Francisco), the *San Francisco Chronicle*, and the *Argus Courier*.

VIII. FOIA REQUESTS

Nothing of significance to report this week.

IX. WEEKEND CONTACT

Greg Frazier

August 12, 1998

Memorandum For The President

Through: The Honorable Erskine Bowles
From: Secretary Dan Glickman
Subject: Report for Week of August 10, 1998

USDA Fact of the Week

USDA's current 1998 crop production and world agricultural supply and demand estimates, released August 12, project a record soybean harvest this year; the second largest ever corn crop; a sharply lower cotton harvest, 24% under last year's level, due to drought damage to the Texas crop, and flooding in California; wheat prices an additional 15 cents per bushel lower; and continued unexpected heavy meat production, putting severe pressure on cattle and hog prices.

I. KEY DEPARTMENT NEWS

- **USDA Employee Killed in Embassy Attack:** The explosion at the U.S. Embassy in Nairobi, Kenya, killed a USDA Foreign Agricultural Service employee, Evans Onsongo, a Kenyan working as the agricultural specialist in the FAS office. Two other FAS employees; Lydia Mbithi, the office secretary, and Moses Kinyua, the clerk-messenger for the Nairobi office, were also injured.
- **USDA Responds to Continuing Natural Disasters Afflicting Agriculture:** Touring agricultural damage near Sydney, Texas with Congressman Stenholm on August 11, Secretary Glickman announced that he was designating all or parts of Iowa, Montana, and Wyoming as disaster areas, making farmers and ranchers there eligible for low interest economic emergency loans.

On the same date, Secretary Glickman announced that USDA will improve the crop insurance program for barley and spring wheat grown in the Dakotas and Minnesota by increasing the coverage level to 85%, increasing the yield floor to 100%, and expanding the income protection plan.

To date, USDA has permitted farmers and ranchers in 168 counties in 13 states to hay

and graze land enrolled in the Conservation Reserve Program (CRP) in response to adverse weather conditions.

This year's drought has triggered abnormally high levels of aflatoxin, a carcinogen, in the corn crop in Arkansas, Georgia, Louisiana, Mississippi, and Texas with some levels exceeding 300 parts per billion, the FDA-established tolerance for cattle feed, making the corn virtually worthless. To cope with the incidence of aflatoxin in peanuts, USDA has amended its grading regulations to permit growers to clean and resubmit for testing and grading peanuts that initially test positive, thus giving peanut farmers an opportunity to bring their crop into compliance with standards set for domestic, human consumption.

In a separate but related development, USDA has paid over \$53 million in loan deficiency payments – payments made to farmers when they redeem commodity loans at local prices below the loan rate – thus far this crop year; virtually all of the payments, over \$52 million, have been paid on wheat loans, reflecting the severe pressure wheat prices have suffered in recent weeks.

The National Weather Service 6-10 day outlook for August 13-17 calls for warm, mostly dry weather in the West, favoring fieldwork and crop development. Favorable conditions for reproductive crops are expected to continue in the Corn Belt, with near-normal temperatures and rainfall. Above-normal precipitation and below-normal temperatures are forecast for the Southeast. Some rain is possible in parts of the South-Central States' drought area, but dry weather is expected to continue in southern Texas.

- **Wildfire Update:** During the last week, 2594 fires burned 46,021 acres, and currently the Forest Service is working to contain 2 new large fires on the Salmon-Challis National Forest in Idaho, having contained 7 large fires elsewhere in Idaho, Oregon, Texas, Utah, and Washington. To date this fire season, 52,742 fires, 96% of the 10 year average, have burned 1.7 million acres, 78% of the 10-year average. Very high to extreme fire indices remain in 13 states in the Plains, Southwest, Pacific Northwest, and California.
- **Secretaries Jointly Proclaim National Breastfeeding Week:** Secretary Glickman and Secretary Shalala proclaimed August 1-7, 1998 as National Breastfeeding Week, the first time that National Breastfeeding Week has been proclaimed by the two major Federal agencies that play a significant role promoting and supporting breastfeeding.
- **Deputy Secretary Kicks Off Farmers' Markets at Social Security Administration in Baltimore:** On August 5, Deputy Secretary Rominger attended a ceremony at the Social Security Administration in Baltimore, initiating a series of farmers' markets at the facility. Hundreds of pounds of food were donated through the Baltimore Area Gleaning Network following the event.

In a separate, but related development, USDA staff in Illinois recovered 14,000 pounds of green beans, 18,000 pounds of sweet corn, and 6,000 pounds of potatoes, and distributed them to low-income families in central and southern Illinois this season.

- **USDA Recognized for Disabled Program:** Prince George's County Summer Youth Initiative recognized USDA Agricultural Research Service's Beltsville Agricultural center for having the outstanding High School/High Tech program in 1998. A program for disabled individuals sponsored by the President's Committee on Employment of Individuals with Disabilities.
- **Medfly Update:** USDA, State, and local officials completed the first application of malathion and bait, within a 20 meter radius of all Medfly find sites in San Diego county, California on August 7. Three additional treatments will be applied.

In Orange County, control personnel have put into place a 60 square mile agricultural quarantine, and began applying malathion August 8.

On August 8, USDA and state officials completed the fourth aerial treatment of malathion in Highlands County, Florida.

- **Dairy Export Incentive Program Activity:** From July 30 through August 5, USDA approved subsidies to facilitate the export of 6675 metric tons of dairy products to destinations in Asia, the former Soviet union, and Latin America.
- **Milk Prices Take Another Large Jump:** On August 5, USDA announced that the basic Formula Price (BFP) for milk in July was \$14.77 per hundredweight, the second consecutive large monthly increase in the BFP since its seasonal low of \$10.88 in May; since then, the BFP has increased over 35 percent in 2 months, and is up 36 percent from the previous year.
- **Commodity Markets in Review:** Wheat cash and futures prices fell slightly last week, but gained support late as indications pointed to a poorer-than-expected spring wheat crop. Corn and soybean prices dropped, as weather continued to be favorable for crop development. Rice futures rose in anticipation of a smaller crop in the South, while cash prices remained steady. Cotton futures prices rose sharply last week following lowered U.S. crop conditions and flooding in cotton-growing areas around China's Yangtze River, while cash prices fell along with the drop in the Step 2 payment rate. Cash cattle prices were mostly steady, while futures rose on optimistic forecasts of post-Labor Day demand. Live hog prices declined as pork production remains well ahead of year-ago levels. Good demand for chicken parts continues to drive broiler prices higher. Butter prices rose as production is well below last year and demand for butterfat remains strong. Cheese prices were unchanged.

Average prices for the week ending August 7, 1998

| Commodity | Weekly price | Change from a week ago | Change from a year ago |
|------------------|---------------------|-----------------------------------|-----------------------------------|
| Wheat \$/bu | 2.68 | -0.04 | -1.03 |
| Corn \$/bu | 2.01 | -0.11 | -0.54 |
| Soybeans \$/bu | 5.50 | -0.42 | -1.92 |
| Rice \$/cwt | 9.38 | 0.00 | -2.01 |
| Cotton c/lb | 70.41 | -0.60 | -1.88 |
| Steers \$/cwt | 59.11 | -0.03 | -6.40 |
| Hogs \$/cwt | 35.40 | -1.25 | -21.35 |
| Broilers c/lb | 69.06 | +0.76 | +6.90 |
| Cheese \$/lb | 1.66 | 0.00 | +0.27 |
| Butter \$/lb | 2.15 | +0.03 | +1.04 |
| Milk \$/cwt | 15.27 | +0.67 | NA |

II. USDA WORK ON PRESIDENTIAL INITIATIVES

- **Presidential Initiative on Food Safety:**

- **USDA Enforces Food Safety Inspection Rules:** On August 6, USDA suspended operations at V.H. Paris Company, of Santa Fe Springs, California, based on repetitive process deficiency reports (PDR's) for failure to follow sanitation standard operating procedures in verification and monitoring, including record-keeping, product contamination from condensation, and insanitary conditions throughout the plant.

- **Presidential Initiative on Welfare Reform:**

- **Arrest of Largest Food Stamp Fraud Ring in New York:** A 2 year undercover operation by the Office of Inspector General, U.S. Department of Agriculture, has resulted in the dismantling of the largest food stamp fraud ring

ever in New York, and the arrests of nine individuals on a food stamp fraud and money laundering conspiracy involving tens of millions of dollars worth of food stamps; arrests of numerous other individuals are underway with their assistance of the Federal Bureau of Investigation.

- **Arkansas Implements a Simplified Food Stamp Program:** On August 3, Arkansas began operating a simplified food stamp program for certain households receiving Temporary Assistance for Needy Families (TANF) payments, under which the state will simplify how food stamp benefits are calculated by using a standard shelter deduction and the same income and resource requirements that are used for its TANF program; the program will cover approximately 10 percent of the state's food stamp caseload.

- **Presidential Initiative on Race:**

- To date this fiscal year, USDA has made over 3000 direct farm loans, worth over \$170 million, to minority and beginning farmers.

III. NOTABLE CONGRESSIONAL ACTIVITY

- On August 13, the Senate Agriculture Committee will hold a field hearing in Lewistown, Idaho, on wheat pricing and other grower issues. Witness to be announced.
- On August 15, the House Resources Subcommittee on Forests and Forest Health will hold a field hearing in Espanola, New Mexico, on the management of national forests in northern New Mexico by the U.S. Forest Service. Witness to be announced.
- On August 21, the Senate Energy and Natural Resources Committee will hold a field hearing in Kenai, Alaska, on federal and state agency efforts to control the spruce bark beetle epidemic in Alaska. Witness to be announced.
- On September 2, the House Agriculture Committee will hold a field hearing in Portland, Oregon, to review the forest management practices in Region 6 of the United States Forest Service. Witness to be announced.

IV. SECRETARY'S SCHEDULE

- On August 13, Secretary Glickman will hold farm forums with Representative LaFalce near Buffalo, New York, and will join Secretary Cuomo's Erie Canal Corridor Conferences in Lockport, and Oswego, New York.

V. DEPUTY SECRETARY'S SCHEDULE

- On August 14, Deputy Secretary Rominger will address the Federation of Southern Cooperatives on civil rights issues at the USDA, in Epes, Alabama.

VI. SUB-CABINET SCHEDULE

- On August 11, Under Secretary Woteki, Deputy Under Secretary Wilcox, Administrator Billy, and others will participate in a media event designed to bring increased attention to FSIS' warning against consumers' relying on color to determine whether a hamburger has been cooked to a safe temperature. They will emphasize the need to always use a thermometer when cooking ground meat and poultry. Mainstream and trade media representatives from both within and outside the D.C. area have been invited to attend the briefing in person or participate via conference call. Bradford Berry (ARS) will share findings of the agency's study on premature browning of ground beef patties. Penny Adcock (CDC) will discuss the Center's epidemiological data. A press release and other materials have been prepared.
- On August 11, Assistant Secretary Dunn will speak at the Marketing Workshop for Limited Resource Farmers, Producers, Woodlot Owners and Ranchers in the Southeastern States in Washington, D.C.
- From August 12-13, Under Secretary Schumacher will address the Nebraska Grain and Feed Association in Kearney, Nebraska.
- On August 13, Under Secretary Watkins will speak before the Centers for Disease Control National Leadership Conference in Atlanta, Georgia.
- From August 13-15, Under Secretary Lyons will address an Outdoor Retailers Association Meeting in Salt Lake City, Utah.
- On August 18, in a Los Angeles event that includes Rep. Lucille Roybal-Allard, Deputy Under Secretary Wilcox will speak before the Food Industry Business Roundtable on the President's Food Safety Initiative, and on August 19, she will visit the FSIS District Office in Alameda before traveling to Idaho to speak at an August 21 and 22 meeting of the National Meat Association.

VII. MEDIA INQUIRIES AND AMPLIFICATION

Amplification:

- On August 12, Secretary Glickman met with reporters to discuss USDA's plans for implementing legislation the President signed earlier the same date to speed the making of farm program payments for fiscal year 1999 and USDA's most recent crop production and world agricultural supply and demand estimates, focusing on the need for congressional action for an adequate disaster assistance package.

Inquiries:

- Several reporters have contacted APHIS for information on the Asian longhorned beetle outbreak in Chicago, trade issues, and APHIS' exclusion activities relating to recent finds of this pest: the *Windsor Star* (Canada), *Detroit Free Press*, *Chicago Sun Times*, WLS (Chicago's ABC affiliate), and CNN.

VIII. FOIA REQUESTS

- David P. Martin of the Rose Law Firm, representing Mountaire Farms Corporation, requested any and all documents or records relating to any and all FOIA requests USDA received since January 1, 1998, for annual reports for Piedmont Poultry, Inc.; Piedmont Poultry Farms, Inc.; Piedmont Poultry Company, Inc.; Piedmont Poultry Processing, Inc.; and Mountaire Farms, Inc.

IX. WEEKEND CONTACT

Greg Frazier

Home: 202.543.7643

Pager: 800.710.5528

September 2, 1998

Memorandum For The President

Through: The Honorable Erskine Bowles
From: Secretary Dan Glickman
Subject: Report for Week of August 31, 1998

USDA Fact of the Week:

On August 28, USDA again lowered its estimate of FY98 agricultural exports, this time by 4%, evidence of further softening in farm commodities markets. USDA also documented in its most recent report, issued August 31, the prices farmers received for their products: In August alone, farmers received 4% less for wheat than they did in July, 10% less for corn, 13% less for soybeans, hogs returned 52% less in August, 1998 than they did one year ago, and cattle prices were off 10% for the same period while prices for milk and broilers bucked the trend, both up 8% from July levels, with August broiler prices setting a record.

I. KEY DEPARTMENT NEWS

- On September 2, Secretary Glickman held tobacco related events in North Carolina with Representatives Clayton and Etheridge.
- **Conservation Reserve Enhancement Program:** The Secretary traveled to Valhalla, New York, August 26 where he announced \$10.4 million in funding for the New York City Watershed Conservation Reserve Enhancement Program (CREP), a federal-state initiative to protect New York City's drinking water.
- **USDA Responding to Natural Disasters:** In preparation for final action on the FY99 agricultural appropriations bill, USDA has re-estimated damages from drought and related causes based on its most recent crop reports and forwarded for OMB clearance a farm relief proposal.

