

October 21, 1998

Memorandum for the President

Through: The Honorable Erskine Bowles
From: Secretary Dan Glickman
Subject: Report for Week of October 18, 1998

USDA Fact of the Week

Soy protein may be more effective in lowering cholesterol than cholesterol-reducing diets that include meat; notes a USDA study — the findings of which will be reported in an upcoming issue of the *American Journal of Clinical Nutrition*. The study indicates a 13% drop in cholesterol when replacing meat, with soy protein, in specially designed cholesterol-lowering diets.

I. KEY DEPARTMENT NEWS

- **USDA Dedicates New California Facility:** On October 16, Secretary Glickman, joined by Deputy Secretary Rominger, and former Secretary Lyng, dedicated the Richard Lyng USDA Service Center in Davis, CA. This is the largest USDA building outside of Washington D.C. and Kansas City, MO.
- **USDA Protects Northwest Salmon:** On October 17, Secretary Glickman signed a Conservation Reserve Enhancement Program (CREP) agreement with Governor Kitzhaber, and on October 19, signed a similar agreement with Governor Locke. Together, USDA will provide as much as \$250 million each to OR and WA, to protect up to 100,000 acres of salmon habitat in the two states.
- **USDA Dedicates New Rise Research Center:** On October 22, joined by Senator Bumpers and Representatives Berry and Dickey, USDA will dedicate the "Dale Bumpers National Rice Research Center," a new \$11 million, 46,000 square foot facility in USDA's research complex outside of Stuttgart, AR.
- **USDA Investigates Possible Arson Fire:** In cooperation with the FBI, ATF, and state and local officials, USDA Forest Service officials are investigating whether the October 19 fires that destroyed several Vail Resorts facilities on Forest Service property were

arson, possibly prompted by individuals disgruntled with recent clearances from state and local officials and courts, and the Forest Service, of the resort's plans to expand operations on national forest property; the fires have received considerable public and media attention.

- **USDA Explores Innovative Method to Provide Food Aid to Indonesia:** Following initial discussions that included Secretary Glickman, China has responded favorably to USDA's proposal to swap U.S. wheat for Chinese rice for aid to Indonesia, under which the U.S. will supply wheat to China who will in turn provide an equivalent amount of rice for humanitarian assistance in Indonesia. While USDA had initially offered 1 million tons of U.S. wheat under the arrangement, the Chinese have indicated interest in only 500,000 tons; final details will be resolved within the next 10 days.
- **USDA Continues Talks to Ease Canadian Border Tensions:** On October 20, USDA officials presented arguments opposed to Canada's system of dairy subsidies to the WTO, as part of the initiative Secretary Glickman launched last month with several border state governors and members of affected congressional delegations to resolve trade frictions along the border that have prompted several of the governors to blockade shipments of Canadian agricultural goods. In a related development, on October 22, officials from the two governments will meet to continue the discussions launched October 8.
- **USDA Cleans Superfund Site:** On October 22, Rep. Bart Stupak will participate in a dedication ceremony for the cleanup of the Torch Lake Superfund site which USDA's Natural Resources Conservation Service (NRCS) took the lead in designing, having received a \$15.2 million contract from EPA.
- **More Asian Long-horned Beetles Found in Chicago:** Working with state and local officials and volunteer groups, USDA officials have confirmed that the Asian Long-horned beetle has been discovered on green and white ash trees in the Ravenswood neighborhood of Chicago; the infestation and USDA's proposals to ban the Chinese packing material responsible for it have received considerable public, Congressional, and media attention. In a related development, on October 16, USDA conducted its first public meeting on the packing material proposal; two more follow on November 5 and 6.
- **Trade Developments:** On October 9, EU officials notified the U.S. that they intend to abide by their decision to stop imports of U.S. red meats, based on their audit of the U.S. residue protection system.

Mexican budget troubles have caused it to stop its inspection of apples grown in the Pacific Northwest, effectively closing the Mexican market to U.S. growers.

Singapore has approved U.S. exports of chilled pork, opening a potentially lucrative market to U.S. pork producers, who now have only a minuscule portion of this growing

market.

Since October 8, USDA has donated 350,000 tons of wheat directly to the government of Bangladesh, and to it through the World Food Program, for emergency relief to help recovery from flooding.

During the week ending October 14, USDA provided subsidies to facilitate the export of over 250 metric tons of dairy products to customers in Africa, Latin America, and the Middle East.

- **Commodity Markets in Review:** Wheat futures prices rose last week, on hopes for donations to Russia and cash advanced on slow sales by farmers. Rice cash prices remained firm, but futures fell on harvest pressure and poor export sales. Corn cash and futures moved higher on rumors that corn would be part of an aid package to Russia. Soybean prices jumped in response to USDA's forecast of a much smaller-than-expected crop, plus reports that Brazil will sharply reduce soybean acreage this year. Cotton prices plummeted, as weak demand and large world supplies continue to dominate trade. Cattle prices moved modestly higher, as beef continues to be featured in many retail outlets. Hog cash prices also rose, as October pork promotion activities continue and hope remains alive that donations to Russia will be announced soon. A fall in breast meat prices sent broilers down for the week. Butter prices fell slightly as the market stabilized. Cheese prices edged up, continuing to compete strongly in the fluid milk market.

Average prices for the week ending October 16, 1998

Commodity	Weekly price	Change from a week ago	Change from a year ago
Wheat \$/bu	3.17	+0.14	-0.66
Corn \$/bu	2.04	+0.14	-0.63
Soybeans \$/bu	5.32	+0.18	-1.55
Rice \$/cwt	8.88	0.00	-0.62
Cotton ¢/lb	67.63	-3.17	-1.79
Steers \$/cwt	61.51	2.30	-4.29
Hogs \$/cwt	28.80	+0.05	-17.30
Broilers ¢/lb	68.07	-0.45	+9.52
Cheese \$/lb	1.81	+0.01	+0.41
Butter \$/lb	2.34	-0.01	+0.97
Milk \$/cwt	15.97	0.00	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES.

- **Presidential Initiative on Food Safety:**
 - **USDA Investigating Food Illnesses:** USDA food safety officials have 3 outbreaks of suspected food-related illnesses under investigation: in Troup County, GA, 7 schoolchildren are suspected to be victims of a salmonella outbreak; *E. coli* contaminated meat may have sickened 4 elementary school students in Finely, WA; and in WV, half of the 250 people who ate the same meat product became sick.
 - **USDA Suspends Operations at Case Farms of Ohio, Inc.:** On October 15, USDA officials suspended operations at Case Farms of Ohio, Inc., of Winesburg, OH, based on repeated deficiencies in the areas of zero tolerance for visible fecal contamination and Sanitation Standard Operating Procedures (SSOP).
- **Presidential Initiative on Race:** On October 15-16, staff from USDA's Food and Nutrition Service participated in a research conference on racial trends in the United States that was organized by the National Research Council of the National Academy of

Science and sponsored by the President's initiative on race and 15 Federal agencies.

- **Presidential Initiative on Welfare Reform:** During the period from October 14, through October 20, USDA denied a request from NH to waive the provisions of the Welfare Reform Act 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.
- **Presidential Initiative on Food Aid:** On October 22, Secretary Glickman will announce that USDA will donate 350,000 tons of wheat to Bangladesh under the President's initiative to donate surplus commodities, primarily wheat, to needy people around the world; this action brings the total donated under the initiative since its announcement to 1.4 million tons. In addition, USDA has made China, Ecuador, Jordan, the Philippines, Sri Lanka, and Tajikistan eligible for future donations through the initiative.

III. SECRETARY'S SCHEDULE

- On October 17 and 18, Secretary Glickman held events for Congressional candidate, and former Representative, Richard Stallings, in Twin Falls, ID.
- On October 18, Secretary Glickman held an event for Congressional candidate Dan Williams in Moscow, ID.
- On October 21, Secretary Glickman held an event for Congressional candidate Rob Tully in Waterloo, IA.
- On October 21, Secretary Glickman held events for Representative Boswell, and Congressional candidate Tom Vilsack in Des Moines, IA.
- On October 22, Secretary Glickman will hold an event for Representative Lane Evans, in Taylor Ridge, IL.
- On October 22, Secretary Glickman will hold events for Gubernatorial candidate Humphrey and Representative Minge in Minneapolis, MN.
- On October 23, Secretary Glickman will hold an event for Representative Minge in Minneapolis, MN.
- On October 23, Secretary Glickman will hold an event for Representative Jay Johnson in Green Bay, WI.