In response to drought conditions, USDA has allowed farmers and ranchers with severe forage losses and shortages in 203 counties in 13 states to hay and graze acreage enrolled in the Conservation Reserve Program (CRP).

Partly as a result the drought, this year's corn crop, especially in the south, has been hard hit with aflatoxin, a carcinogen; in some parts of Texas, as much as 70% of the crop has tested over the levels set for human consumption, further lowering the price farmers are receiving for their crop.

During Hurricane Bonnie, USDA supplied 2 emergency response coordination teams to FEMA for preparations for the disaster and recovery efforts.

USDA officials met with Florida agricultural officials on August 27 to begin preparations for a multi-year program to eradicate citrus canker, which is spreading and causing substantial losses to Florida citrus growers; the ultimate federal cost of such a program could be substantial.

- **Farm Weather Outlook:** The NWS 6-10 day outlook for September 3-7 calls for continued hot, dry weather in the West. In the Corn Belt, seasonable temperatures will continue to favor corn and soybean development. Below-normal temperatures and near- to above-normal precipitation are predicted in the South, easing drought conditions.
- **Wildfire Update:** Within the past week, 1867 fires have burned over 70,000 acres; most notably, 5 fire complexes in southern California have consumed over 20,000 acres as well as numerous structures. While the potential for fire remains extreme in many parts of the west because of dry, windy conditions, the number of fires this season is on par with the 10 year average but the number of acres burned is 25% below that average.
- **USDA Donates Computer Equipment to Local Schools:** USDA donated 200 pieces of computer equipment, valued at \$10,000, to 20 elementary, middle, and high schools in Prince Georges County, Maryland.
- Secretary Glickman announced August 31 the appointment of Samuel Chambers, Jr., of Rochester Hill, Michigan, as administrator of USDA's Food and Nutrition Service.
- **YourSELF Nutrition Education Kits Distributed:** USDA is distributing a new instructional kit free of charge, to all middle schools in the country; YourSELF is one of the first Federal information efforts on nutrition and physical activity that speaks directly to adolescents.
- **Trade Developments:** While USDA lowered its projections of FY98 agricultural exports, wine exports for this year are nearly 40% over last year's rate, and likely to set another record.

On August 20, for the first time, USDA extended credit guarantees for the export of agricultural commodities to Vietnam.

On August 21, USDA donated 42,700 tons of wheat to a consortium of private voluntary organizations for aid projects in Bosnia and Herzegovina and on August 26, donated 15,000 tons of wheat flour to Winrock, International for aid projects in Angola.

For the week ending August 26, USDA provided subsidies to facilitate the export of 307 metric tons of dairy products to customers in Africa, the Middle East, and South America.

- **Commodity Markets in Review:** Commodity prices for most agricultural commodities, except dairy products, declined. Wheat futures and cash prices fell because of large global supplies and weak demand attributed to continuing financial turmoil. Corn prices moved sharply downward as farmers increased marketings and traders anticipated the harvest of the second largest crop in history. Good weather conditions in the Corn Belt last week helped undercut prices for soybeans and soybean products. Many traders expect the U.S. soybean crop to exceed USDA's August 12 forecast. Rice futures moved lower on news of improved crop prospects in the South and a significant downturn in U.S. and overseas financial markets. Cotton prices rose on fears of potential damage from Hurricane Bonnie, but quickly declined when damage was less than expected. Dairy product prices generally strengthened. Butter prices rose on tight supplies and limited production. Milk prices strengthened due to strong demand and lower milk production. The August BFP futures contract closed above expectations.

Average prices for the week ending August 28, 1998

| Commodity | Weekly price | Change from a week ago | Change from a year ago |
|----------------|--------------|------------------------|------------------------|
| Wheat \$/bu | 2.59 | -0.07 | -1.29 |
| Corn \$/bu | 1.85 | -0.12 | -0.81 |
| Soybeans \$/bu | 5.34 | -0.17 | -1.82 |
| Rice \$/cwt | 9.25 | 0.00 | -0.60 |
| Cotton c/lb | 72.81 | -0.38 | +2.27 |
| Steers \$/cwt | 57.61 | -1.30 | -8.05 |
| Hogs \$/cwt | 33.50 | -2.10 | -18.35 |
| Broilers c/lb | 70.18 | -0.41 | +8.48 |
| Cheese \$/lb | 1.66 | 0.00 | +0.27 |
| Butter \$/lb | 2.34 | +0.18 | +1.31 |
| Milk \$/cwt | 15.41 | +0.06 | NA |

II. USDA WORK ON PRESIDENTIAL INITIATIVES

- Presidential Initiative on Food Safety:** On August 27, USDA; HHS; and EPA announced an October 2 public meeting to discuss and begin development of a comprehensive strategic federal food safety plan, to fulfill a commitment made in their 1997 report to the President, *Food Safety from Farm to Table*, to reduce the incidence of acute and chronic foodborne and waterborne illnesses.

USDA Issues for Shell Egg Protection: On August 27, USDA issued new regulations for refrigeration and labeling of shell eggs requiring that shell eggs packed for consumer use be (1) stored and transported under refrigeration at an ambient temperature not to exceed 45 degrees Fahrenheit; (2) labeled to state that refrigeration is required; and (3) include a certification that the eggs, at all times after packing, have been stored and transported at an ambient temperature of no greater than 45 degrees F.

- Welfare Reform Waiver Update:** During the period from August 25 through September 1, USDA received inquiries from Louisiana and Texas regarding extension of waivers of the provisions of the welfare reform law that limit food stamp

participation to 3 months in any 36-month period for able-bodied adults between the ages of 18 and 50 without dependents, unless the individuals are employed for an average of 20 hours a week or are participating in a work program; both states requested that their waivers coincide with the Federal fiscal year and that approval be based on the Labor Surplus Area (LSA) designation for the current fiscal year.

- **Presidential Initiative on Race:** On August 25, Secretary Glickman signed a cooperative agreement that will provide the Cherokee Nation with technical assistance and information to manage the delivery of USDA programs.
- **Presidential Initiative on Global Climate Change:** On September 10, USDA will host a climate change briefing for agricultural industry representatives, as part of the climate change outreach effort led by the White House Climate Change Task Force, focusing on agricultural sources of emissions and enhancing agricultural carbon sinks, and to solicit ideas on how to work better with the agricultural sector.

III. NOTABLE CONGRESSIONAL ACTIVITY

- On September 2, the House Agriculture Committee held a field hearing in Portland, Oregon, to review the forest management practices in Region 6 of the United States Forest Service.
- On September 10, the Senate Governmental Affairs Committee will continue its series of hearings on the safety of food imports.

IV. SECRETARY'S SCHEDULE

- On September 3, Secretary Glickman will meet with Senator Daschel about emergency farm assistance needs, and with several other senators, including Senators Johnson, Craig, and Burns about country of origin meat and poultry labeling.

V. DEPUTY SECRETARY'S SCHEDULE

Nothing of significance to report this week.

VI. SUB-CABINET SCHEDULE

- From August 31-September 1, Under Secretary Long Thompson will address the Kentucky Highlands Investment Corporation 30th Anniversary Reception.

- From September 1-4, Assistant Secretary Dunn will meet with Chinese government officials on the Asian Longhorned Beetle in Beijing, China.
- On September 1-3, Deputy Under Secretary Caren Wilcox will attend the Quadrilateral Discussions on Food Safety in Baltimore.
- On September 1, Under Secretary Lyons will make a site visit to the White Mountain National Forest in Laconia, New Hampshire.
- On September 3, Under Secretary Schumacher, will attend U.S./Canadian Bilateral Meetings on International Biotechnology and Trade in Ottawa, Canada.

VII. PRESS INQUIRIES AND AMPLIFICATION

Inquiries:

- Gannett News Service is conducting in-depth research concerning participation and cost issues in the food stamp program.
- The *Arkansas Democrat Gazette* asked the legislative status of USDA's "second chance" proposal, which would give a safety net to farmers who had defaulted on loans.
- *The New York Times* asked about the CREP announcement in New York (see "Key Department News" for details).

Amplification:

- Secretary Glickman announced September 1, that USDA's Food and Nutrition Service, which oversees the National School Lunch and School Breakfast Programs, added a health insurance check-off box to its prototype application for free and reduced-price school meals.

VIII. FOIA REQUESTS

Nothing of significance to report this week.

IX. WEEKEND CONTACT

Greg Frazier

September 9, 1998

Memorandum for the President

Through: The Honorable Erskine Bowles
From: Secretary Dan Glickman
Subject: Report for Week of September 6, 1998

USDA Fact of the Week

U.S. pear exports set a record during the marketing year that ended June 30; the 165,000 tons exported were nearly 40% more than the amount sold overseas last year, bringing in \$90 million, 21 percent more than last year.

I. KEY DEPARTMENT NEWS

- **Vice President Gore Announces \$17.2 Million For Farmland Preservation:** On September 2, Vice President Gore announced that the Department of Agriculture will provide \$17.2 million to 19 States through the Farmland Protection Program, a program designed to protect farmland from urban development.
- **USDA to Award Distance Learning and Telemedicine Funding:** Secretary Glickman is scheduled to announce the Telecommunications Program's Distance Learning and Telemedicine loan and grant awards during a radio bridge with the media on September 10. USDA will award grants for \$12.5 million, and an estimated \$3.8 million in loans to 61 projects in 30 states.
- **USDA Taking Steps to Restrict Infestations of Asian Long-horned Beetle:** On September 11, in Chicago, accompanied by Senator Mosley-Braun and Mayor Daley, Secretary Glickman is scheduled to announce that USDA is issuing a proposal to restrict the use of untreated wood packing materials, the source of the Asian Long-horned beetle that devastated neighborhoods in New York last year, and is currently threatening trees in areas of Chicago and its suburbs. The proposal will have the most immediate and direct affect on China, which makes extensive use of these materials; senior USDA officials led a multiagency team to Beijing last week to brief Chinese officials of the action.

- **Wildfire Update:** 6100 fires burned over 210,000 acres last week, bringing the number of fires this fire season in line with the 10-year average, while the area burned remains only 75% of the 10-year average. The most intense fire activity of the past week occurred in Montana, where several large fires broke out and fire indices remain extreme.

Tragically, a fire fighter was killed last week outside of Williams, California, when the driver of a stolen truck struck the fire engine in which he was riding.

- **Cattle Feeders in Three States Organize Marketing Boycott:** Cattle feeders in Nebraska, Colorado, and Kansas have organized a temporary boycott against selling cattle by price formula, insisting on making only cash sales: to date, USDA has detected little affect on cattle markets.

- **USDA Commodity Program Update:** With prices falling to levels not seen in two decades for some crops, the use of USDA's commodity loan programs has risen dramatically in recent weeks: This harvest, USDA has made over 22,000 loans worth over \$521 million, and paid almost \$200 million in loan deficiency payments, the amount between the loan recipients local price and the principal amount of the loan.

USDA has begun to accumulate modest amounts of grain that farmers have pledged as collateral on commodity loans and forfeited, rather than repaying the loans, having taken over 8 million bushels of wheat and corn this year. Loans on approximately 113 million bushels of corn and almost 15 million bushels of soybeans come due this month.

Meanwhile, USDA has seen substantially heavier use of the tobacco loan program this year than last, although prices are up modestly from last year, \$161 per hundredweight this year compared to \$159 per cwt.

Finally, as of August 28, USDA has made \$416 million on so-called cotton step II payments, payments designed to keep U.S. cotton priced competitively in world markets, leaving only \$285 million in the program through 2002.

- **Trade Developments:** USDA has suspended Russia from USDA's agricultural export credit guarantee program after it missed a \$20 million payment; USDA officials expect that Russia will eventually make the payment, reinstating it for eligibility for additional credits.

In the week that ended September 2, USDA provided subsidies to facilitate the export of 878 metric tons of dairy products to customers in Asia, Africa, the former Soviet Union, and Middle East.

During the week of August 31, a Chilean buyer made the first purchase of U.S. wheat

in over a year, dating from an occasion when Chile imposed a ban on U.S. shipments after Karnal bunt was discovered.

- **Commodity Markets in Review:** Wheat futures rose slightly last week, following corn prices up, but average cash prices fell. Corn and soybean futures were boosted by hopes of improved demand, but harvest pressure forced cash prices down. Rice futures advanced on concerns over tightening world supplies, while cash prices were unchanged. Cotton futures rose sharply on worries about the quality of the U.S. crop, but cash prices dropped slightly. Cattle prices fell in line with weakening wholesale beef prices. Live hog prices plunged below \$30/cwt as negatives dominate the market (large supplies of red meats, poor export prospects). Broiler prices remained firm, but potential problems with exports to Russia are a significant concern. Butter prices rose strongly in heavy trading, as stocks remain tight. Cheese prices were unchanged.

Average prices for the week ending September 4, 1998

| Commodity | Weekly price | Change from a week ago | Change from a year ago |
|----------------|--------------|------------------------|------------------------|
| Wheat \$/bu | 2.54 | -0.05 | -1.36 |
| Corn \$/bu | 1.77 | -0.08 | -0.90 |
| Soybeans \$/bu | 5.21 | -0.13 | -1.78 |
| Rice \$/cwt | 9.25 | 0.00 | -0.60 |
| Cotton ¢/lb | 72.21 | -0.60 | +1.70 |
| Steers \$/cwt | 57.35 | -0.23 | -7.97 |
| Hogs \$/cwt | 28.44 | -5.06 | -21.81 |
| Broilers ¢/lb | 70.92 | +0.74 | +9.23 |
| Cheese \$/lb | 1.66 | 0.00 | +0.27 |
| Butter \$/lb | 2.81 | +0.47 | +1.77 |
| Milk \$/cwt | 15.15 | -0.26 | NA |

- **Farm Weather Outlook:** The National Weather Service 6-10 day outlook for September 13-17 calls for continued very warm, mostly dry weather in the West. In the Corn Belt, near- to above normal temperatures and near- to below-normal rainfall will promote the development of immature crops. Above-normal precipitation and below-normal temperatures are forecast from eastern Texas to the southern Atlantic Coast, easing the 6-month drought but threatening cotton in the open boll stage of

development. Unfavorably warm, mostly dry weather is expected on the southern Plains, delaying winter wheat planting.

II. USDA WORK ON PRESIDENTIAL INITIATIVES

- **Presidential Initiative on Food Safety:**
 - **USDA Issues Proposal Limiting Water in Raw Meat and Poultry Products:** On September 1, USDA will publish a proposed rule to prohibit retained water in raw meat and poultry products unless it is unavoidable in meeting food safety requirements, such as *Salmonella* reduction, and would require label disclosure of retained water, if any. The proposal has been the subject of intense industry action, including legal action.
 - **USDA Announces Training Sessions on New Meat and Poultry Inspection Rules:** On September 3, USDA announced that it will hold 20 public meetings on HACCP implementation, for small plant managers to prepare for the HACCP small plants-implementation date of January 25, 1999; the first two meetings will be held on September 19 in Raleigh, North Carolina, and September 26 in College Park, Maryland.

III. NOTABLE CONGRESSIONAL ACTIVITY

- On September 15, the House Resources Subcommittee on Forests and Forest Health will hold an oversight hearing on forest roads.
- On September 17, the House Resources Subcommittee on Forests and Forest Health will hold an oversight hearing on the Forest Service's management of back-country airstrips.

IV. SECRETARY'S SCHEDULE

- On September 11, Secretary Glickman will hold an event related to stopping the Asian Long-horned Beetle with Senator Mosley-Braun, in Chicago, Illinois.
- On September 14, Secretary Glickman will attend events with Representative McGovern in Dartmouth and Westport, Massachusetts.
- On September 15, Secretary Glickman will attend a briefing on desertification in the Indian Treaty Room.

V. DEPUTY SECRETARY'S SCHEDULE

- On September 10, Deputy Secretary Rominger will address the National Rural Development Partnership national conference at Sawmill Creek, Ohio.
- On September 11, Deputy Secretary Rominger will attend an Ohio State University conference on "The Performance of State Programs for Farmland Retention: A National Research Conference," in Columbus, Ohio.
- On September 11, Deputy Secretary Rominger will attend a Back-to-School event in Columbus, Ohio.

VI. SUB-CABINET SCHEDULE

- On September 9, Assistant Secretary Dunn will speak at the dedication ceremony for the APHIS Plant Protection and Quarantine Center for Plant Health Science and Technology in Raleigh, North Carolina.
- On September 10, Assistant Secretary Dunn will speak to the United Fresh Fruit and Vegetable Association in Washington, D.C.
- On September 11, Under Secretary Watkins will be the dinner speaker at the annual conference of the United Fresh Fruits and Vegetable Association, Washington, DC.
- On September 12, Chief Economist Keith Collins will address the Cotton Board Annual Meeting in Austin, Texas.
- On September 15, Under Secretary Woteki will discuss food safety at the 50 States Meeting in Kansas City, Missouri. Deputy Under Secretary Wilcox will provide conference closing remarks on September 17.
- On September 17, Under Secretary Watkins will speak before the annual Child and Adult Care Food Program Sponsor's Association Conference, in Dallas, Texas.
- On September 17, Under Secretary Woteki will address the Food and Agriculture Committee, National Policy Association, meeting in Washington. She will discuss "HACCP Regulations and Food Safety."

VII. PRESS INQUIRIES AND AMPLIFICATION

Inquiries:

- On September 2, Foreign Agricultural Service Administrator Lon Hatamiya was interviewed by *Gannett News Service* to discuss the U.S. position on the upcoming multilateral trade negotiations.
- The *Chicago Sun-Times* requested and received background on the food stamp quality control system.
- The *Hartford Courant* inquired about Connecticut's correspondence to Secretary Glickman concerning a proposal to privatize all data currently conducted by its State agencies.
- The *Wall Street Journal* published a story on September 4 about the expected publication of a proposed rule to prohibit the amount of water in meat and poultry products unless it is necessary to meet food safety requirements. The agency issued a press release on September 4. Reuters, Bloomberg, and the Bureau of National Affairs requested additional background information.
- *Donrey Newspapers* of Arkansas ran two stories based on interviews of meat and poultry inspectors' union officials were quoted as claiming that the total number of inspectors will be reduced. USDA is involved with negotiations with the union and is honoring its contract with the bargaining unit.
- A reporter from Reuters contacted ERS for information on the effect of the Russian economic crisis, and specifically the devaluation of the ruble, on U.S. agricultural exports to Russia, especially poultry.

VIII. FOIA REQUESTS

- The *Arkansas Democrat-Gazette*, Little Rock, Arkansas, requested performance-based information related to meat and poultry inspection for the state of Arkansas.
- KCBS-TV 2 of Los Angeles, California, requested copies of meat and poultry inspection deficiencies from 1995 to the present, on establishments in Southern California.

IX. WEEKEND CONTACT

Greg Frazier

Home: 202.543.7643
Pager: 800.710.5528

September 16, 1998

Memorandum For The President

Through: The Honorable Erskine Bowles
From: Secretary Dan Glickman
Subject: Report for Week of September 13, 1998

USDA Fact of the Week

Released September 11, USDA's most recent World Agricultural Supply and Demand Estimates document the continuing weakness in the farm economy: This fall, farmers will harvest the largest-ever soybean crop, propelled in part by the second highest yield per acre, pushing prices down 28% from 1997 levels to the lowest level since 1986; corn prices are expected to fall 27% from last year's level; wheat prices will be down 26% from 1997; and livestock prices are suffering similar pressure, as USDA expects cattle prices to fall 6% from last year while hog prices will fall to historic low levels, down 34% from 1997.

I. KEY DEPARTMENT NEWS

- **USDA Responds to Farm Crisis:** On September 15, Secretary Glickman joined the President, in an address to the National Farmers Union, in calling on Congress to pass emergency assistance to help farmers suffering from natural disasters and low prices. They indicating support for the provisions of the Conrad-Dorgan assistance package attached to the FY99 agricultural appropriations bill, and the Daschle-Harkin amendments to the FY99 Interior appropriations bill, which were initially rejected by a 56-43 vote on September 14, but may be offered again.

On September 10, Secretary Glickman wrote to Senator Daschle expressing his support for agricultural relief amendments that, among other things, provide \$1.5 billion for the disaster reserve program, and lift the caps on commodity loans for 1998 crops. In a related development, the House of Representatives overwhelmingly voted to instruct conferees on the FY99 agricultural appropriations bill, to provide an assistance package to farmers and to designate such spending as emergency spending.

On September 11, USDA announced changes to its marketing assistance loan program,

making corn harvested for silage and corn with aflatoxin eligible for the program. The change will make the program more flexible and responsive to farmers' marketing decisions, and provide additional assistance to corn farmers. Its consideration was the subject of considerable public and Congressional interest.

In addition, USDA has made farmers and ranchers in parts of Texas and Oklahoma eligible for assistance through the Emergency Conversation Program, to refurbish livestock ponds that dried during this summer's drought in preparation for next year.

- **Asian Long-horned Beetle:** On September 11, Secretary Glickman, joined by Senator Moseley-Braun, and Mayor Daley, toured the Asian Long-horned beetle-infested area of Ravenswood, one of three Chicago neighborhoods recently quarantined. During the inspection, Secretary Glickman unveiled emergency regulations banning entry into the United States of untreated solid wood packing materials from China, the source of the beetle infestation.
- **USDA Funds Distance Learning Projects:** On September 10, during a radio bridge with 40 reporters across the country, Secretary Glickman announced the 1998 recipients of the Distance Learning and Telemedicine Loan and Grant Program. USDA will award \$12.5 million in grants and \$3.5 million in loans, funding 60 projects in 29 states and one territory.
- **USDA Funds Rural Business Projects:** On September 16, Secretary Glickman announced that USDA will award over \$135 million in business and industry loans and grants to 48 projects in 24 states.
- **USDA Awards Market Development Grants:** On September 14, in Westport, Massachusetts, and accompanied by Representative McGovern, Secretary Glickman announced that USDA was awarding \$687,000 to 16 projects designed to help farmers develop innovative approaches to marketing their products.
- **USDA Sets 1999 Sugar Tariff-Rate Quotas:** On September 16, Secretary Glickman set the initial FY99 sugar tariff-rate quota (TRQ) at 1,164, 937 metric tons, slightly under the FY98 level, and announced that if USDA's quarterly estimates of the sugar stocks-to-use ratio equals 15.5% or less, USDA will increase the TRQ in tranches of 150,000 metric tons, also slightly under the level used in FY98. USDA expects the announcement to generate considerable interest with the sugar growing, refining, and using sectors, and their respective congressional representatives.
- **Wildfire Update:** New fire starts are minimal with only 3 fires over 500 acres reported, 2 in Montana and 1 in California. To date this fire season, while the number of fires exceeds the 10-year average, the acres burned is only 73% of the 10-year average.

- **Fall Color Hotline:** The Forest Service Fall Foliage Color Hotline started September 6, and will update weekly regional foliage activity. The Forest Service is also establishing a web site providing fall foliage color information, by region.
- **USDA Promotes Dairy Exports:** From September 3-9, USDA approved subsidies to facilitate the export of 546 metric tons of dairy product to customers in Africa, Latin America, and the Middle East.
- **Commodity Markets in Review:** Wheat cash prices rose last week because of a pickup in corn prices, but futures fell on USDA's drop in its forecast of wheat exports. Corn cash and futures prices were up last week, as traders believed that USDA would not change its 1998/99 production forecast. Rice cash and futures prices dropped on prospects for higher yields in California and the Delta states. Soybean cash fell slightly for the week as a whole, but futures received a boost late in the week from increased crush and rising soybean oil prices. Cotton prices eased, deflated by abundant foreign supply and weakening export demand. Cattle cash prices were up slightly last week, but futures rose sharply, supported by commodity funds. Hog prices rose, supported by an uptick in wholesale pork. Broiler prices dropped slightly on worries about the Russian market. Butter prices fell by 2 cents but demand continues extremely strong. Cheese prices rose modestly.

Average prices for the week ending September 11, 1998

| Commodity | Weekly price | Change from a week ago | Change from a year ago |
|----------------|--------------|------------------------|------------------------|
| Wheat \$/bu | 2.57 | +0.03 | -1.24 |
| Corn \$/bu | 1.84 | +0.06 | -0.78 |
| Soybeans \$/bu | 5.18 | -0.02 | -1.79 |
| Rice \$/cwt | 8.88 | -0.37 | -1.00 |
| Cotton ¢/lb | 71.79 | -0.41 | +1.03 |
| Steers \$/cwt | 57.42 | +0.20 | -9.73 |
| Hogs \$/cwt | 28.69 | +0.19 | -21.36 |
| Broilers ¢/lb | 70.26 | -0.09 | +8.47 |
| Cheese \$/lb | 1.68 | +0.02 | +0.28 |
| Butter \$/lb | 2.79 | -0.02 | +1.71 |
| Milk \$/cwt | 15.28 | +0.13 | NA |

II. USDA WORK ON PRESIDENTIAL INITIATIVES

- **President's Clean Water Action Plan:** On September 16, Secretary Glickman and EPA Administrator Browner released the joint USDA-EPA proposed strategy for controlling wastes from animal feeding operations; the strategy, featured in a September 14 story in *The Washington Post*, is likely to generate further and considerable public, industry, media, and congressional attention.
- **President's Initiative on Food Safety:**
 - **USDA Enforces Meat and Poultry Inspection Requirements:** On September 14, USDA suspended operations at Saad Wholesale, Inc., in Detroit, Michigan, based on Sanitation Standard Operating Procedures (SSOP) failure.

On September 9, USDA officials suspended operations at Allendale Beef Company, in Allendale, Michigan, based on zero tolerance and SSOP deficiencies that caused direct product contamination.
 - **USDA Asks for Recall of Various Pork Cuts:** On September 14, USDA recommended a recall of 14,545 pounds of various pork cuts imported from Maple Leaf Foods, Inc., of Burlington, Ontario, after analysis of a routine monitoring sample detected sulfamethazine above the tolerance level; two firms received and distributed the product in the United States.
 - **USDA Announces Meeting on Risk Analysis for Bovine Spongiform Encephalopathy (BSE) in the United States:** USDA will hold a September 28 public meeting, to examine the joint USDA--Harvard University School of Public Health risk analysis, to assess the potential pathways for entry of BSE into U.S. cattle and the U.S. food supply, to evaluate existing regulations and policies, and to identify additional measures to protect human and animal health.
- **President's Food Aid Initiative:** On September 15, Secretary Glickman announced that, within 2 weeks, USDA will begin shipping 19 million bushels of wheat, and 45,000 tons of wheat flour and bulgur to the World Food Program for distribution to Afghanistan, Bangladesh, the Caucasus, Ethiopia, Eritrea, Guinea-Bissau, Indonesia, the southern Balkans, Liberia, Peru, Southern Sudan, and Yemen.
- **President's Initiative on Welfare Reform:** During the period from September 2, through September 9, USDA received a request from Maine to extend a waiver of provisions of the welfare reform bill that limit able-bodied adults between the ages of 18 and 50, without dependents, to 36 months of food stamp participation, unless they are employed for an average of 20 hours a week, or are participating in a work program. Under Maine's proposals, residents of 10 towns and labor market areas

would continue to be exempt, based on insufficient jobs.

- **President's Initiative on Empowerment Zones:** USDA awarded \$5 million for water and sewer projects in Hidalgo and Cameron Counties in the Rio Grande valley empowerment zone; the project will provide a new and major water line from Santa Maria to four sewage collection systems.
- **President's Initiative on Global Climate Change:** On September 10, USDA held a climate change briefing for Washington-based agricultural industry representatives, as part of the climate change outreach efforts led by the White House Climate Change Task Force.
- **Back to School:** On September 11, Deputy Secretary Rominger participated in a Back-to-School lunch event at Mifflin Middle School in Columbus, Ohio, introducing an eighth grade class to USDA's new "yourSELF" nutrition education program; his visit was covered by the *Columbus Dispatch*, the local ABC affiliate, and WOSU-FM radio.