- On October 26, Secretary Glickman will hold an event for Representative Bishop in Albany, GA; and an event for Representative Dingell in Detroit, MI.
- On October 28, Secretary Glickman will hold an event for Representative Dooley in Fresno, CA.
- On November 6, Secretary Glickman will address the National Small Farm Trade Show & Conference in Columbia, MO.

IV. SUB-CABINET SCHEDULE

- From October 22–25, Deputy Secretary Rominger will attend conferences in Madrid and on the Spanish Canary islands.
- On November 4, Deputy Secretary Rominger will attend a meeting of the President's Management Council.
- On October 27, Under Secretary Woteki will address the USDA-sponsored tri-country meeting in Riverdale, MD, to discuss transmissible Spongiform Encephalopathies with an emphasis on prevention of, and surveillance for, bovine spongiform encephalopathy (BSE), commonly referred to as "Mad Cow" disease.
- From October 28 -- 30, Under Secretary Gonzalez will participate in groundbreaking ceremonies for a new research facility at New Mexico State University.
- On October 29, Under Secretary Long Thompson will travel to Atlanta, GA to address the National Cooperative Business Association (NCBA) and announce that USDA will set aside \$200 million in loan guarantees for value-added agricultural-related cooperatives at the event.

V. PRESS INQUIRIES

- On October 16, Secretary Glickman discussed the budget, nutrition and hunger, and the farm crisis, in interviews with the ABC and PBS network affiliates in Sacramento, CA, the *Davis Enterprise*, *Ag Alert*, and the *Capitol Press*.
- From October 16-19, Secretary Glickman discussed the budget resolution with the *Kansas City Star*, the *Wichita Eagle*, and the *Des Moines Register*.
- Following the Seattle CREP event October 19 (see above), the Secretary talked about the budget and the appropriations bill with Reuters, the Associated Press, the *Seattle Post-*

Intelligencer, the *Seattle Times*, *Capitol Press*, and all Seattle network television affiliates and Fox broadcasting.

- Under Secretary Schumacher has been holding an ongoing series of one-on-one telephone interviews to discuss the budget and the farm crisis with outlets in IA, MS, NY, NH, and CA.
- On October 20, Secretary Glickman discussed the grain surplus and charitable donations of wheat with *USA Today*.
- Secretary Glickman's radio address, placed on USDA's Radio Newslines October 19, focuses on the President's commitment to help families hurt by America's plunging farm economy, the President's veto of the agriculture spending bill, the Administration's emergency aid package, and the importance of supporting the IMF.
- On October 19, Secretary Glickman announced a new \$250 million federal-state conservation partnership with WA. (See above under CREP.)
- On October 17, Secretary Glickman announced a new \$250 million federal-state conservation partnership with OR. (See above under CREP.)
- On October 16, Secretary Glickman announced in Davis, CA, \$2.4 million in grants to help communities across the country become more self-sufficient in providing for their own food and nutrition needs.
- *Conus Television* interviewed food stamp Deputy Administrator Cooney on the WIC sugar limit, and Congressional attempts to permit certain sugar-containing cereals into the WIC program.
- *Fox News*, Channel 6, Birmingham, AL, inquired concerning the legitimate uses of commodities for school meals, and claimed to have documentation that school commodities were used to feed adults at a political function.
- The *National Journal* asked about political travel, particularly the extent of the Secretary's travel for Congressional candidates.

VI. FOIA REQUESTS

- WMC-TV, Memphis, TN, has requested copies of violations pertaining to adulterated meat or mislabeled meat product committed by supermarkets, and butcher shops in AR, TN and MS during the last five years.

- The Columbia, MO, chapter of the Sierra Club has requested a list of any USDA monies that have been directed for manure management, or any other purpose, to the facilities at Premium Standard Farms, Continental Grain, and Murphy's Brothers.
- *The Baltimore Sun* has requested access to and copies of an investigation of 130 piedmont poultry growers in and around Bonlee, NC.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- During World Food Day remarks on October 16, in Davis, CA, Secretary Glickman announced the awarding of \$2.4 million to 18 community food security projects in 12 states.
- **USDA Awards \$500 Million to Washington and Oregon Farmers:** On October 17, Secretary Glickman signed a Conservation Reserve Enhancement Program (CREP) agreement with Governor Kitzhaber and on October 19, signed a similar agreement with Governor Locke. Together, USDA will provide as much as \$250 million each to OR and WA to protect up to 100,000 acres of salmon habitat in the two states.
- Secretary Glickman announced October 16 that USDA will purchase up to \$4 million of canned tuna to help bolster prices for fishermen and provide food assistance nationwide.
- **USDA Set to Boost Value-Added Financing:** On October 29, USDA plans to announce intentions to reserve \$200 million in business and industry program loan guarantee funds in FY99 for value-added cooperatives.

VIII. WASTE, FRAUD AND ABUSE

- **USDA Charges Walmart Stores:** On October 21, USDA charged Walmart Stores, Inc. with 156 counts of violations of USDA's plant protection regulations for moving imported Mexican avocados from approved receiving states to unapproved states; USDA's rules allowing Mexican avocados into the U.S. for the first time in nearly 80 years received considerable public, industry, congressional, and media attention.
- **USDA Readies for Food Stamp "Death Matching" Measure:** On October 15, the House cleared for the President's signature a bill requiring states to ensure that they do not issue food stamps in the name of deceased individuals, and requiring USDA to conduct a study to design a national database to track participation in means-tested public assistance programs; both problems have been the subject of GAO reviews, Congressional hearings, and media interest.

- **Food Stamp Debt Collections Soar:** As of October 1, USDA surpassed all federal agencies except one in the Treasury's Offset Program, having collected more than \$242 million in food stamp debt through state food stamp agencies.
- **Food Stamp Felons Nabbed:** To date, USDA's Inspector General's Operation Talon, an initiative that cross-matches food stamp rolls with outstanding criminal warrants, has resulted in the arrest of 3,213 felons; operations continue in 3 locations.
- **USDA Resolves 14-Year Old, Multimillion Dollar Bankruptcy:** On October 19, USDA's Rural Utility Service finally resolved the bankruptcy of Wabash Valley Power Association, Inc., which filed for bankruptcy in 1984, after suffering heavy losses from the canceled Marble Hill Nuclear Project.

IX. CLIMATE CHANGE

- On October 23, the interagency team (USDA, EPA, DOE) on forest carbon sinks will present its analysis updating the carbon stock numbers associated with various interpretations of reforestation, afforestation, and deforestation.

X. DISASTER ASSISTANCE

- **USDA Providing Emergency Watershed Protection (EWP) Assistance:** To help farmers recover from flooding, USDA's EWP program will provide \$5.5 million to construct a new water-retention facility near Chino, CA, and is processing more than 350 applications for assistance from farmers in northeast SD.

XI. WEEKEND CONTACT

Greg Frazier

October 28, 1998

Memorandum to The President

Through: The Honorable Erskine Bowles
From: Secretary Dan Glickman
Subject: Report For Week of October 25, 1998

USDA Fact of the Week

Cash hog prices hit their lowest level in over 25 years on October 28, falling to \$23, a level not seen since April, 1972; analysts expect even lower prices in the coming weeks as farmers bring unexpectedly large numbers of hogs to market.

I. KEY DEPARTMENT NEWS

- **USDA Prepares to Make Disaster Assistance Payments:** By November 3, USDA plans to begin issuing \$3 billion-plus included in the budget deal for additional FY99 farm income support payments.
- **USDA Team to Russia to Discuss Emergency Food Needs:** On October 27, a team of USDA officials left for Moscow to discuss the food assistance request USDA received from the Russian government on October 26; reports of the request have received considerable media interest and have been influential in moving commodity markets over the last several trading sessions.
- **USDA Unit Wins JFK School of Government Public Service Award:** Announced October 22, the Camino Real Ranger District on the Carson National Forest (NM) was one of 3 federal winners of the Innovations in American Government Award for its work balancing the interests of local communities, loggers, ranchers, the tourism industry, environmentalists, and the general public together, in developing management plans for the forest lands under its jurisdiction
- **USDA Announce Food for Peace Allocations:** On October 27, USDA allocated \$201 million for PL 480 shipments for FY99. The preliminary allocations include 117,000 metric tons of wheat and 100,000 metric tons of rice destined for Indonesia; USDA will ship an additional 28,000 metric tons of rice to other destinations, 213,000 metric tons of

feed grains, and slightly over 200,000 tons of soybeans and soybean products.

- **USDA Holds National Childhood Obesity Conference:** On October 27 USDA held the first ever government sponsored national *Symposium on Childhood Obesity: Causes and Prevention*, featuring remarks from Secretary Glickman, the Surgeon General, and leading national experts in obesity, discussing scientific research in healthcare and medicine, education, and nutrition, and the public policy implications of overweight children.
- **USDA Begins New Round of Conservation Program:** On October 26, USDA began accepting bids from farmers to enroll their land into USDA's Conservation Reserve Program (CRP), the largest private land conservation program of the federal government.
- **Trade Developments:** On October 29, U.S. and Canadian policy and technical experts will meet in Washington to discuss terms of an initial agreement to resolve the cross-border frictions that led several border state governors to blockade shipments of Canadian agricultural products this past summer.

In other developments, in the week that ended October 21, USDA approved subsidies facilitating the export of 540 metric tons of dairy products to customers in Africa, the former Soviet Union, the Middle East, and Latin America.

- **Commodity Markets in Review:** Wheat cash and futures prices rose last week, on rumors of wheat donations to Russia and the announcement of a donation to Bangladesh. Corn cash and futures prices fell, pressured by the rapid harvest and rumors of an export sale by China. Soybean prices declined, as the harvest neared completion and exports continued sluggish. Harvest pressure and poor exports also forced rice futures prices down to a 2-1/2 year low. Cotton cash and futures ended down for the week, as demand remains slow. Cattle prices were up, following cutout prices up. Hog prices fell, as marketings remain very large. Broiler prices dropped slightly, as parts prices declined. Butter prices stabilized amid still-tightening supplies. Cheese prices set record-highs for the seventh consecutive week.

Average prices for the week ending October 23, 1998

Commodity	Weekly price	Change from a week ago	Change from a year ago
Wheat \$/bu	3.27	+0.10	-0.63
Corn \$/bu	1.97	-0.07	-0.77
Soybeans \$/bu	5.24	-0.08	-1.59
Rice \$/cwt	8.88	0.00	-0.75
Cotton c/lb	65.76	-1.87	-3.82
Steers \$/cwt	62.83	+1.32	-4.88
Hogs \$/cwt	27.15	-1.65	-18.60
Broilers c/lb	68.07	-0.45	+9.52
Cheese \$/lb	1.83	+0.02	+0.43
Butter \$/lb	2.33	-0.01	+0.38
Milk \$/cwt	16.00	+0.03	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

Presidential Initiative on Food Safety:

- **USDA Suspends Operations at Meat-Packing Plants:** On October 22, USDA suspended operations at Kull Packing Co., in Yorkville, OH, based on repetitive Standard Sanitary Operating Procedures (SSOP) deficiencies.

On October 22, USDA inspection personnel observed and documented the contamination of numerous beef carcasses at Federal Beef Processors, Inc. of West Fargo, ND, and reinstated a previous preliminary decision to suspend operations at the facility.

- **USDA Announces Recalls for *Listeria Monocytogenes*:** On October 23, Dixie Packers, a Madison, FL meat processing firm, began recalling 108,267 pounds of franks for possible contamination with *Listeria monocytogenes* bacteria; they were distributed to Winn-Dixie Stores located in AL, FL, GA, IN, KY, LA, MS, NC, OH, OK, SC, TN, TX, and VA.

- **Presidential Initiative on Race:**

- **American Indian Liaison to Assist Mississippi Choctaw:** During the first week in November, USDA's natural Resource Conservation Service's National American Indian liaison will be in Mississippi working with the Mississippi Choctaw on opportunities to form a conservation district under State or tribal law.

III. SECRETARY'S SCHEDULE

- On October 26, Secretary Glickman held an event with Representative Dingell, in Detroit, MI.
- On October 28, Secretary Glickman held events for Representative Dooley in Fresno, CA.
- On October 30, Secretary Glickman will hold a farm forum event for Representative Bishop in Albany, GA.
- On November 10, Secretary Glickman will address the American Bankers Association Conference on agricultural credit issues, in Minneapolis, MN.
- On November 13, Secretary Glickman will address the National Future Farmers of America Organization convention, in Kansas City, MO.
- On November 19, Secretary Glickman will address the Kansas Farm Bureau Conference, in Wichita, KS.

IV. SUB-CABINET SCHEDULE

- From October 22-27, Deputy Secretary Rominger attended agricultural issues conferences in Madrid, Spain, and on the Spanish Canary Islands.
- On October 29, Deputy Secretary Rominger will hold a climate change briefing with Under Secretary of State Eizenstat.
- On October 30, Deputy Secretary Rominger will attend the dedication of a Conservation Demonstration Farm with Representative Clayton, in NC.
- On November 11- 19, Deputy Secretary Rominger will attend conferences in Malaysia and Beijing.
- On October 26-29, Under Secretary Dunn is attending the Screw-worm Commission

Meeting in Panama.

- On October 29, Under Secretary Watkins will address the Second Harvest Eastern Region Fall 1998 hunger summit, "Toward a Hunger-Free America: Building an Eastern Region Vision and Strategy in West Warwick, RI.
- On October 29, Deputy Under Secretary Paradis will be the keynote speaker at the Child Care Food Program Hunger Forum "Fighting Hunger at the Grassroots" in Los Angeles, CA.
- On October, 29, Under Secretary Long Thompson will address the National Cooperative Business Association Cooperative Development Forum, Atlanta, GA.
- On October 30, Under Secretary Long Thompson will address the National Congress for Community Economic Development Annual Conference, Kansas City, MO.
- On November 1, Under Secretary Watkins will address the International Food Service Manufacturer's Association annual meeting in Tucson, AZ.
- On November 8-10, Under Secretary Lyons will participate in the National Recreation Lakes Study Commission in Lake Lanier, GA.
- On November 9, Under Secretary Dunn will speak to the St. Louis Agricultural Club, St. Louis, Missouri.
- On November 12, Under Secretary Schumacher will address the Alberta Agribusiness Industry Trade Group, Alberta, Canada.
- On November 13, Deputy Under Secretary Wilcox will address the Food Plants '98 Conference in Chicago.
- On November 19, Under Secretary Schumacher will address the U.S. Agricultural Export Development Council, Baltimore, MD.

V. PRESS INQUIRIES

- On October 26, Secretary Glickman held an interview with *Futures World News*, in which he discussed the budget deal, trade, and other agricultural issues such as dairy and price supports.
- On October 27, Secretary Glickman did an interview on civil rights with ABC News.

- *Fox News*, Chicago, requested an October 26 interview with Jerry Hatfield, director, ARS National Soil Tilth Laboratory, Ames, IA, about the new Swine Research Center at Iowa State University.
- On October 22, *The Washington Post* interviewed Dr. Figueroa, Administrator of the Agricultural Marketing Service, about USDA's oversight responsibility for research and promotion programs, specifically the cotton board.

VI. FOIA REQUESTS

- An Austin, TX, law firm requested documents regarding animal welfare violations by Procter and Gamble.
- KSTP-TV of Minneapolis, MN, has requested copies of critical inspection reports from 1990-1997 for Quality Pork Processors, Inc., Austin, MN.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **USDA Funds Nutrition Education Projects:** On October 26, USDA awarded \$507,000 to 5 state projects to improve nutrition education through the food stamp program.
- **Lower Mississippi Delta Initiative:** USDA has awarded a \$125,000 grant to the Housing Assistance Council's Delta Technology Project to place computers with community based organizations and provide training and technical assistance to develop a communications network throughout the Delta.