On September 14, Deputy Under Secretary Paradis held a Back-to-School event at Chestnut Accelerated Middle School in Springfield, Massachusetts, during which she also showcased USDA's "yourSELF" program, and conducted a nutrition roundtable with state and local education officials and teachers, nutritionists, and community leaders; the local ABS and NBC affiliates and the *Springfield Union-News* covered her appearance.

III. NOTABLE CONGRESSIONAL ACTIVITY

- **Farm Disaster Assistance:** On September 10, Secretary Glickman wrote to Senator Daschle expressing his support for agricultural relief amendments that, among other things, provide \$1.5 billion for the disaster reserve program, and lift the caps on commodity loans for 1998 crops. However, the Senate defeated the amendment, offered to the FY99 Interior appropriations bill, by a 56-43 vote on September 14.

In a related development, on September 15, the House of Representatives overwhelmingly voted to instruct conferees on the FY99 agricultural appropriations bill to provide an assistance package to farmers, and to designate such spending as emergency spending.

- **USDA Appropriations Measure:** On September 15, the House finally appointed conferees to the FY99 agricultural appropriations bill, and USDA expects the conference committee to begin meeting once the leadership determines the final allocation for the measure, which depends, in part, on the size of the farm disaster assistance package, and whether such spending is designated as emergency spending.

As of this writing, the Senate continues its work on the FY99 Interior appropriations bill, which Secretary Glickman has indicated he would recommend the President veto, should it be presented in its current form.

- On September 17, the House Resources Subcommittee on Forests and Forest Health will hold an oversight hearing on the Forest Service's management of back-country airstrips. Richard Patterson, Acting Director, Recreation, Heritage and Wilderness Resources, U.S. Forest Service, will testify.
- On September 23, the Senate Agriculture Committee will hold a hearing on state and private forestry fiscal management. Witness to be announced.
- On September 23, the House Agriculture Subcommittee on Department Operations, Nutrition and Foreign Agriculture will hold a hearing on the Emergency Food Assistance Enhancement Act of 1998. Ed Cooney, Deputy Administrator, Special Nutrition Programs, Food and Nutrition Service, will testify.
- On September 24, the Senate Governmental Affairs Subcommittee on Permanent Investigations will hold a hearing on the safety of food imports. Mr. Thomas Billy, Administrator, Food Safety and Inspection Service, will testify.

IV. SECRETARY'S SCHEDULE

- On September 19, Secretary Glickman will attend the Kansas State Fair, addressing the farm crisis, and holding media events.

V. DEPUTY SECRETARY'S SCHEDULE

Nothing of significance to report this week.

VI. SUB-CABINET SCHEDULE

- On September 16, Under Secretary Woteki will participate in the Institute of Medicine's Food Forum meeting, which will include a discussion of the President's Council on Food Safety and the National Academy of Sciences report, "Ensuring Safe Food From Production to Consumption."
- On September 17, Under Secretary Shirley Watkins will speak before the Annual Child and Adult Care Food Program (CACFP) Sponsor's Association Conference in Dallas, Texas.

- On September 17, Under Secretary Woteki will address the Food and Agriculture Committee of the National Policy Association, on "HACCP Regulations and Food Safety," in Washington, D.C.
- On September 18, Under Secretary Shirley Watkins will join Representative Clayton in speaking to the Black Farmers of America in Washington, DC.
- On September 24, Under Secretary Shirley Watkins will address the International Public Market Conference in Seattle, Washington.
- On September 24, Under Secretary Lyons will address the Public Lands Council Meeting in St. George, Utah.
- On September 24, Assistant Secretary Dunn will speak at the National Waterways Conference in New Orleans, Louisiana.

VII. MEDIA INQUIRIES AND AMPLIFICATION

Inquiries:

- The September 1998 issue of *Government Executive* contains a feature on Under Secretary Shirley R. Watkins.
- On September 4, *The Baltimore Sun* published a positive story on new nutritional guidelines for school lunches.
- On September 17, the *New York Daily News* food editor is scheduled to interview Under Secretary Woteki on food safety issues of interest to consumers.
- The *Arkansas Democrat* and the *Los Angeles Times* inquired about the proposed rule, "Retained Water in Raw Meat and Poultry Products; Poultry Chilling Performance Standards," published in the September 11 *Federal Register*.

Amplification:

- On September 10, Deputy Assistant Secretary Siddiqui led a Voice of America Worldnet satellite broadcast, with Chinese reporters, on the Asian Long-horned Beetle. Viewing and participating in this broadcast were Chinese, U.S. and third-country media, representatives from the Shanghai Commercial Inspection Bureau's Packaging Inspection Unit and Inspection Management Office, and the Shanghai Foreign Economic Relations and Trade Commission. Media in attendance were Xinhua News

Agency-Beijing, *China Daily*, the *Futures Exchange Guide*, AP-POW Jones, *The New York Times*, The Associated Press, Voice of America, Bloomberg News, Bridge News, *The Asian Wall Street Journal*, NHK, *Jiji Press*, *Wenhui Daily*, Shanghai TV, and the local bureau of the Xinhua News Agency. Deputy Assistant Secretary Siddiqui effectively communicated that the ruling, which requires China to treat solid wood packaging for import to the U.S. with heat or fumigation, is based on scientific research and actual environmental damage, and is not an attack of Chinese exports.

- **Back-to-School Audio Bridge:** Secretary Glickman announced, through an audio bridge September 10, \$16 million in federal telecommunications loans and grants to improve education and health services for 2.5 million rural Americans. The Distance Learning initiative is part of the Administration's School Modernization program aimed at improving opportunities for rural school children.
- **Climate Change:** Secretary Glickman opened the White House Climate Change Workshop on September 10, with remarks that focused on agriculture's huge stake in global climate change.
- **Radio Interview:** On September 10, Secretary Glickman taped an interview with WBIW Radio, of Topeka, Kansas, about the agricultural economy, the need for IMF and fast track legislation, and country-of-origin labeling.
- **Chicago Trip with Senator Moseley-Braun:** Secretary Glickman traveled to Chicago on September 11 to announce new actions to control the spread of the Asian Long-horned beetle that threatens U.S. forests and trees in many urban and suburban areas. The announcement includes new restrictions on trade with China, aimed at preventing the pests entry into the United States. Accompanied by Senator Carol Moseley-Braun and Chicago Mayor Richard Daley, the Secretary toured neighborhoods affected by the beetle, and followed with a media availability. There was heavy media turnout, including five television cameras, *The Chicago Tribune*, *The Chicago Sun Times*, and more than a half dozen reporters from both print and radio.
- **Welfare-to-Work, Feeding the Hungry:** On September 11, Secretary Glickman met with officials of Second Harvest in Chicago, to discuss the organization's program to recover food to donate to the hungry, and move people from welfare to work. The Secretary also participated in a graduation ceremony for those who completed a training program that moves people from welfare to work.
- **Farm Visit, Farm Forum:** On September 14, Secretary Glickman joined Representative James McGovern in Massachusetts for a farm visit in Dartmouth, and a farm forum in Westport. The forum, which was followed by a media availability, focused on farm retention and aquaculture, in addition to such state-specific agricultural issues as dairy, produce, and cranberry bogs. In Westport, the Secretary announced

grants totaling \$687,000 to fourteen states for development of innovative approaches to marketing agricultural products.

- **White House Desertification Conference:** On September 15, Secretary Glickman participated in a White House desertification conference, where he discussed ways USDA can help combat the problem of once-fertile soil being transformed into arid desert, useless to future food production.
- Secretary Glickman spoke to the National Farmers' Union September 15, being covered by Bridge News, Reuters, Futures World News, and the Associated Press. He also spoke to the Farmers Union at the White House with the President, where they were covered by all wire services, the *Des Moines Register*, and numerous daily newspapers.
- On September 15, Secretary Glickman spoke at a USDA Hispanic Heritage Month ceremony, held at USDA in Washington, D.C.
- On September 16, Secretary Glickman addressed the American Farm Bureau leadership on trade issues, including fast track, the International Monetary Fund, and U.S. sanctions policy, plus the health certification process for exported aquaculture products.

VIII. FOIA REQUESTS

- A staff reporter with *The Wall Street Journal* submitted a request seeking information related to any USDA business activities associated with the financial or business interests of alleged terrorist Osama Bin Laden.

IX. WEEKEND CONTACT

Greg Frazier

September 23, 1998

Memorandum For The President

Through: The Honorable Erskine Bowles
From: Secretary Dan Glickman
Subject: Report for Week of September 20, 1998

USDA Fact of the Week:

USDA projects that food prices for the year will increase only 2% above 1997 levels as a result of large meat supplies and low inflation; the rate would be the lowest in 5 years.

I. KEY DEPARTMENT NEWS

- **USDA Responds to Farm Crisis:** Accompanied by Senators Conrad and Daschle at a Capitol Hill news conference on September 21, Deputy Secretary Rominger announced the Administration's farm assistance package -- an over \$7 billion proposal which will provide \$2.3 billion in assistance to farmers hit by successive natural disasters, and an estimated \$5 billion by lifting the current ceiling on marketing loan rates to help farmers suffering from low prices and weak commodity markets.

On September 22, Secretary Glickman briefed the entire Senate Democratic caucus on the package.
- **USDA Stimulating Cooperative Growth:** On September 22, Secretary Glickman announced that USDA will award \$1.7 million to 13 projects that will develop new rural cooperatives, enhancing the marketing power of farmers, ranchers, and rural residents.
- **USDA to Conserve More Farm Land:** On September 22, Secretary Glickman announced that USDA will reopen USDA's Conservation Reserve Program (CRP) -- the federal government's largest and most successful private land conservation program -- for new bids for a 7-week period starting October 26; as of October 1, out of a statutorily determined maximum of 36.4 million acres, USDA will have 30 million acres in the CRP and contracts on 3.5 million acres will expire October 1, 1999.
- **USDA Improving Rural Water:** On September 24, Secretary Glickman will award

\$678,000 to help 17 communities improve the quality of their water supply; targeted at under-served communities, this funding will help improve the management of drinking, storm, and waste water and improve the quality of water sources.

- **USDA Broadens the Risk Management Safety Net:** On September 15, the Board of Directors (Board) of the Federal Crop Insurance Corporation approved the Adjusted Gross Revenue (AGR) pilot program in selected counties in Florida, Maine, Massachusetts, Michigan, and New Hampshire, for the 1999 crop year; the AGR "whole farm" policy concept is based on a 5-year gross revenue average, derived from a farmer's Schedule F Internal Revenue Service tax form.

The Board approved several other new initiatives for 1999 crops, including: a new Income Protection plan for barley in Idaho, Minnesota, Montana, North Dakota, Oregon, South Dakota, and Washington; increased coverage levels up to 85 percent for corn and soybeans in South Dakota; Indexed Income Protection, a new revenue pilot to be tested in Maryland and North Carolina on corn and soybeans, and in Pennsylvania and New York on corn; Group Risk Income Protection, a new pilot which pays an indemnity when county average revenue falls below average, for corn and soybeans in all Group Risk Plan counties in Indiana, Illinois, and Iowa; and separate 3-year crop pilot programs for crambe and mustard in North Dakota.

Finally, the Board expanded the revenue assurance pilot for corn and soybeans to Illinois, Minnesota, and South Dakota, and expanded Crop Revenue Coverage (CRC) for rice in Arkansas, California, Florida, Louisiana, Missouri, Mississippi, Oklahoma, Tennessee, and Texas, and for corn, cotton, grain sorghum, and soybeans in Florida and Maryland.

- **Forest Service to Suspend Projects:** Starting September 27, the Forest Service will suspend 6700 land and resource projects in Idaho, Montana, Nevada, North Dakota, and Washington, pending consultation with the Fish and Wildlife Service regarding effects of the projects on bull trout habitat. Most projects will proceed relatively quickly, however, hundreds are likely to have some effect on the bull trout, requiring further analysis that may take up to a year to complete.
- **Government Appeals Sandia Land Dispute Case:** During the week of September 13, the Department of Justice filed a Notice of Appeal in Pueblo of Sandia vs. Babbitt, a case involving whether approximately 9,500 acres of land managed by the Department of the Interior within the Cibola National Forest (New Mexico) is public land, or land belonging to a Sandia Pueblo Tribe. This case has received national and local media attention, and attention from the New Mexico Congressional delegation, local landowners, and interest groups.
- **USDA Boosts Dairy Exports:** From September 10-16, USDA approved subsidies to

facilitate the export of 644 metric tons of dairy products to customers in Africa, the Middle East, and Latin America.

- **Commodity Markets in Review:** Wheat cash and futures prices rose last week, on concerns about dry conditions in the Southern Plains. The rapidly progressing corn harvest sent cash and futures prices down. Soybean cash and futures prices were almost unchanged; harvest pressure was balanced in traders' minds by higher soybean oil prices. Rice and cotton futures advanced as heavy rains deluged the Delta. Cattle prices rose in response to an increase in wholesale beef prices. Hog prices were up last week, but large supplies continue to loom on the horizon, limiting increases. Broiler prices fell, following another sharp drop in leg quarter prices. Butter prices rose in thin trading, as buyers noted low stocks ahead of a period of seasonally high demand. Cheese prices also rose amid spot shortages.