VIII. WASTE FRAUD AND ABUSE

- **USDA Suspends Crop Insurance Fraud Targets:** On October 27, USDA announced the immediate suspension of 3 individuals for perpetrating a fraud scheme that cost USDA some \$10 million.
- **USDA Investigating Rural Housing Fraud:** USDA's Inspector General and Rural Housing Service have completed fieldwork on investigations of 32 companies suspected of misusing USDA funds; already USDA investigators have referred 14 companies for criminal investigation.

IX. CLIMATE CHANGE

- **Climate Change Briefing:** On October 29, USDA's Deputy Secretary and the under secretary of state for economic, business, and agricultural affairs, will host a briefing at USDA on international climate change issues, focusing on the upcoming fourth session of the Conference of the Parties (COP 4) of the United Nations Framework Convention on Climate Change in Buenos Aires on November 2-13, the recent Rome workshop on carbon sequestration, and the International Party on Climate Change Special Report on Land Use Change and Forestry.

X. DISASTER ASSISTANCE

- **USDA Prepares to Make Disaster Assistance Payments:** By November 3, USDA plans to begin issuing the \$3 billion-plus included in the budget deal for additional FY99 farm income support payments.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

November 3, 1998

Memorandum to The President

Through: The Honorable John Podesta

From: Secretary Dan Glickman

Subject: Report For Week of November 1, 1998

USDA Fact of the Week

Although farm prices overall remained steady in October, farmers received 4% less for their corn than they did in September; and 3% less for their hogs, pushing hog prices to levels not seen since the 1970's; meanwhile, USDA's latest monthly report, issued October 30, showed that wheat prices climbed 12% in October, while milk was up 4%, hitting record levels.

I. KEY DEPARTMENT NEWS

- **President Announces Russian Food Aid Negotiations:** Prior to the release of your statement on November 4 announcing authorization for USDA negotiators to complete an agreement with the Russian government by which the U.S. will supply Russia with at least 3.1 million metric tons of food aid, Secretary Glickman held a media availability, embargoed until the release of your statement, to amplify the announcement.
- **President Signs Child Nutrition Bill:** On October 31, you signed "The William F. Goodling Child Nutrition Reauthorization Act of 1998" extending USDA's child nutrition programs – including the school breakfast, lunch, and after school feeding programs, and the WIC program; on November 5, Secretary Glickman will participate in an Indian Treaty Room event with supporters of the programs, commemorating enactment of the legislation.
- **USDA to Announce Nutrition Awards:** On November 12, USDA will announce winners of the first "Dan Glickman Pyramid of Excellence Awards" recognizing the following organizations for their innovation and creativity in delivering food and nutrition assistance: the WIC Food Centers of Chicago; the WV State Board of Education; the SD Food Stamp Program; Foodlink and the CA Department of Social Services; and the Office of School Readiness in Atlanta.

- **USDA Announces Pilot Project for Small Farmers:** On October 30, accompanied by Representative Clayton, Deputy Secretary Rominger announced that USDA is establishing 2 demonstration farm projects in NC to provide financial and technical assistance for small farmers to install practices protecting natural resources.
- **Secretary Wraps Up Fall Travel:** On October 30, Secretary Glickman appeared in Albany, GA with Representative Sanford Bishop, his 23rd appearance since August 1 on behalf of Congressional and gubernatorial candidates.
- **USDA Under Secretary in Top100 Most Influential Hispanics:** The October issue of *Hispanic Business* lists USDA's Under Secretary for Research, Education, and Economics I. Miley Gonzalez as one of the most influential Hispanics in the country, for his work in strengthening the country's agricultural community by working to improve partnerships between educational institutions, commodity groups, and Congress to increase funding for agricultural research and education.
- **USDA Mail Manager Recognized in MAIL Magazine:** The current issue of *MAIL* magazine features USDA's mail manager, June Bryan, as a manager with vision, for developing an automated system to sort the 21,000,000 pieces of mail USDA receives annually.
- **Breast-feeding Promotion Consortium to Meet This Week:** On November 5, USDA will host the 15th semi-annual meeting of the Breast-feeding Promotion Consortium in Alexandria, VA, to share information on their breast-feeding promotion efforts and resource materials.
- **Flue-Cured Tobacco Marketing Update:** After a slow start and lower prices, with 97% of 1998's flue-cured tobacco sold, tobacco farmers are receiving prices 3 cents per pound over 1997 level's \$1.75, having marketed a crop about 12% smaller than last year.
- **Agricultural Trade Developments:** On October 27, USDA was notified that the Hong Kong subsidiary of the Guangdong International Trust Investment Corporation defaulted on a \$5 million USDA-guaranteed loan to export U.S. agricultural commodities to China; USDA trade officials are determining whether the default will cause China's suspension from the program.

On October 29, USDA officials continued discussions with their Canadian counterparts to resolve cross-border agricultural trade frictions that last summer prompted several border state governors to blockade Canadian imports; the last round of negotiations covered U.S. concerns over Canadian impediments to U.S. shipments of grains, cattle, and horticultural products.

On October 30, following USDA's intervention, Australia canceled plans to ban imports of U.S. fruits and vegetables due to the recent outbreak of Mexican medflies in southern CA. On a related note, on November 6, USDA and CA state officials plan to begin releasing sterile flies and applying malathion to control the most recent outbreak of medflies, detected October 28 in Riverside County.

On October 30, USDA officials completed negotiations with their Mexican counterparts to suspend implementation of 2 Mexican proposals that would have, if implemented, effectively halted all shipments of U.S. wheat and grain sorghum to Mexico.

During the week that ended October 28, USDA approved subsidies facilitating the export of 479 metric tons of dairy products to customers in Africa.

• **Commodity Markets in Review:** Cash and futures prices for wheat rose last week on rumors of an imminent aid agreement with Russia. Corn cash and futures fell slightly, as harvest pressure more than offset a strong export sales report and higher wheat prices. Soybean futures prices moved slightly higher as Brazil disavowed devaluation and exports gained to China, but cash prices dropped slightly on harvest pressure. Rice futures declined on tepid export demand, yet cash prices were unchanged. Cotton prices fell on fund selling, but exports have been strong as buyers begin to take advantage of low prices. Cattle prices rose, despite a decline in boxed beef prices. Hog prices plunged, as slaughter stayed above 2 million head for the fifth consecutive week, and large pork supplies overhang the market. Broiler prices also dropped for the week, seasonal demand factors dominating, but parts prices moved up slightly. Butter prices moved slightly lower, as inventories appear to be adequate for current consumption. Cheese prices, on the other hand, set records for the eighth consecutive week.

Average prices for the week ending October 30, 1998

Commodity	Weekly price	Change from a week ago	Change from a year ago
Wheat \$/bu	3.32	+0.05	-0.46
Corn \$/bu	1.94	-0.03	-0.81
Soybeans \$/bu	5.22	-0.02	-1.64
Rice \$/cwt	8.88	0.00	-1.81
Cotton ¢/lb	65.36	-0.40	-4.19
Steers \$/cwt	63.61	+0.78	-5.62
Hogs \$/cwt	22.95	-4.20	-22.75
Broilers ¢/lb	66.82	-0.57	+9.14
Cheese \$/lb	1.85	+0.01	+0.45
Butter \$/lb	2.25	-0.08	+0.68
Milk \$/cwt	15.95	-0.05	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

Presidential Initiative on Food Safety:

- USDA Action Prompts Meat Product Recall:** On November 4, USDA announced that Dixie Packers of Madison, FL will recall an additional 192,553 pounds of lunch meat suspected of Listeria contamination, a recall that follows the October 30 recall of 1.5 million pounds of franks and hot dogs.

On October 29, USDA prompted Land O'Frost of Searcy, AR to recall 3,600 pounds of beef products suspected of Listeria contamination.

- USDA Enforces Meat Inspection Rules:** On October 28, USDA inspectors suspended operations at Al Lunadri and Sons Meat Company of San Leandro, CA, after management officials at the plant intimidated them, interfering with their ability to conduct inspections.

On October 29, USDA officials suspended operations of Columbia Farms of Greenville, SC after air quality conditions in the plant impaired inspectors's ability to perform their duties.

- **USDA Reaches Out to Improve Meat Inspection Rule Compliance:** On November 4 and 5, USDA will meet with its National Advisory Committee on Meat and Poultry Inspection to examine ways to improve its inspection system and meanwhile, through November 14, USDA meat and poultry inspection officials will have conducted 20 public meetings throughout the country to educate the owners and operators of small meat and poultry plants on the implementation of USDA's new science-based inspection system, HACCP.
- **USDA Holds Public Meeting on Food Safety Needs:** On November 10, USDA will conduct the third of four public meetings soliciting comment on strategic planning for the President's food safety initiative. Meanwhile, on November 12 and 13, USDA will conduct a national conference on food safety research to discuss funding priorities for future food safety needs.

- **Presidential Initiative on Race:**

- **USDA Readies Statute of Limitations Waiver Announcement:** During the week of November 9, USDA plans to announce procedures implementing the provisions of the budget bill's waiver of statutes of limitations to permit USDA to resolve satisfactorily old discrimination complaints, and provide farmers compensatory damages that, without the waiver, they would have been unable to receive.

- **Presidential Initiative on Welfare Reform:**

- **Welfare Reform Waiver Update:** During the period from October 21 through October 28, USDA approved 2 requests from TX, related to its current waiver 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; this action continues to allow TX to exempt residents of 18 counties with unemployment rates greater than 10%, as well as a new waiver allowing TX to exempt residents of Val Verde County on the basis of its designation as a labor surplus area.

- **Presidential Food Aid Initiative:**

- **USDA Negotiates Russian Food Aid Package:** On November 4, you announced authorization for USDA to complete negotiations to provide the Russian government with at least 3.1 million metric tons of food aid – see Key Department News.
- **USDA Purchases More Wheat:** On October 27, USDA issued a second tender

for 6,240 metric tons of bulgur for shipment to Liberia under the Food Aid Initiative.

III. SECRETARY'S SCHEDULE

- On November 4, Secretary Glickman will address the Yad Ezra kosher food pantry about food gleaning and recovery, in Detroit, MI.
- On November 5, Secretary Glickman will attend a ceremony marking the enactment of legislation extending USDA's child nutrition programs.
- On November 6, Secretary Glickman will discuss the implementation of the budget bill's agricultural disaster assistance package with a group of state agriculture secretaries and commissioners.
- On November 10, Secretary Glickman will address the American Banker's Association conference in Minneapolis, MN.
- On November 12-22, Secretary Glickman will attend the APEC conference in Kuala Lumpur, Malaysia, as well as meetings in Japan and South Korea.

IV. SUB-CABINET SCHEDULE

- On November 13, Deputy Secretary Rominger will address the Future Farmers of America Organization Conference in Kansas City, MO.
- On November 23, Deputy Secretary Rominger will address an Animal Feeding Operations Listening Session, in Chino, CA.
- On November 4, Under Secretary Schumacher will address the Regional Risk Management Education Conference, Merrimack, NH.
- On November 4 and 5, Under Secretary Catherine Woteki and Deputy Under Secretary Caren Wilcox will participate in a public meeting of the National Advisory Committee for Meat and Poultry Inspection in Arlington, VA.
- On November 7-11, Under Secretary Dunn will attend meetings in Brasilia with Brazilian officials to discuss their importation of wheat.
- On November 8-10, Under Secretary Lyons will participate in the National Recreation Lakes Study Commission in Lake Lanier, GA.
- On November 10, Deputy Under Secretary Wilcox plans to be in Chicago for another in a

series of public meetings on strategic planning for the President's Food Safety Initiative. The meeting is being conducted under the auspices of the President's Food Safety Council.

- On November 12, Under Secretary Schumacher will address the Alberta Agribusiness Industry Trade Group, Alberta, Canada.
- On November 12, Under Secretary Woteki will speak at USDA's Food Safety Research Conference in Alexandria, VA.
- On November 12-13, Under Secretary Lyons will jointly host with EPA the Clean Water Action Plan Retreat in Shepherdstown, WV.
- On November 13, Deputy Under Secretary Wilcox will address the Food Plants 98 Conference in Chicago. Her topic is Y2K planning in the food industry.
- On November 16, Under Secretary Woteki and Deputy Under Secretary Wilcox will participate in a meeting at USDA of the National Association of State Departments of Agriculture's Food Policy Committee.
- On November 17, Under Secretary Woteki and Deputy Under Secretary Wilcox plan to participate in the Food Safety Inspection Service's briefing for the thermometer industry. The industry will be challenged to make the devices more accessible and user-friendly for consumers.
- On November 17, Under Secretary Watkins will speak at the annual meeting of the American Public Health Association in Washington, DC.
- On November 17-19, Under Secretary Dunn will speak at a National Conference on the Marine Transportation Systems: Waterways, Ports and their Intermodal Connectors, Warrenton, VA.
- On November 19 and 20, Under Secretary Woteki and Deputy Under Secretary Wilcox plan to be in St. Paul to observe one in a series of HACCP information meetings designed to help small plant owners and managers prepare for the January 25, 1999 implementation date. In addition, while in Minnesota, they will meet with FSIS Human Resource Office officials in Minneapolis.
- On November 19, Under Secretary Schumacher will address the U.S. Agricultural Export Development Council, Baltimore, MD.
- On November 19-22, Under Secretary Lyons will participate in the Environmental Education Summit for the 2002 Olympics, Park City, UT.

- On November 23, Under Secretary Schumacher will participate in the Private and Public Scientific Academic and Consumer Food Policy Committee Meeting, Boston, MA.

V. PRESS INQUIRIES

- USDA has received innumerable inquiries concerning negotiations with the Russian government over U.S. food assistance -- see Key Department News.
- On Oct. 30, NBC *Dateline* aired a story about Nutrim, developed at USDA's National Center for Agricultural Utilization Research in Peoria; Nutrim has beta-glucans, soluble fibers found in oats and barley known to lower LDL cholesterol.

VI. FOIA REQUESTS

- Find/SVP, New York, NY., requested information concerning a study conducted by Monsanto on growing transgenic corn that is resistant to corn root-worm.
- The law offices of Jackson Walker, requested information concerning violations of the Animal Welfare Act by Proctor & Gamble.
- King & Spalding in Washington, D.C., asked for a copy of phytosanitary certificates for exported tobacco seed.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **USDA Readies NC Conservation Announcement:** By November 9, USDA expects to complete negotiations with NC officials to establish a Conservation Reserve Enhancement Program (CREP) to prevent farm run-off from the Neuse, Tar-Pamlico, and Chowan Rivers basins in eastern NC. Similar to other CREPs, which have received extensive public, Congressional, and media attention and support, under the NC project, USDA estimates to commit \$275 million to the program, an extension of USDA's Conservation Reserve Program (CRP), the federal government's largest and most extensive private land conservation program.
- **USDA Readies TN Rural Water System Aid Announcement:** On November 16, USDA is planning to announce an award of \$3 million to 4 rural TN water systems, and is working to coordinate the announcement with Mrs. Gore's planned visit to a rural TN health clinic.
- **USDA to Release Supply and Demand Forecasts:** On November 10, the National Agricultural Statistics Service will release survey-based production forecasts for cotton, corn, sorghum, rice, soybeans, sugarcane, and sugar beets. 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 also contain world and country-specific supply and use forecasts for wheat, corn, coarse grains, rice, cotton, soybeans, and soybean products. The report includes, in addition, projections of 1998 and 1999 U.S. livestock product and dairy supply, use, and prices.