Average prices for the week ending September 18, 1998

| Commodity | Weekly price | Change from a week ago | Change from a year ago |
|----------------|--------------|------------------------|------------------------|
| Wheat \$/bu | 2.67 | +0.10 | -1.08 |
| Corn \$/bu | 1.78 | -0.06 | -0.76 |
| Soybeans \$/bu | 5.18 | 0.00 | -1.67 |
| Rice \$/cwt | 8.88 | 0.00 | -1.00 |
| Cotton ¢/lb | 71.88 | +0.09 | +0.86 |
| Steers \$/cwt | 60.01 | +2.75 | -6.49 |
| Hogs \$/cwt | 30.15 | +1.46 | -21.60 |
| Broilers ¢/lb | 70.26 | -0.09 | +8.47 |
| Cheese \$/lb | 1.72 | +0.04 | +0.28 |
| Butter \$/lb | 2.81 | +0.02 | +1.71 |
| Milk \$/cwt | 15.24 | -0.04 | NA |

II. USDA WORK ON PRESIDENTIAL INITIATIVES

- **President's Food Aid Initiative:** On September 22, Secretary Glickman announced that USDA will donate 300,000 tons of wheat, purchased through the President's initiative to buy and donate surplus wheat, to the World Food Program for donation to North Korea.

- **President's Initiative on Food Safety:**

- **USDA Enforces Food Safety Regulations:** On September 21, USDA announced a recall of 14,568 pounds of turkey franks made by Bil Mar Foods, Zeeland, Michigan, because of elevated levels of moisture; the franks were distributed in Arizona, California, Idaho, Mississippi, Montana, Nevada, North Carolina, Oklahoma, Oregon, South Carolina, Tennessee, Utah, and Washington.

On September 22, USDA announced a recall of over 500,000 pounds (461,555 lbs. produced in 1998) of Savoie's Dressing Mix, made by Savoie's Sausage & Food Products, Inc., Opelousas, Louisiana, for *Salmonella* contamination; dressing was distributed to stores in Arkansas, Florida, Georgia, Idaho, Louisiana, Michigan, Mississippi, Tennessee, and Texas.

- **President's Initiative on Welfare Reform:**

- **USDA Funds Wyoming EBT Project:** USDA helped Wyoming finance the statewide implementation of its WIC and food stamp program EBT system; Wyoming is the first state to test a WIC-food stamp project.

- **President's Initiative on Race:**

- u• **USDA Civil Rights Training:** As of September 15, 92.2% of USDA employees have completed the first course of civil rights training recommended by Secretary Glickman's Civil Rights Action Plan.
- **Under Secretary Watkins Hosts Minority Roundtable:** On September 16, Under Secretary Watkins hosted a roundtable discussion on procurement procedures and opportunities for minority businesspeople from around the country, at USDA's Food and Nutrition Service. They were in town for a meeting of the Congressional Black Caucus.
- **USDA to Conduct Workshop for American Indians:** USDA's Natural Resources Conservation Service will conduct a workshop September 28 - October 3, in Fontana Village, North Carolina, titled "Working Effectively with American Indians," with the Eastern Band of Cherokee Indians. It will help NRCS employees understand the special and unique relationship between tribes and the Federal government, and facilitate the development, delivery, and accessibility of USDA programs and services to Indian tribes and tribal members.

- **President's Initiative on Global Climate Change:**

- **USDA Addresses Annual Meeting of the Business Alliance Council on Global Climate Change:** On September 16, the director of USDA's Global Change Program Office (GCPO) spoke at the annual meeting of the Business Alliance Council of the National Association of Conservation Districts, representatives from the agricultural input industry and nonprofit agricultural organizations, addressing USDA's research program, the status of international negotiations on climate change, and the role of agricultural sinks in meeting greenhouse gas emissions.

On September 24 and 25, USDA will be represented at the UNFCCC Subsidiary Body on Science and Technological Advice (SBSTA) workshop on forest-related carbon sinks, to discuss the outline of the special report on land use, land use change and forestry.

III. NOTABLE CONGRESSIONAL ACTIVITY

- **USDA Announces Farm Disaster Assistance Proposal:** On September 21, Deputy Secretary Rominger, joined by Senators and Conrad and Daschle, announced the Administration's \$7 billion-plus farm disaster assistance proposal at a Capitol Hill news conference. On September 22, Secretary Glickman briefed the entire Senate Democratic caucus on the contents of the proposal.
- **Senate Passes Child Nutrition Reauthorization Bill:** On September 17, the Senate passed the Child Nutrition and WIC Reauthorization Amendments of 1998, by unanimous consent; the House passed its version of the legislation on July 23.
- On September 23, the Senate Agriculture Committee held a hearing on state and private forestry and fiscal management of the Forest Service. Michael Dombeck, Chief, U.S. Forest Service, testified.
- On September 23, the House Agriculture Subcommittee on Department Operations, Nutrition and Foreign Agriculture, held a hearing on the Emergency Food Assistance Enhancement Act of 1998. Ed Cooney, Deputy Administrator, Special Nutrition Programs, Food and Nutrition Service, testified.
- On September 24, the Senate Governmental Affairs Subcommittee on Permanent Investigations will hold a hearing on the safety of food imports. Mr. Thomas Billy, Administrator, Food Safety and Inspection Service, will testify.
- On September 25, the House Commerce Subcommittee on Energy and Power will hold a hearing the federal hydroelectric re-licensing process. Robert Joslin, Deputy Chief, National Forest System, will testify.

- On September 29, the House Resources Subcommittee on Forests and Forest Health will hold an oversight hearing on forest health. Witness to be announced.

IV. SECRETARY'S SCHEDULE

- On September 28, Secretary Glickman will address the National Association of State Directors of Agriculture, via satellite.

V. DEPUTY SECRETARY'S SCHEDULE

- On September 24, Deputy Secretary Rominger will address the Southern California Agricultural Commissioners Day Conference at the Los Angeles County Fair in Pomona, California.
- On September 25, Deputy Secretary Rominger will preside at the opening of the USDA World Trade Center in Sacramento, California.
- On September 28, Deputy Secretary Rominger will attend a President's Council on Sustainable Development meeting in Pittsburgh, Pennsylvania.

VI. SUB-CABINET SCHEDULE

- On September 23, Under Secretary Schumacher will address the Bi-National Fund for Agricultural Development meeting on Russian agriculture, at the Ronald Reagan Building, in Washington, D.C.
- On September 23-25, Under Secretary Gonzalez will attend and speak at the Hispanic Association of Colleges and Universities meeting in San Diego, California.
- On September 24, Under Secretary Shirley Watkins will address the International Public Market Conference in Seattle, Washington.
- On September 24, Under Secretary Lyons will address a Public Lands Council Meeting, in St. George, Utah.
- On September 24, Assistant Secretary Dunn will speak at the National Waterways Conference in New Orleans, Louisiana.
- On September 25, Under Secretary Lyons will speak to the Western States Tourism

Council in Tacoma, Washington.

- On September 28, Under Secretary Schumacher and Assistant Secretary Dunn will address the National Association of State Directors of Agriculture Conference, in Charleston, South Carolina.
- On September 28, Under Secretary Shirley Watkins will give opening remarks at the convening of the Dietary Guidelines Advisory Committee in Washington, DC.
- On September 30 Under Secretary González will speak to the National Pork Producers in Des Moines, Iowa.
- On September 30, Assistant Secretary Dunn will give keynote address at the Food and Agriculture Security Conference in Washington, D.C.

VII. PRESS INQUIRIES AND AMPLIFICATION

Inquiries:

- On September 22, Under Secretary Shirley R. Watkins will take part in a taped interview with Catholic Charities for the radio program, "In Our Times," on KQV, Pittsburgh, Pennsylvania.
- *The Seattle Times* has requested an interview with Chief Mike Dombeck to discuss land exchanges for a feature article expected the week of September 20.
- The October 1st issue of the *Journal of Neuroscience* will report research findings showing reduced age-related brain decline in rats fed a diet including antioxidant-rich spinach and strawberries; Dr. James Joseph led the study at ARS' Jean Mayer USDA Human Nutrition Research Center on Aging at Tufts in Boston.
- Wallace Yokoyama, ARS Western Regional Research Center, Albany, CA., has been contacted by several media responding to an ARS Information Staff news tip in August about his research showing reduced colon cancer indicators in a study with a diet of processed wheat bran fed to lab mice.

Amplification:

- **Secretary Addresses Farm Crisis:** Secretary Glickman issued a statement September 17 that he was ". . . pleased that the majority in the House has finally recognized the need to address the crisis our farmers and ranchers are suffering, and the driving urgency to begin the too-long neglected and overdue job of strengthening the holes in the farm bill's

safety net . . . " Although, the Secretary continued, ". . . [the House leadership's announcement] . . . may finally signal that Congress will step up the pace of its efforts. . . " Secretary Glickman also stressed that and Congress must fully address ". . . the needs our farmers and ranchers are facing, and also pass the improvement to the farm bill that the President and I have been advocating. . . ."

On September 19, Secretary Glickman attended the Kansas State Fair in Hutchinson, where he met with the Kansas Wheat Commission, and attended the Kansas Farm Bureau breakfast; the topics were the farm economy, and the importance of our agricultural heritage. Secretary Glickman also held media availability and an interview with the Mid-American Agriculture Network, which feeds to dozens of radio stations in Kansas and Nebraska.

USDA Radio Newslines broadcast excerpts from the President's speech to the National Farmers Union, in which the President says we cannot afford to wait to help the farm economy. Both the Radio Newslines and USDA satellite television produced pieces on Secretary Glickman's speech to the Farmers Union on the decline of farm prices.

Secretary Glickman is holding a series of telephone interviews over several days to discuss the farm crisis with reporters in affected states. On September 17, the Secretary spoke with Iowa reporters from the *Waterloo Courier*, *Cedar Rapids Gazette*, *Des Moines Register*, *Dubuque Telegraph Herald*, and the *Sioux City Journal*; and Illinois reporters from the *Bloomington Pantograph*, *Springfield State Journal-Register*, *Decatur Herald and Review*, and the *Rockford Register Star*.

The Secretary met with William Claiborne of *The Washington Post* September 17. The Secretary discussed the farm crisis, plus the Administration's priorities on Ag issues.

Deputy Secretary Richard Rominger participated in a news conference with Senators Daschle and Conrad September 21, announcing the Administration's emerging Ag assistance package, a \$7.1 billion plan to aid farmers.

- **International Monetary Fund:** USDA Radio Newslines broadcast excerpts from President Clinton's speech on the IMF to the Council on Foreign Relations.
- Secretary Glickman held an interview with the *Kansas City Star* September 15 about his priorities and other matters.
- **Farmers Markets, Feeding Programs:** At the USDA farmers market September 17, Secretary Glickman received petitions containing more than 8,000 signatures of farmers, market operators, and consumers, supporting continued funding for the WIC Farmers Market Nutrition Program. Reuters, Bloomberg, and Futures World News reporters covered the Secretary's receiving the petition from representatives of the National

Association of Farmers Market Nutrition Programs.

- Secretary Glickman is speaking at the USDA celebration of historically black colleges and universities September 22.
- Secretary Glickman is speaking at the awards ceremony of the Public Voice for Food and Health Policy September 24.

VIII. FOIA REQUESTS

Nothing of significance to report this week.

IX. WEEKEND CONTACT

Greg Frazier

September 30, 1998

Memorandum for the President

Through: The Honorable Erskine Bowles
From: Secretary Dan Glickman
Subject: Report for Week of September 27, 1998

USDA Fact of the Week

Pressured in part by significantly higher stocks over last year's levels - wheat supplies are up 15% from 1997 to their highest level since 1990, corn stocks have jumped 48% in one year, and soybean supplies are up 52% - the prices farmers received for key commodities slipped again in September as wheat, corn, and soybean prices fell to their lowest levels since 1987, cattle prices were 3% under year-earlier levels and hog prices have fallen a stunning 42% since last September causing, in part, farm debt to climb in 1998 for the 6th consecutive year to \$172 billion, the highest level since 1985.

I. KEY DEPARTMENT NEWS

- **Conferees Give Tentative Approval to Farm Disaster Package:** On September 28, House and Senate conferees approved a \$4.5 billion farm disaster package for inclusion in the FY99 agricultural appropriations bill, whose key components include \$1,500 million for losses to 1998 crops, \$675 million for multi-year losses, \$175 million for emergency livestock assistance, \$541 million in farm credit assistance, and \$1,650 million in additional income support payments for 1998 crops. In addition, the conferees approved funding for the WIC program at last year's level, failed to provide funding for the Fund for Rural America, and approved a provision waiving the statute of limitations preventing USDA from settling certain civil rights discrimination claims. Further action on the conference report hinges on resolution of the House provision concerning FDA approval of the drug RU-486.
- **USDA Responds to Farm Crisis, Natural Disasters:** On September 30, USDA sent 2 truck loads of infant formula, 2 truck loads of jarred baby food, and 1 truck load of instant rice to Puerto Rico to assist in the recovery from hurricane Georges. The Forest Service has supplied 5 incident command teams to help manage the federal response, 2 to

Puerto Rico and one each to Alabama and Louisiana. USDA farm service agency, rural development, and natural resource officials, in all of the affected areas, have begun assessing damage.

On September 30, USDA announced that it will donate 100,000 tons of wheat through the President's Food Aid Initiative for hurricane recovery in the Dominican Republic.

To respond to drought conditions and forage shortages, USDA has permitted, thus far this year, farmers in 220 counties in 15 states to graze land enrolled in the Conservation Reserve Program (CRP), and farmers in 179 counties in 9 states to hay CRP acreage.

- **Secretary Convenes Meeting on U.S.-Canadian Trade Frictions:** On September 29, Secretary Glickman met with Governors Raciot and Shaffer, Senators Baucus, Burns, Conrad, and Dorgan, and Representatives Barret, Hill, Pomeroy, and Thune about easing tensions among U.S. farmers over Canadian agricultural imports. Joining the meeting by telephone were the governors of Idaho, Minnesota, Nebraska, South Dakota, and Wyoming; Senator Craig, and Representatives Crapo and Christensen. Deputy U.S. Trade Representative Peter Sher participated also, as did representatives from EPA and FDA. The governors agreed to provide the Secretary with a more specific list of their concerns for discussion with the Canadians.
- **USDA Examines Dietary Guidelines:** On September 28, the Dietary Guidelines Advisory Committee met to begin the process of advising the secretaries of agriculture and health and human services whether to revise the 1995 edition of the guidelines for the year 2000.
- **Court Requires Environmental Reviews of Farm Programs:** On September 24, the Court of Appeals for the Fifth Circuit, declared that USDA and the U.S. Fish and Wildlife Service must develop programs to conserve specific threatened or endangered species that might be affected by the operations of USDA's farm programs; the court's identification of this broad responsibility to develop species-specific conservation programs could have significant effects on the Department's ongoing programs, as there are nearly 1,000 species listed as threatened or endangered, and many of these species live on or use private and other non-federal lands on which such conservation programs could be implemented.
- **USDA Increases Asian Long-horned Beetle Quarantine:** USDA has expanded the Asian long-horned beetle quarantine area in the Chicago neighborhood of Ravenswood, to about 19 square miles, and has identified 225 infested trees, and 80 trees suspected of being infested.
- **USDA Trains Brazilian Firefighters:** On September 27, 20 firefighters from Brazil finished training in the use of the Forest Service's Incident Command System (ICS) for

the command and control of wildland fires.

- **Firefighters to be Honored at Pepsi 400 Races:** On October 17, officials of the Pepsi 400 Race –postponed because of last summer's fires– in Daytona Beach, Florida, will give special recognition to the firefighters who battled wildfires in Florida last summer. Southern Regional Forester Elizabeth Estill will attend.
- **USDA to Coordinate Assessment of Year 2000 Readiness of the World Wide Food Supply:** The International Working Group of the President's Council on Year 2000 Conversion has tasked USDA with making a country-by-country assessment of the Year 2000 readiness of the food supply; and to issue a preliminary report on November 2.
- **USDA Project To Protect, Conserve Water in Kansas:** USDA has launched a \$1.3 million Environmental Quality Incentives Program (EQIP) water conservation project, serving over 500,000 people in Sedgwick, Reno, McPherson, and Harvey counties, to conserve 18 billion gallons over 5 years and improve water quantity by 74 billion gallons over 20 years.
- **Trade Developments:** Last week, USDA officials met with Chinese officials about their long-standing reluctance to open their market to U.S. citrus exports, and the new USDA proposal to restrict certain shipping materials to control the spread of the Asian long-horned beetle, a proposal that the Chinese team severely criticized, to the point of threatening retaliatory actions.

On September 23, Indonesia entered Paris Club negotiations to reschedule some of its foreign debt, including \$185 million owed to USDA.

USDA officials are consulting with their Mexican counterparts over their decision to slow and halt shipments of U.S. beef into Mexico after finding lead in certain shipments.

Running 40% over the pre-NAFTA level, U.S. horticultural shipments to Mexico will set a record in 1998, likely rising 4% over the previous top set in 1994.

For the week that ended September 23, USDA provided subsidies to facilitate the export of 90 metric tons for dairy products to customers in Latin America.

- **Commodity Markets in Review:** Wheat cash and futures prices rose sharply last week following a pickup in export sales. Corn cash prices were virtually unchanged but futures rallied on a jump in export sales. Rice futures fell on harvest pressure, but cash prices remained firm. Soybean cash prices dropped as exports slowed and the harvest advanced, but futures rose as new-crop export sales improved. Cotton futures moved lower despite the threat of Hurricane Georges to vulnerable Mississippi and Alabama cotton, as mill use slowed. Cattle prices dropped in advance of "National Pork Month"

featuring during October at the retail level. Despite the advertising blitz, hog prices declined on large pork supplies. Broiler prices continued to slide, as leg quarter prices dropped by over 15 percent. Cheese prices jumped as fluid milk supplies are in increased demand from the start of the school year. Butter prices changed little.

Average prices for the week ending September 25, 1998

| Commodity | Weekly price | Change from a week ago | Change from a year ago |
|----------------|--------------|------------------------|------------------------|
| Wheat \$/bu | 2.84 | +0.17 | -0.88 |
| Corn \$/bu | 1.77 | -0.01 | -0.76 |
| Soybeans \$/bu | 5.09 | -0.09 | -1.43 |
| Rice \$/cwt | 8.88 | 0.00 | -1.00 |
| Cotton ¢/lb | 72.03 | +0.15 | +1.02 |
| Steers \$/cwt | 59.18 | -0.83 | -6.79 |
| Hogs \$/cwt | 29.90 | -0.25 | -19.55 |
| Broilers ¢/lb | 69.94 | -0.08 | +9.33 |
| Cheese \$/lb | 1.76 | +0.04 | +0.37 |
| Butter \$/lb | 2.80 | -0.01 | +1.53 |
| Milk \$/cwt | 15.20 | -0.04 | NA |

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Food Safety Initiative:

- New Meat and Poultry Inspection System Reducing Salmonella:** On September 28, USDA released a report stating that Salmonella prevalence in broilers was cut in half during the first 6 months of USDA's new meat and poultry inspection system, HACCP. Additionally, the test showed that 88% of the plants operating under HACCP's Salmonella standards met the requirements, helping to lower Salmonella prevalence in hogs to 5.5%.
- USDA Research Identifies Method to Control *E. Coli* in Alfalfa Sprouts:** On September 28, USDA researchers reported their findings that a 10 minute treatment with chlorine will decontaminate alfalfa sprouts from *E. coil* 0157-H7.

- **USDA Boosts Food Safety Research Spending:** USDA is awarding \$4.6 million to 35 projects to improve food safety research and education
 - **USDA Kicks Off New Phase of President's National Food Safety Initiative on October 2:** USDA, HHS and EPA will cosponsor a public meeting to discuss and begin developing a comprehensive strategic federal food safety plan, to further reduce the annual incidence of foodborne and waterborne illness.
 - **USDA to Examine Recall Policy:** On October 5, USDA will hold a public meeting on a report, titled "Improving Recalls at the Food Safety and Inspection Service," about the agency's recall policy; the report assesses the agency's recall policy and procedures before, during, and after a recall is initiated, and provides concrete, practical recommendations for improving the agency's recall process within current statutory authority.
 - **USDA Recalls Beef Steaks:** On September 28, USDA officials recommended a recall of 22,880 pounds of Circle Z Brand Flame Broiled Beef Steaks, produced by Zartic, Inc., of Cedartown, Georgia, for *Salmonella* contamination; the steaks were distributed in 10 states: Alabama, Florida, Illinois, Mississippi, North Carolina, Ohio, Oklahoma, Pennsylvania, Tennessee and Kentucky.
 - **President's Initiative on Race:** On October 1, in response to a report issued by USDA's inspector general upon the request of the assistant secretary with responsibility for civil rights, Secretary Glickman established a special complaints resolution task force to resolve the backlog of program discrimination cases pending against USDA. The report may attract considerable congressional, public, and media attention.
- Conferees Tentatively Approve Statute of Limitation's Waiver:** Conferees on the FY99 agricultural appropriations bill have tentatively approved a provision that will waive the statute of limitations preventing USDA from properly resolving certain civil rights cases.
- USDA Signs Pact with Tribes:** USDA animal health officials have concluded a memorandum of understanding with the Pueblos of Jemez and San Idelfonso, under which USDA will provide assistance on animal health problems, including monitoring wildlife of spiritual and cultural significance to the tribes.
- **President's Food Aid Initiative:** On September 30, USDA announced that it will donate 100,000 tons of wheat through the President's Food Aid Initiative, for hurricane recovery in the Dominican Republic.

- **President's Northwest Economic Adjustment Initiative:** On September 17, Vice President Gore signed a multi-agency Memorandum of Understanding extending the Northwest Economic Adjustment Initiative (NWEAI) till December 31, 2000.

III. NOTABLE CONGRESSIONAL ACTIVITY

- **Conferees Give Tentative Approval to Farm Disaster Package:** On September 28, House and Senate conferees approved a \$4.5 billion farm disaster package for inclusion in the FY99 agricultural appropriations bill, whose key components include \$1,500 million for losses to 1998 crops, \$675 million for multi-year losses, \$175 million for emergency livestock assistance, \$541 million in farm credit assistance, and \$1,650 million in additional income support payments for 1998 crops. In addition, the conferees approved funding for the WIC program at last year's level, failed to provide funding for the Fund for Rural America, and approved a provision waiving the statute of limitations preventing USDA from settling certain civil rights discrimination claims. Further action on the conference report hinges on resolution of the House provision concerning FDA approval of the drug RU-486.
- **Interior Spending Stalled:** Meanwhile, the Senate has yet to resume consideration of the FY99 Interior appropriations bill, legislation that contains several troubling provisions that, if not removed, the Secretary has indicated would force him to recommend a veto to the President. Secretary Glickman plans to join Secretary Babbitt and CEQ Chairwoman McGinty on October 1, for a news conference urging the Congress to remove the anti-environmental riders from the legislation.
- On September 28, the House Resources Subcommittee on Forests and Forest Health held an oversight hearing on forest health. Janice McDougal, Associate Deputy Chief, State and Private Forestry, U.S. Forest Service, testified.
- On October 1, the Senate Energy and Natural Resources Subcommittee on Forests and Public Land Management, will hold a hearing on annual fees paid by cabin owners in National Recreation Areas to lease the land where their cabins are located. Sandra Key, Associate Deputy Chief, Programs and Legislation, U.S. Forest Service, will testify.
- On October 2, the House Agriculture Subcommittee on Department Operations, Nutrition, and Foreign Agriculture, will hold a hearing on H.R. 4128, the Virginia Flood Control Act of 1998. Robert Joslin, Deputy Chief, National Forest Service, will testify.

IV. SECRETARY'S SCHEDULE

Nothing of significance to report this week.

V. DEPUTY SECRETARY'S SCHEDULE

Nothing of significance to report this week.

VI. SUB-CABINET SCHEDULE

- On September 29, Under Secretary Long Thompson will deliver the keynote address at the BTA EZ/EC Empowerment Conference in Phoenix, Arizona.
- On October 1, Deputy Under Secretary Wilcox is scheduled to provide the keynote address at the National Meat Canners Association's 1998 Government Affairs Conference in Washington.
- On October 3, Under Secretary Watkins will address the District of Columbia Association of Family and Consumer Sciences in Silver Spring, Maryland.
- On October 5, Assistant Secretary Dunn will speak at the Fertilizer Institute Annual Transportation Conference in Tucson, Arizona.
- On October 6, Deputy Under Secretary Kennedy will speak before the Food Safety Consortium in Kansas City, Missouri.

VII. PRESS INQUIRIES AND AMPLIFICATION

Inquiries:

- CNN aired a report on the plight of black farmers September 27 and 28.
- The *Seattle Times* has begun a series critical of U.S. Forest Service land exchanges.
- Several Florida newspapers asked about the investigation into the Bauer Meat Company, a company implicated in the widely publicized outbreak of *E. Coli* -related illnesses in Atlanta last summer.

Amplification:

- Secretary Glickman's monthly column focused on the President's plan to give farmers and ranchers emergency assistance.
- Secretary Glickman spoke September 28, via satellite, to the National Association of State Departments of Agriculture, about the Administration's emergency assistance plan

for farmers and the farm economy. The Secretary said he is confident that Congress will approve, prior to adjournment, some form of emergency assistance for farmers, and that it is his hope that the help will be "along the lines of what the President has proposed."

- Deputy Secretary Rominger spoke at the Agricultural Commissioners Day at the Los Angeles County Fair in Pomona, California, September 24. Mr. Rominger discussed the President's meeting the previous week with farmers on the farm economic crisis. He told the group that the President is urging Congress to act on the Daschle-Harkin proposal to uncap market loan rates and to fund \$2.3 billion in indemnity payments and loans. On trade, Mr. Rominger said that a strong U.S. economy needs a strong global economy and that Congress should pass the IMF.
- Secretary Glickman announced September 28 the Clinton Administration's new, prevention-oriented meat and poultry inspection system, which has nearly cut in half the proportion of broiler chickens contaminated with salmonella, and greatly reduced the frequency of salmonella in pork. These data, the Secretary said, indicate that the Administration's science-based inspection system already is having a significant effect on the safety of food Americans eat.
- Secretary Glickman made brief remarks about food safety at the Golden Carrot awards ceremony September 24, sponsored by the Public Voice for Food and Health Policy.
- Secretary Glickman delivered a speech on childhood hunger before the "Hunger Heroes" luncheon for the Congressional Hunger Caucus September 28. The Secretary talked about the Administration's efforts to fight hunger in America, and specifically about the Child Nutrition Reauthorization bill.
- Secretary Glickman announced September 28 allocations totaling more than \$2.5 billion under USDA's export credit guarantee programs, for fiscal year 1999. These initial allocations cover sales of U.S. agricultural commodities to 15 countries and regions.
- Deputy Secretary Rominger spoke at the opening of the Foreign Agricultural Service Office in Sacramento, California, September 25. He said the Administration wants growers in California and the western region to capitalize on their ability to specialize, emphasizing economic growth and increased global trade for small and medium firms, minority owned and rural companies, and cooperatives.
- Secretary Glickman announced September 28 the start-up of the District of Columbia's new electronic benefit transfer system for issuing food stamps to all city recipients. More than half of food stamp recipients nationwide now receive benefits using electronic benefits transfer.
- Secretary Glickman will speak at the Lewis and Clark Trail event at the Library of

Congress October 1, commemorating the 200th anniversary of the Lewis & Clark expedition; there will be a joint announcement, and a Memorandum of Understanding signing, with the Departments of Interior and Education.

VIII. FOIA REQUESTS

Nothing of significance to report this week.

IX. WEEKEND CONTACT

Greg Frazier

October 7, 1998

Memorandum For The President

Through: The Honorable Erskine Bowles
From: Secretary Dan Glickman
Subject: Report for Week of October 4, 1998

USDA Fact of the Week

Following 1998's near-record beef production, USDA projects that 1999 production will decline by 7%, pushing retail prices to their highest levels since 1993's record, leading per capita consumption down to its lowest level since the 1960's.