- ***Livestock, Dairy & Poultry Situation and Outlook Report:*** On November 17, USDA's Economic Research Service (ERS) will release the "*Livestock, Dairy & Poultry Situation and Outlook Report*." The report will carry 1999 price and production projections for livestock, dairy, and poultry products, showing that pork and poultry production are expected to increase about 4 percent, while a decline of 6-7 percent is in the offing for beef production. Milk production is projected to increase nearly 2 percent, compared with less than a 1-percent increase in 1998. Milk prices this year are expected to show a double-digit increase over last year, reflecting strong butter and cheese prices. Poultry prices are expected to decline in 1999 due to increased production and the first year-over-year decline in poultry exports since 1984. Although the reduced beef production will boost cattle prices, the boost will likely be tempered by abundant competing meat supplies at relatively low prices.
- ***Agricultural Outlook:*** On November 19, ERS will release "*Agricultural Outlook*." The December *Agricultural Outlook* will focus on the implications of U.S. farm policy changes on agricultural marketing and the challenges of storing and transporting a "bin-busting" harvest. The commodity spotlight will be on corn and on peanut policy and outlook. The December issue will also address retirement planning for farmers under the 1997 tax law changes, a progress report on World Trade Organization implementation, and the implications of Indonesia's financial crisis.
- ***Vegetables and Specialties Situation and Outlook Report:*** Also on November 19, ERS will release "*Vegetables and Specialties Situation and Outlook Report*." According to the report, U.S. growers are expected to harvest 2 percent fewer acres of fresh-market vegetables and melons this fall compared to a year ago. Following a 14-percent increase experienced during the first 6 months of the year, summer shipping-point prices for fresh-market vegetables averaged 3 percent below year-earlier levels. Onion prices reached nominal dollar seasonal record highs during the summer due to a combination of strong exports, good domestic demand, and weather-reduced yields in the summer storage crop. Industrial tomato paste prices are the highest since 1990 due to weather-reduced yields and low beginning stocks. The report will also feature special articles on urbanization of the U.S. vegetable industry and a comparison of conventional and organic demand for frozen vegetables.
- ***U.S. Agricultural Trade Update:*** On November 20, ERS will release "*U.S. Agricultural Trade Update*," providing final trade data for fiscal year 1998 by adding trade data for the month of September to the cumulative.

VIII. WASTE FRAUD AND ABUSE

Nothing of significance to report this week.

IX. CLIMATE CHANGE

- **USDA Officials to Buenos Aries Meeting:** A delegation of USDA global climate change experts is in Buenos Aries for the conference on implementation of the Kyoto agreement, including USDA soil experts who will confer with delegates on carbon sinks.

X. DISASTER ASSISTANCE

- **USDA Makes First Disaster Payments:** On November 2, USDA began making the first payments of the \$2.8 billion in assistance provided in the budget deal to compensate farmers for low prices.
- **USDA Looking at Central American Aid:** On November 3, USDA attaches throughout Central America began consulting with their host governments about food assistance they will need to recover from Hurricane Mitch.
- **USDA Helps Alaskan Fishermen:** On October 31, 3 truckloads of food arrived in AK from USDA stocks to provide food assistance to AK fishermen suffering from an extremely poor salmon harvest.
- **USDA Helping Hurricane Georges Recovery Efforts:** USDA has provided a representative to attend the November 4 meeting in Puerto Rico on the long term recovery plans and USDA role. Meanwhile, USDA has provided \$21 million to Puerto Rico and affected states to help farmers and ranchers clear debris associated with recent flooding.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

November 12, 1998

Memorandum to The President

Through: The Honorable John Podesta

From: Secretary Dan Glickman

Subject: Report For Week of November 8, 1998

USDA Fact of the Week

On November 5, USDA announced that the October Basic Formula Price (BFP), the benchmark milk and dairy products price USDA uses to set minimum prices under the federal milk marketing order system, reached \$16.05 per hundredweight, the highest level ever, bettering the previous high set in 1996 by 4%.

I. KEY DEPARTMENT NEWS

- **Secretary Heads to Asian Trade Conference:** On November 12, Secretary Glickman left for the APEC conference in Kuala Lumpur; in addition to joining you for some of your meetings, Secretary Glickman will meet with several agricultural ministers before traveling with you to Tokyo and Seoul, where he will consult with Japanese and Korean trade and agricultural officials and US agricultural exporters.
- **USDA Announces Russian Food Aid:** On November 6, Secretary Glickman announced that USDA and Russian officials had come to terms on a \$625 million agreement by which USDA will provide Russia 1.7 million metric tons of wheat, 500,000 tons of corn, 500,000 tons of soybeans and soymeal, 120,000 tons of beef, 100,000 tons of rice, 50,000 tons of pork, 30,000 tons of nonfat dry milk, and 100,000 tons of various other commodities donated through private voluntary organizations. USDA expects that shipments of the commodities will begin in early December. On a related note, in its most recent World Agricultural Supply and Demand Estimates, released on November 10, USDA increased the projected season average wheat price by 10 cents per bushel as a result of the agreement.
- **USDA Responding to Central American Hurricane Disaster:** On November 5, USDA announced that it will provide initial shipments of 10,000 tons of wheat to Nicaragua and 10,000 tons of wheat to Catholic Relief Service for distribution in Honduras.

While examining other donation options, USDA agricultural attaches report 70% of Honduras' agricultural production has been lost, with heavy losses to its 1998 coffee and sugar crops.

- **USDA Dispenses Farm Disaster Funds:** USDA has completed payment of the \$2.8 billion provided in the budget bill to compensate farmers for losses from low prices, and on November 12, Secretary Glickman announced that beginning on November 23, farmers and ranchers will be able to begin applying to USDA county offices for the \$200 million included in the same legislation for livestock feed losses.
- **USDA Reopens Market for US Wheat Farmers:** On November 5, USDA and Brazilian Ministry of Agriculture officials reached agreement on a protocol that will reopen the Brazilian market to US hard red wheat farmers; before Brazil closed its market in 1996, it purchased 800,000 tons of US wheat annually.
- **USDA Loan Activity Brisk:** As of November 4, barely one month into the new fiscal year's funding allocation, USDA had made \$178 million in direct and guaranteed loans to 1968 borrowers, of whom roughly 20% are women and minority borrowers; meanwhile, on November 2, the rate at which the Commodity Credit Corporation borrows money, a rate that affects interest rates farmers must pay on obligations to USDA, dropped to 4.25%, its lowest level since April, 1994.
- **USDA-State to Kick Off New Conservation Initiative:** On November 15, KS farmers will have the opportunity to sign up for a pilot program by which USDA will help finance the installation of filter strips and riparian forest buffers in 2 critical watersheds in the state.
- **USDA Readies New Dairy Risk Management Program:** In January, USDA will begin a new program, the Dairy Options Pilot Program (DOPP), to teach dairy farmers how to manage price risks by using the futures and options market; by November 13, USDA will have mailed more than 18,000 information packages about the DOPP to all dairy farmers in the 42 counties of the 7 states where the program will operate. To facilitate operation of the program, USDA officials are negotiating with representatives of the Treasury Department to exempt the program from Treasury's Offset Program.
- **USDA Magazine Wins Award:** *Agricultural Research* magazine won first place in the 1998 competition of the National Association of Government Communicators; the third year in a row that AR magazine has taken first place.
- **USDA Agencies Recognized for Technology Innovations:** On December 1, 3 USDA teams will receive Government Technology Leadership Awards from *Government Executive Magazine*. They are:

The Farm Service Agency's (FSA's) Electronic Bid Entry System (EBES) that automates the bid entry portion of USDA's \$2 billion annual commodity procurement process for hungry and starving people throughout the world;

The Agricultural Marketing Service's (AMS's) use of an Internet home page to allow wide distribution of a proposed rule and subsequent electronic comment;

The Agriculture Research Service's (ARS's) Internet application making dairy genetic information available in seconds, to answer questions or respond to queries from throughout the industry.

- **Trade Developments:** On November 17, US and Canadian negotiators will resume discussions to eliminate the trade frictions that last summer led several border state governors to blockade shipments of Canadian agricultural products; originally scheduled for November 10, the Canadian side postponed the session one week to demonstrate its displeasure with the antidumping and countervailing petitions filed by US cattle groups.

On November 5, US rice exporters won the majority of the contracts awarded by Japan's food agency during its FY98 purchase of foreign rice, as required under the Uruguay Round, and will account for 60,000 tons of the 110,000 tons Japan will buy this year.