I. KEY DEPARTMENT NEWS

- **USDA Appropriations Bill Advances:** After rejecting a motion to recommit the bill to conference committee to increase its funding for farm disaster assistance, on October 2 the House passed the FY99 agricultural appropriations bill by better than a 3-to-1 margin. On October 6, the Senate followed suit, but not by enough votes to override a threatened veto, pending resolution of increasing funding for disaster aid.

On a related note, Administration officials have engaged in discussions on eliminating the objectionable Forest Service-related features from the FY99 Interior appropriations.

- **USDA Cuts Loan Program Paperwork:** On October 2, Secretary Glickman announced new proposed procedures for the USDA guaranteed farm loan program, designed to make it easier for lenders to obtain USDA guarantees for their farm loans, thus improving the accessibility and availability of the loans to farmers.
- **Secretary Creates Office of Small Farms:** Following through on one of the recommendations of the National Commission on Small Farms that he created, Secretary Glickman announced on October 7 that he intends to establish an Office of Small Farms at USDA to develop and coordinate policies and programs to enhance the well-being of small farms and ranches.

- **U.S. Team Opens Negotiations with Canadians to Ease Trade Frictions:** A team of USDA and USTR negotiators will open talks in Ottawa with Canadian officials on October 8, aimed at easing the trade frictions that led several border state governors to blockade shipments of Canadian agricultural goods. The negotiations follow the meeting Secretary Glickman convened on September 29 that included several of the affected governors, and members of the respective congressional delegations, and preliminary agreements from the governors to suspend their blockades pending the resolution of the negotiations.
- **USDA Assists Hurricane Georges Victims:** USDA has dispatched a team to the Virgin Islands to assess its request for a disaster food stamp program to help victims of the hurricane recovery; previously, USDA granted Louisiana's request that USDA waive certain administrative requirements due to flooding and power outages associated with the storm.

Several USDA facilities in Gulfport, Mississippi were damaged by the hurricane and remain closed until telephone service is restored.

Meanwhile, USDA's National Finance Center, which processes payroll and financial information for most of the federal government, was the only federal facility that stayed open and operating in New Orleans when Georges hit.

Over 400 Forest Service personnel assisted FEMA in the distribution of emergency and relief supplies, primarily by supplying logistical and command support.

- **Wildfire Update:** 2 firefighters have been killed fighting the 33,000 acre brush fire on state lands near Riverside, California.
- **National Fallen Firefighters Memorial Service:** The 17th Annual National Fallen Firefighters Memorial Service was held October 3-4 in Emmitsburg, Maryland, honoring firefighters who died in the line of duty.
- **USDA Research Shows Way to Promote Breast-feeding:** On October 13, USDA will release the findings of 4 projects aimed at promoting breast-feeding, "Breastfeeding Promotion Research: the ES/WIC Nutrition Education Initiative And Economic Considerations;" the research shows that breast-feeding education before delivery increases the initiation of breast-feeding among low-income women, and that support following delivery increases the duration of breast-feeding.
- **Woteki Elected to Institute of Medicine:** USDA's Under Secretary for Food Safety, Catherine Woteki, has been elected to the Institute of Medicine of the National Academy of Sciences.

- **Agricultural Trade Developments:** In the week that ended September 30, USDA approved shipping arrangements to provide over 140,000 of wheat, corn, and soybean meal under the Food for Progress program, for shipment to Bangladesh, Bosnia, Mongolia, and Mozambique.

Last week, USDA officials successfully negotiated an agreement with the Government of Azerbaijan to make it easier for U.S. companies to ship American poultry to that country, which will buy slightly less than twice as much U.S. poultry this year as it did in 1997. 1998 shipments of \$8.6 million, compared to the \$14,000 shipped in 1994, illustrates the dramatic growth in this market.

- **Commodity Markets in Review:** The rise in cash wheat prices slowed last week and futures fell slightly following a slowdown in exports and favorable weather in the U.S. Southern Plains. Corn cash prices rose slightly on slow farmer sales, but futures dropped as the harvest advanced rapidly. Soybean cash and futures slumped on harvest progress and lower soybean oil prices. Rice futures moved down on the lack of export demand, but cash prices remained firm. Cotton prices fell on weak world demand and prospects for a lower subsidy to raw cotton users. Cattle prices followed wholesale beef down, while hogs received a boost from October's National Pork Month promotions. Broiler prices declined from both continued weakness in parts and competition with pork. Butter prices dropped sharply, as buyers continue to recoil from current price levels. Cheese prices advanced, however; competition in the fluid milk market remains strong.

Average prices for the week ending October 2, 1998

| Commodity | Weekly price | Change from a week ago | Change from a year ago |
|------------------|---------------------|-----------------------------------|-----------------------------------|
| Wheat \$/bu | 2.86 | 0.02 | -0.74 |
| Corn \$/bu | 1.81 | 0.04 | -0.65 |
| Soybeans \$/bu | 4.99 | -0.10 | -1.24 |
| Rice \$/cwt | 8.88 | 0.00 | -0.62 |
| Cotton c/lb | 70.05 | -1.98 | 0.45 |
| Steers \$/cwt | 57.72 | -1.40 | -8.47 |
| Hogs \$/cwt | 30.10 | 0.20 | -19.00 |
| Broilers c/lb | 69.05 | -0.89 | +9.37 |
| Cheese \$/lb | 1.78 | +0.02 | +0.39 |
| Butter \$/lb | 2.61 | -0.19 | +1.32 |
| Milk \$/cwt | 15.29 | +0.09 | NA |

II. USDA WORK ON PRESIDENTIAL INITIATIVES

- President's Food Safety Initiative:**

USDA Recalls 6 Million Pounds of Meat: On October 2, USDA recalled 6 million pounds of meat produced by the Bauer Meat Company of Ocala, Florida; product from the plants has been implicated in several cases of *E. coli*-related illnesses.

USDA Threatens Plant Closure: On October 1, Foremost Packing Company of East Moline, Illinois agreed to suspend operations following USDA's notification that it intended to withdraw USDA inspectors from the facility for its failure to comply with USDA's new Standard Sanitation Operating Procedures.

USDA to Begin *Campylobacter* Testing: In October, USDA will begin a national program to test for *Campylobacter*, the most common cause of sporadic diarrheal illness, using a USDA-developed methodology that provides reliable results more quickly and is less labor-intensive than traditional methodologies.

October Public Meetings on Small Plant HACCP Implementation: On October 10,

USDA starts a series of public meetings to discuss ways to help owners and managers of small plants prepare for implementation of USDA's new meat and poultry inspection system, HAACP.

- **President's Initiative on Global Climate Change:**

On October 8, Secretary Glickman will attend an Administration briefing for the Senate on the upcoming November Global Climate change Meeting in Buenos Aires, Argentina.

III. NOTABLE CONGRESSIONAL ACTIVITY

- **Congress Advances USDA Appropriations Bills:** While Congress has approved the FY99 agricultural appropriations bill, it still fails to provide sufficient funding for farm disaster assistance, and the FY99 Interior appropriations bill remains saddled with several provisions that may cause the Secretary to recommend a veto – see Key Department News.
- **Child Nutrition Bill Advances:** On October 6, conferees completed action on legislation to extend USDA's child nutrition programs, including the WIC program; final approval is expected before Congress adjourns.
- **Parks Bill Defeated:** On October 7, the House overwhelmingly defeated an omnibus parks bill that Secretary Glickman indicated would provoke his recommendation of a veto, due to its objectionable Forest Service-related provisions.
- On October 7, the Senate Special Committee on the Year 2000 Technology Problem will hold a hearing on the information technology readiness of general business services for the year 2000, focusing on the food and pharmaceuticals industry. Witness to be announced.
- On October 8, the House Agriculture Subcommittee on General Farm Commodities will hold a hearing on U.S.-- Canadian trade and its affect on American agricultural producers.

IV. SECRETARY'S SCHEDULE

- On October 8, Secretary Glickman will address the Peace Corps Director's Forum about the anti-hunger initiative.
- On October 8, Secretary Glickman will attend an Administration briefing to the Senate

concerning the upcoming November Global Climate Change Conference in Buenos Aires, Argentina.

- On October 13, Secretary Glickman will meet with the U.S.- Chile Consultative Committee on Agriculture.
- From October 14 - October 16, Secretary Glickman will travel to California, where he will hold events for Representative Dooley, in Fresno; and candidate Sandie Dunn in Woodland; open a USDA service center in Davis, and give a World Food Day speech at the University of California in Davis.
- On October 17, Secretary Glickman will make a Conservation Reserve Enhancement Program Announcement for Oregon and Washington State in Portland.
- On October 18, Secretary Glickman will travel to Idaho for events with candidate Richard Stallings, in Twin Falls; and candidate Dan Williams in Moscow.

V. DEPUTY SECRETARY'S SCHEDULE

- On October 16, Deputy Secretary Rominger will speak at the dedication of the new USDA service center in Davis, California.
- On October 16, Deputy Secretary Rominger will accompany Secretary Glickman at a World Food Day address at the University of California, Davis campus.

VI. SUB-CABINET SCHEDULE

- On October 3, Under Secretary Shirley Watkins addressed the District of Columbia Association of Family and Consumer Sciences.
- On October 5, Under Secretary Catherine Woteki spoke to the U.S. Animal Health Association on the National Academy of Sciences' report, "Ensuring Safe Food: From Production to Consumption."
- On October 9-10, Under Secretary Gonzalez will speak at the Urban Agriculture meeting in Philadelphia.
- On October 14, Assistant Secretary Dunn will speak at the Tri-State River Transportation Conference in Quincy, Illinois.

VII. PRESS INQUIRIES AND AMPLIFICATION

- FAS Administrator Hatamiya conducted interviews in connection with the opening of the new FAS Atlanta, Georgia Regional Outreach Office. The following interviews took place September 30, October 1 and 2: the *Atlanta Journal Constitution*; the *Montgomery Advertiser*; the *Memphis Commercial Appeal*; Georgia Public Radio (The Peach Tree Network); Capitol Agri-Business Radio Network (covers 79 stations in Alabama, Georgia, North Carolina and South Carolina); Southwest Ag-Net (covers 32 stations in Alabama and Georgia); Mississippi Ag Network (covers 35 stations in Mississippi); Tennessee Agrinet/Alabama Agrinet (covers 54 stations in Alabama and Tennessee); Yancey Ag Network (covers 16 stations in Tennessee, Mississippi).
- The *National Journal* requested a brief interview and a photograph of FNS Administrator Samuel Chambers, Jr., for an upcoming piece in its "People" column.
- *The Washington Post* interviewed Under Secretary Woteki and Administrator Billy October 1, on the value of continuing meat and poultry visual inspection tasks in view of the implementation of HACCP.
- *The Congressional Quarterly* completed a story on the Forest Services's Natural Resources Agenda, for publication in October.
- New reports of Africanized bee attacks in the West led to several media contacts to USDA scientist Eric Erickson at the Carl Hayden Bee Research Center in Tucson, Arizona, in recent days from the *Arizona Daily Star* (Tucson), *San Diego Union Tribune*, *The Tribune* (of Mesa, Arizona), Channel 9 (Tucson), Channel 12 - *NBC* (Tucson), *Explorer* newspaper (Tucson), and the Kingman, *Arizona Daily Miner*.
- During the week of September 28, USDA personnel in California conducted a tour of the Los Angeles Airport's international arrivals area for the local ABC affiliate, for a feature story on the Beagle Brigade, expected to air in November.
- Secretary Glickman's radio address, taped October 5, focuses on emergency assistance for farmers, specifically agriculture appropriations legislation. The feed also contains the President's Saturday Radio Address broadcast of October 3.
- In addition to the Secretary's and the President's radio messages (see above), USDA Radio Newslines featured several stories on the farm economy, including Secretary Glickman's statements on passage of farm legislation, the Secretary's speech to State Agriculture Commissioners about the President's support of the farm disaster aid bill and the importance of full funding for the IMF, U.S.-Canadian trade disputes, and falling crop prices and farmland values.

- Secretary Glickman spoke at the Lewis and Clark Trail event at the Library of Congress October 1, commemorating the 200th anniversary of the Lewis and Clark expedition. He also participated in a joint announcement and signed a Memorandum of Understanding with the Departments of Interior and Education.
- Secretary Glickman joined Interior Secretary Bruce Babbitt and Environmental Quality Chair Kathleen McGinty October 1 in a media roundtable to discuss the Administration's views of attempts in Congress to roll back environmental protections through amendments to spending bills and omnibus legislation on parks and public lands.
- Deputy Secretary Richard Rominger spoke at the meeting of the President's Council on Food Safety October 2. He said the work and commitment of the Administration are having a significant effect on the national food supply, and that early data show the number of broiler chickens contaminated with salmonella was cut almost in half since HACCP was instituted. The Deputy Secretary announced more than \$5.5 million in grants to fund 50 food safety research and education projects run by colleges, universities, and nonprofit organizations across the country.
- Secretary Glickman and U.S. Trade Representative Charlene Barshefsky issued a joint statement October 2 on efforts to resolve the U.S.-Canada border dispute. They said the Administration is ". . . very concerned about the underlying severe economic conditions that persist in many areas of the U.S. agricultural industry. . . ." and ". . . highly concerned about Canada's agricultural trade policies and practices. . . ." The Secretary and the Trade Representative urged Canada to address these issues in an open and constructive manner.

VIII. FOIA REQUESTS

- The *Los Angeles Times* asked for USDA correspondence with Representative Dan Burton.
- Hogan & Hartson asked for USDA records concerning the activities of its employees during the August, 1997 recall of beef produced by Hudson Foods, and for secretarial correspondence with Hudson Foods and the Centers for Disease Control and Prevention related to the recall.

IX. WEEKEND CONTACT

Greg Frazier

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October 14, 1998

Memorandum For The President

Through: The Honorable Erskine Bowles
From: Secretary Dan Glickman
Subject: Report for Week of October 11, 1998

USDA Fact of the Week

While USDA's most recent World Agricultural Supply and Demand Estimates, released October 9, project that U.S. farmers will harvest their largest ever soybean crop, and second largest corn crop, USDA projects dramatic declines in this year's Russian grain production, showing wheat production falling 35% from 1997, and the Russian corn harvest down 47%, leaving Russian stocks at the end of the year 80% below 1997 levels -- all the lowest levels in decades.