On November 5, as part of the US-EU veterinary equivalence agreement, USDA released a proposal allowing hog imports from certain regions of the EU.

For the week ending November 4, USDA made subsidies available to facilitate the export of 860 metric tons of dairy products to customers in Africa, Latin America, and the Middle East.

- **Commodity Markets in Review:** Wheat cash and futures prices fell last week, as the food aid package to Russia (concessional sales and donations) was less than expected. Corn futures prices dropped, as reports of higher yields and larger production inundated the market, but cash prices rose on slower farmer sales. Rice futures declined, under pressure from falling world prices. Soybean prices moved higher, spurred by higher export sales. Cotton cash and futures prices advanced as users need to have product in hand to receive Step 2 payments, which will likely expire in December. Cattle prices dropped, following wholesale beef down. Hog prices foundered – large marketings are straining industry capacity, already faced with lower pork prices. Broiler prices slipped, accompanying the downward path of leg quarter and breast prices. Cheese prices gained slightly. Butter prices fell as stocks build and purchasers continue to back away from an uncertain market.

Average prices for the week ending November 6, 1998

Commodity	Weekly price	Change from a week ago	Change from a year ago
Wheat \$/bu	3.22	-0.10	-0.61
Corn \$/bu	2.04	+0.10	-0.70
Soybeans \$/bu	5.44	+0.22	-1.73
Rice \$/cwt	8.94	+0.06	-1.75
Cotton ¢/lb	66.02	+0.66	-4.10
Steers \$/cwt	62.90	-0.71	-4.85
Hogs \$/cwt	19.10	-3.85	-25.90
Broilers ¢/lb	66.38	-0.44	+9.06
Cheese \$/lb	1.85	+0.01	+0.45
Butter \$/lb	2.13	-0.12	+0.56
Milk \$/cwt	16.55	+0.60	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

- **Presidential Initiative on Food Safety:**
 - **USDA Announces Beef Recall:** On November 5, USDA announced that IBP, Inc. was recalling over 500,000 pounds of ground beef suspected of *E. coli* contamination.
 - **USDA Enforces New Meat Inspection Rules:** On November 6, USDA officials suspended operations at Diestel Turkey Ranch, of Sonora, CA, for repeated zero tolerance for fecal contamination failures.
 - **USDA Issues Latest Quarterly Meat Inspection Enforcement Report:** On November 2, USDA issued its third *Quarterly Regulatory and Enforcement Report*, summarizing the regulatory and enforcement actions USDA has taken to ensure the safety of meat and poultry products; this report indicates that plants operating under USDA's new Hazzard Analysis and Critical Control Points (HACCP) system have a 92 percent compliance rate for this reporting period.

- **Presidential Initiative on Race:**

- **USDA Prepares Implementation of Statute of Limitations Waiver:** USDA plans to release procedures of the provision included in the budget bill that waives statute of limitations preventing USDA from settling satisfactorily some civil rights complaints, and expects considerable public and media interest in the release. In a related development, USDA expects *The Washington Post* to publish, on November 13, an opinion article Secretary Glickman authored on the provision.

- **Presidential Initiative on Welfare Reform Update**

- **Welfare Reform Waiver Requests:** During the period from November 3 through November 10, USDA approved 2 requests from Hawaii related to waiving 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; USDA approved Hawaii's request to continue exempting residents of Hawaii and Molokai based on unemployment rates greater than 10%, and approved a new waiver allowing Hawaii to exempt residents of Kauai on the basis of its designation as a labor surplus area.

III. SECRETARY'S SCHEDULE

- From November 12 through 22, Secretary Glickman will attend the APEC conference and travel to Malaysia, Japan, and South Korea.
- On November 24, Secretary Glickman will hold a Thanksgiving Day-oriented food recovery event.
- On December 1, Secretary Glickman will address the Kansas Commodity Classic, in Salina, KS.
- On December 4, Secretary Glickman will hold a listening session on the joint USDA-EPA strategy on animal feeding operations with Senator Harkin in Des Moines, IA.

IV. SUB-CABINET SCHEDULE

- On November 12, Deputy Secretary Rominger addressed the National Conference on Food Safety Research, in Alexandria, VA.

- On November 12, Deputy Secretary Rominger presided at the first annual Pyramid Awards for Excellence in Food and Nutrition Services, at USDA.
- On November 13, Deputy Secretary Rominger will address the National Association of Farm Broadcasters, in Kansas City, MO.
- On November 16, Deputy Secretary Rominger will host a meeting of the National Association of State Departments of Agriculture at USDA.
- On November 21, Deputy Secretary Rominger will attend the National Commission on Small Farms in Columbus, NE.
- From November 26- December 6, Deputy Secretary Rominger will attend agricultural conferences in Argentina.
- On November 12, Under Secretary Woteki will speak at USDA's Food Safety Research Conference.
- On November 12, Under Secretary Schumacher will address the Alberta Agribusiness Industry Trade Group, in Alberta, Canada.
- On November 12, Under Secretary Long-Thompson will address Women Involved in Farm Economics (WIFE), in Amarillo, TX.
- On November 13, Deputy Under Secretary Wilcox will address the Food Plants 98 Conference in Chicago, speaking on USDA efforts to help prepare the food and agriculture sector for potential computer and computer systems problems associated with the year 2000 problem.
- On November 16, Under Secretary Long Thompson will make an announcement with Mrs. Gore of \$3.7 million in water and waste water loans and grants, in Parrottsville, TN.
- On November 17-19, Under Secretary Dunn will speak to the National Conference on the Marine Transportation Systems: Waterways, Ports and their Intermodal Connectors, Warrenton, VA.
- On November 18-19, Under Secretary Schumacher will address the U.S. Agricultural Export Development Council, in Baltimore, MD.
- On November 19-20, Under Secretary Schumacher will meet with Puerto Rican officials on recent hurricane damage, in San Juan, PR.

- On November 19-20, Under Secretary Woteki and Deputy Under Secretary Wilcox plan to be in St. Paul to observe one in a series of HACCP information meetings designed to help small plant owners and managers prepare for the implementation.
- On November 23, Under Secretary Schumacher will participate in the Private and Public Scientific Academic and Consumer Food Policy Committee Meeting, in Boston, MA.
- On December 1, Under Secretary Watkins will speak at the Executive Women in Government's annual conference in Washington, DC.
- On December 1, Under Secretary Woteki will participate in a public meeting on the Food Safety Research Institute.

V. PRESS INQUIRIES

- Beginning October 30, USDA received inquiries on negotiations with Russia about the food aid package from: ABC News, NBC News, *Reuters*, *Bloomberg*, *Berns Bureau*, *Dow Jones*, *Bridge News*, *Futures World News*, *The Washington Post*, *The Washington Times*, *U.S. News and World Report*, *Rice Letter*, *Wichita Eagle*, *Pro-Farmer*, *Agri-Pulse/Feedstuffs*, *the Waterloo*, *Iowa Courier*, and Kyoto News Service.
- On November 13, Under Secretary Watkins will be interviewed for "New Attitudes," a daily women's magazine show on Lifetime TV, on nutrition and fitness.
- On November 6, Under Secretary Woteki was interviewed on National Public Radio's "Science Friday" program, on government and consumer efforts to improve food safety.
- ABC's *Good Morning America* has requested an interview with USDA food safety officials about turkey product labeling and the definitions of "free-range," "organic," and "fresh-frozen" as they relate to labeling.
- *Agriculture Research* magazine won first place in the 1998 competition of the National Association of Government Communicators; the third year in a row that AR magazine has taken first place.
- CBS *Sunday Morning* plans to feature a story on the microbial culture collection kept at the ARS National Center for Agricultural Utilization Research in Peoria, IL, sometime in the next six weeks.