I. KEY DEPARTMENT NEWS

- **Russian Officials Sound Out USDA on Food Assistance:** On October 13, a delegation of Russian officials, that included a special representative of the Prime Minister, met with USDA officials to discuss Russia's food needs and the possibility of U.S. assistance; while the delegation did not present a formal request, it did indicate that one will be forthcoming, perhaps as soon as the week of October 19.
- **USDA FY99 Appropriations Bills Advance:** As of this writing, negotiators continue working towards an agreement on the FY99 agricultural appropriations measure, particularly on the contentious issue of providing emergency assistance to farmers to recover from natural disasters and low prices. Meanwhile, USDA staff continue working to strip the FY99 interior appropriations bill of its troublesome Forest Service-related riders. We have reached agreement on several of the riders, including logging levels on the Tongass National Forest, and the Columbia River Basin project.
- **USDA Officials Start Canadian Talks:** On October 8, following up on Secretary Glickman's meeting with the governors of several border states, and their Congressional delegations, USDA officials, accompanied by representatives of the USTR, EPA, FDA, and the State Department, met with representatives of the Canadian government to launch

negotiations to ease the agricultural-related trade tensions that prompted the governors to blockade shipment of Canadian products. This initial meeting produced an agreement on the work plan negotiators will pursue, including the establishment of several subgroups to examine the technical and regulatory issues associated with the problem.

- **USDA Provides Emergency Assistance:** As of October 9, USDA's commodity operations office had provided almost 450,000 pounds of food to assist victims of Hurricane Georges in Puerto Rico.
- **International Rural Women's Day Observation October 15:** Under Secretary Long Thompson will address the Agricultural Women's Leadership Network October 15 in Chicago regarding the designation of International Rural Women's Day by President Clinton, and as part of observation of International Rural Women's Day, USDA is working with the Agricultural Women's Leadership Network to collect embroidery thread to be donated to women's craft cooperatives in India.
- **USDA Food Drive Begins on World Food Day:** World Food Day, October 16, 1998, will mark the opening of a month long food drive at USDA; in addition to contributing to the traditional food drive, many USDA employees will collect nonperishable food items for donation to local food banks, run in a hunger marathon, work at soup kitchens and food banks, and help farmers glean crops.
- **USDA Kicks Off New Year 2000 Outreach:** On October 16, USDA plans to sign a memorandum of understanding with the Department of Commerce that will pave the way for a new outreach effort to small businesses and farmers on the year 2000 computer problem; USDA's participation will be delivered primarily through its network of county extension offices.
- **Yellowstone Bison Protection Plan Update:** On October 16, the public comment period closes on USDA's draft environmental impact statement on how to manage Yellowstone's buffalo in the future; however, given the high level of interest, USDA may extend the comment period by 15 days.
- **USDA Makes Farm Bill Payments:** As of September 30, USDA had issued approximately \$5.65 billion in income support payments under the 1996 Farm bill, and on October 13, USDA began making \$1.3 billion in FY99 conservation reserve program (CRP) payments.
- **USDA Reduces Delinquent Accounts:** As of September 30, USDA had reduced by 20% the number of delinquent million dollar direct farm loan program accounts, and reduced the outstanding balance by almost 25%.
- **Petty Enterprises to Sport Smokey Logo:** In late-October, the Forest Service will sign

an agreement with Petty Enterprises to display the official Smokey sponsorship logo on cars participating in Daytona 500 races, in part to recognize the firefighters who battled Florida wildfires last summer.

- **USDA Promotes Farm Exports:** Already this fiscal year, USDA has made available \$4.8 billion in export credit guarantees to promote the sale of U.S. farm commodities, an amount 50% above the level of credits extended at the same point last fiscal year.

October 1-7, USDA made subsidies available to facilitate the export of 387 metric tons of dairy products to buyers in Africa, Asia, the former Soviet Union, the Middle East, and Latin America.

- **Commodity Markets in Review:** Wheat cash and futures prices rose sharply last week, on rumored increases in exports and an alleged frost in Australia. Rice cash prices firmed, but futures advanced on good export sales. Corn cash and futures prices moved higher as harvest progress lagged and the dollar slumped. Soybean prices jumped sharply on Friday as USDA forecast a much smaller crop than the industry anticipated. Cotton prices were higher earlier in the week, but fell on Friday as USDA forecast production higher than most analysts expected. Cattle prices moved modestly higher, as beef continues to be featured in many retail outlets. Hog cash prices fell, as October pork promotion activities have produced lackluster results to date; but futures rose in the hope that donations to Russia will be announced soon. A rise in leg quarter prices sent broilers up for the week. Butter prices slid as buyers continue to shy from high prices. Cheese prices edged up, continuing to compete strongly in the fluid milk market.

Average prices for the week ending October 9, 1998

| Commodity | Weekly price | Change from a week ago | Change from a year ago |
|------------------|---------------------|-------------------------------|-------------------------------|
| Wheat \$/bu | 3.02 | 0.16 | -0.71 |
| Corn \$/bu | 1.88 | 0.07 | -0.77 |
| Soybeans \$/bu | 5.07 | 0.08 | -1.54 |
| Rice \$/cwt | 8.88 | 0.00 | -0.62 |
| Cotton c/lb | 71.12 | 1.07 | 1.80 |
| Steers \$/cwt | 58.50 | 0.78 | -6.72 |
| Hogs \$/cwt | 28.44 | -1.66 | -20.11 |
| Broilers c/lb | 69.23 | 0.18 | 10.17 |
| Cheese \$/lb | 1.80 | 0.02 | 0.41 |
| Butter \$/lb | 2.35 | -0.26 | 1.06 |
| Milk \$/cwt | 15.97 | +0.68 | NA |

II. USDA WORK ON PRESIDENTIAL INITIATIVES

- **President's Food Safety Initiative:**
 - **Recall of Baby Food for Lead Contamination:** On October 9, USDA announced that the H. J. Heinz Co., is recalling one day's production of its vegetable chicken baby food because the product may contain elevated concentrations of lead.
 - **Salmonella Finding Prompts Recall:** On October 8, USDA updated its recall notification report on a recall initiated September 28 for possible *Salmonella* contamination of various beef, pork, and poultry products from Zartic, Inc., Cedartown, Georgia, because follow-up testing of samples collected after the September 28 recall generated two more test results positive for *Salmonella*. The company expanded its recall to include all products produced from August 7 - October 7 on 3 production lines, involving about 2 million pounds of product were distributed to institutional users in 34 states.

- President's Food Aid Initiative
 - On October 13, Secretary Glickman announced that USDA will donate 100,000 tons of wheat to Pakistan under the President's Food Safety Initiative.
- President's Initiative on Race:
 - On October 9, the judge in the class action civil rights discrimination case pending against USDA, *Pigford et. al. v. Glickman*, certified the class; the trial is set for February 1
 - USDA officials, in cooperation with state and local law enforcement officials, are investigating a possible hate crime in which racial epithets were painted on a USDA-assisted rural housing project in Taneytown, Maryland
- President's Initiative on Welfare Reform:
 - **Welfare Tennessee EBT Pilot Approved:** On November 1, Tennessee will become the 35th State to begin food stamp program electronic benefit transfer (EBT) issuance, with a pilot project in Bradley, McMinn, Meigs, and Polk counties, and statewide implementation by August, 1999.
 - **Welfare Reform Waiver Update:** During the period from October 6, through October 13, USDA approved a request from Maine to waive the provisions of the welfare reform law that limit food stamp participation to 3 months in any 36-month period, for able-bodied adults between the ages of 18 and 50 without dependents, unless the individuals are employed for an average of 20 hours a week, or are participating in a work program. Under the waiver, residents of 9 areas with unemployment rates at least 20 percent above the national average will continue to be exempt from the provisions.

III. NOTABLE CONGRESSIONAL ACTIVITY

- **USDA FY99 Appropriations Bills Advance:** As of this writing, negotiators continue working towards an agreement on the FY99 agricultural appropriations measure, particularly on the contentious issue of providing emergency assistance to farmers to recover from natural disasters and low prices. Meanwhile, USDA staff continue working to strip the FY99 interior appropriations bill of its troublesome Forest Service-related riders. We have reached agreement on several of the riders, including logging levels on the Tongass National Forest, and the Columbia River Basin project.
- On October 12, the Senate cleared legislation strengthening the authority of USDA's

chief information officer, providing the office with additional resources to meet the year 2000 computer problem.

IV. SECRETARY'S SCHEDULE

- On October 16, Secretary Glickman will hold an event for Congressional candidate Sandy Dunn in Sacramento, California.
- On October 16, Secretary Glickman will help dedicate the Lyng USDA service center in Davis, California.
- On October 16, Secretary Glickman will make a World Food Day address at the University of California, Davis campus.
- On October 17, Secretary Glickman will make a Conservation Reserve Enhancement Program (CREP) announcement affecting the states of Oregon and Washington, in Portland, Oregon.
- On October 17 and 18, Secretary Glickman will hold events for Congressional candidate (and former member) Richard Stallings, in Twin Falls, Idaho.
- On October 18, Secretary Glickman will hold an event for Congressional candidate Dan Williams in Moscow, Idaho.
- On October 21, Secretary Glickman will hold an event for Congressional candidate Rob Tully in Waterloo, Iowa.
- On October 21, Secretary Glickman will hold events for Representative Boswell, and Congressional candidate Tom Vilsack in Des Moines, Iowa.

V. DEPUTY SECRETARY'S SCHEDULE

Nothing of significance to report this week.

VI. SUB-CABINET SCHEDULE

- On October 12-13, Under Secretary Shirley R. Watkins is in Pittsburgh, Pennsylvania, participating in the National School Lunch Week celebration and addressing Just Harvest's Annual Harvest Celebration Dinner.

- On October 14, Assistant Secretary Dunn will speak at the Tri-State River Transportation Conference in Quincy, Illinois.
- On October 15, Under Secretary Long Thompson will address the Agricultural Women's Leadership Forum on International Rural Women's Day.
- On October 15, Deputy Under Secretary Caren Wilcox plans to participate with Congressman Steve Rothman in a "Fight BAC" school food safety event in Englewood, New Jersey.
- On October 16, Under Secretary Lyons will address the National Urban and Community Forestry Advisory Council, in Seattle, Washington.
- On October 17, Under Secretary Lyons will attend a Conservation Reserve Enhancement Program Announcement (CREP) with Secretary Glickman in Portland, Oregon.
- On October 17, Under Secretary Shirley R. Watkins will be the keynote speaker at a forum on "Good Nutrition for Children and Families" at Shorter College, in Little Rock, Arkansas.
- On October 19, Under Secretary Lyons will address the Sporting Goods Manufacturers Association Meeting, in LaQuinta, California.
- On October 19, Deputy Under Secretary Wilcox plans to tour two school lunchrooms and deliver classroom food safety and nutrition messages in an "America Goes Back to School" event in Hershey, Pennsylvania.
- On October 20, 1998, Under Secretary Shirley R. Watkins will address the 81st Annual Meeting of the American Dietetic Association in Kansas City, Missouri.
- On October 20, Under Secretary Woteki will be in Sacramento for one in a series of national public meetings scheduled by the President's Council on Food Safety to discuss strategic planning for the President's Food Safety Initiative.
- On October 20, Under Secretary Lyons will attend a Conservation Reserve Enhancement Program Announcement in Olympia, Washington.
- On October 21, Under Secretary Lyons will address the Middlefork Ranger District Ground Breaking Ceremony, near Eugene, Oregon.

VII. PRESS INQUIRIES AND AMPLIFICATION

Inquiries:

- On October 7, FAS Administrator Hatamiya was interviewed by *Reuters* on the fiscal 1999 forecast for U.S. agricultural exports. On October 8, he was interviewed by Mid-America Ag. Radio Network on Australian crop prospects and Canadian trade issues.
- The *New York Times* is working on an in-depth series on hunger and the extent to which needy people rely on charities and government programs. USDA has been providing program participation figures for this series.
- KAKE-TV, Wichita, Kansas, wanted more information on the Bauer meat recall.
- ABC's World News tonight and Good Morning America called about date stamping of eggs. A few farmers across the country are voluntarily putting dates directly on the egg shell; USDA has no role in this effort.
- The *New York Post* and the *Philadelphia Tribune* asked about USDA's drug testing policies following reports from Mike Espy's trial.
- The *Baltimore Sun* asked about USDA's role in investigating a hate crime incident at a Rural Development-sponsored self-help housing site in Maryland.
- *Los Angeles Times* and the *Wall Street Journal* asked about never-frozen labeling for turkeys.
- ABC's 20/20 and the Ocala, Florida, newspaper asked about the Bauer meat investigation.

Amplification:

- **News Conference on Farm Crisis:** On October 13, Secretary Glickman held a media availability with Washington-based reporters and a telephone media availability with 15 radio stations around the country focusing on the farm crisis and related issues; in addition, fifty radio broadcasters listened in through USDA telephone lines. USDA issued a backgrounder in conjunction with the media availability on the steps it is taking to assist farmers through the current crisis.
- Secretary Glickman taped a World Food Day message October 9, which was broadcast over USDA Radio. Secretary Glickman will deliver the World Food Day address October 16 at the University of California-Davis, focusing on nutrition and hunger.
- Secretary Glickman will participate in a Conservation Reserve Enhancement Program (CREP) event - on a program that affects Washington and Oregon -- in Portland, Oregon, October 17. He will be joined by Governor John Kitzhaber and Senators Ron Wyden and Patty Murray.

- Secretary Glickman announced October 8 the appointment of Timothy J. Galvin as his special assistant on trade issues for USDA, replacing Paul Drazek who served in that role and now is returning to the private sector.
- Secretary Glickman announced October 7 plans to create a Council on Small Farms and a new office at USDA that will deal specifically with small farm issues.

VIII. FOIA REQUESTS

Nothing of significance to report this week.

IX. WEEKEND CONTACT

Greg Frazier