VI. FOIA REQUESTS

- Olsson, Frank, and Weeda, representing the trustee for Bauer Meat Company, Ocala, FL, in bankruptcy proceedings, has requested information about detained Bauer product; the recall of the product received extensive media and public attention.
- *Advertising Age* requested copies of contracts for advertising and media by the National Fluid Milk Processor Promotion Board.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **Mrs. Gore to Announce Water Loans, Grants:** On Monday, November 16, Mrs. Gore and Under Secretary Long Thompson will announce over \$3.7 million in water and waste water loans and grants to communities in TN's Morgan, Greene and Cocke counties.
- **USDA To Announce Availability of Rural Rental Housing Funds:** On November 16, USDA will announce the availability of \$70 million in Rural Rental Housing Funds, giving priority to under-served communities and Empowerment Zones/Enterprise Communities.
- **USDA Funds Reservation School:** On November 11, USDA awarded \$3,000,000 to Peach Springs Unified School District, located on the Hualapai Reservation, to build a new high school.
- **USDA Releases 1998/99 Forecasts of U.S. and World Production, Supply, and Use:** Highlights of USDA's November 10 *Crop Production and World Agricultural Supply and Demand Estimates* reports include:

Wheat: Projected U.S. 1998/99 exports are up 75 million bushels from last month, due largely to recently announced US donations and concessional sales to Russia. Ending stocks are reduced a like amount.

Corn: Projected 1998/99 ending stocks of corn are 68 million bushels above a month earlier, as the larger crop more than offsets higher exports. The forecast US corn crop, at 9.836 billion bushels, is up 93 million from last month. Prospective corn exports are up 25 million bushels due to concessional sales to Russia.

Rice: The US 1998/99 rice crop is projected at 180.4 million cwt, down slightly from last month. Yields are projected at 5,660 pounds per acre, down 36 pounds from last month a drop of 461 pounds from the 1996/97 record. US exports for 1998/99 are increased to 85 million cwt, up 1 million cwt, reflecting recently announced concessional sales to Russia.

Soybeans and products: Soybean production is forecast at 75.2 million tons or 2,763

million bushels, down 6 million from last month. Late season dryness curtailed yields, primarily in Arkansas and Missouri. US soybean crush and exports for 1998/99 are increased from last month to 1,615 and 840 million bushels, respectively, up a total of 25 million from last month. Most of the increased use prospect is attributed to the recently announced concessional sales program for Russia, which includes 200,000 tons of soybeans, and 300,000 tons of soybean meal.

Cotton: The US cotton situation is virtually unchanged from last month. A reduction of 57,000 bales in production is reflected in lower ending stocks.

Sugar: The US sugar supply for fiscal year 1998/99 is projected at 11.9 million short tons, raw value, up 2 percent from both 1997/98 and a month earlier. Carrying stocks and beet sugar production have increased, more than offsetting a projected 75,000-ton shortfall in imports under the tariff rate quota. Consumption lowered 50,000 tons from last month, and the projected carryout stocks-to-use ratio is 16.7 percent, up from 14.4 percent last month.

Livestock: The forecast for 1998 total US meat production is up fractionally from last month, and the forecast for 1999 is slightly lower. For 1998, higher rates of hog slaughter more than offset declines in beef and poultry production. Red meat prices are being pressured by high levels of meat production, particularly pork, but prices will receive some support from concessional sales to Russia. While a portion of increased beef and pork exports will likely occur in the fourth quarter of 1998, most shipments to Russia are expected to take place during the first half of 1999.

Dairy: Milk price forecasts for 1998/99 are increased, reflecting strength in product markets.

- On November 23, will release the "Cotton & Wool Yearbook." The report will provide an update on the historical data series pertaining to fibers, as well as a summary of the 1997 season. Special articles will cover factors affecting US farm prices for cotton and the role of China's government in the structure of the Chinese cotton industry.
- On November 25, USDA will release "Regional Trade Agreements and US Agriculture." The analysis of RTA's, as described in this report, shows that agriculture, as the source of most potential U.S. gains from RTA's, can benefit from participating in RTA's and may lose when it does not.

VIII. WASTE FRAUD AND ABUSE

Nothing of significance to report this week.

IX. CLIMATE CHANGE

- **USDA Participates in Global Climate Change Meeting:** Through November 13, USDA representatives are participating in the United Nations Framework Convention on Climate Change in Buenos Aires, Argentina.

X. DISASTER ASSISTANCE

- **USDA Responding to Central American Hurricane Disaster:** On November 5, USDA announced that it will provide initial shipments of 10,000 tons of wheat to Nicaragua and 10,000 tons of wheat to Catholic Relief Service for distribution in Honduras.

While examining other donation options, USDA agricultural attaches report 70% of Honduras' agricultural production has been lost, with heavy losses to its 1998 coffee and sugar crops.

- **USDA Dispenses Farm Disaster Funds:** USDA has completed payment of the \$2.8 billion provided in the budget bill to compensate farmers for losses from low prices and on November 12, Secretary Glickman announced that beginning on November 23, farmers and ranchers will be able to begin applying to USDA county offices for the \$200 million included in the same legislation for livestock feed losses.

In a separate but related development, on November 12 Secretary Glickman announced additional payments to farmers who suffered disasters in late 1997 and early 1998 from funds included in the FY99 budget bill. The payments will include \$10 million to dairy farmers, \$10 million to orchard growers, and \$4 million to livestock producers.

- **USDA Assisting in Puerto Rico Recovery:** USDA expects to pay out \$116 million in crop insurance indemnities to Puerto Rican farmers for losses from Hurricane Georges and \$4 in emergency watershed recovery assistance.
- **USDA Making Farmers Eligible for Emergency Aid:** In the week that ended November 12, Secretary Glickman notified the governors of the following states that farmers in the specified number of counties of their states are eligible for low interest emergency loans to recover from natural disasters: Alabama, 66 counties; 4 counties in AR; 2 counties in CA; 6 counties in FL; 13 counties in GA; 2 counties in MO; 11 counties in MS; and 10 counties in TN.

In addition, on November 6, Secretary Glickman made farmers in 17 OK counties eligible for emergency assistance as a result of a request from the chief of the Cherokee Nation, the first time USDA has made such a designation based on a tribal request.

XI. WEEKEND CONTACT INFORMATION
Greg Frazier

November 17, 1998

Memorandum to The President

Through: The Honorable John Podesta

From: Secretary Dan Glickman

Subject: Report For Week of November 15, 1998

USDA Fact of the Week

Although 1 in 4 turkey eggs fail to hatch, and chick mortality rates reach as high as 15% in some flocks, US growers produced enough turkey this year to feed Americans 4.7 billion pounds, double the amount they consumed in 1980.

I. KEY DEPARTMENT NEWS

- **Secretary Glickman Continues Asian Trade Mission:** Following consultations with Asian trade and agricultural ministers at the APEC conference, Secretary Glickman traveled to Seoul where the finance minister requested \$1 billion in USDA export loan guarantees to purchase US agricultural products during FY99; before returning to Washington, the Secretary will visit Tokyo for meetings with Japanese officials and US business and agricultural representatives.
- **Last USDA Farmers' Market - With Special Chef Demonstrations:** The last USDA Farmers' Market of the year will be held November 19, and will feature several local chefs demonstrating holiday recipes using the fall harvest bounty available at the market; at the close of the market, food will be donated to the DC Central Kitchen to help feed hungry people this Thanksgiving.
- **USDA Expands Asian Long-Horned Beetle Quarantine Area:** On November 12, USDA added 3 areas in and around Chicago to those under quarantine due to infestations of the Asian long-horned beetle, which has attracted considerable congressional, media, and public attention.
- **Forest Service Readies Guidelines for Alaskan Forests:** On November 18, the Forest Service's Alaskan regional office will issue proposed guidelines setting out the procedures it will use in measuring market demand for the purpose of establishing the

annual timber sales program for the Tongass National Forest; the proposals will likely attract considerable congressional, public, and media attention.

- **Forest Service to Release Study of Controversial Shooting Range:** On November 20, the Forest Service's Coronado National Forest will release its most recent study of the feasibility of alternative sites for a shooting range for the Tucson Rod and Gun Club; in rejecting two proposals advanced by the club, and laying out several safety and environmental improvements necessary before the club can resume using the existing site, the study will likely attract congressional, public, and media attention, as it has in the past.
- **Forest Service to Release Ski-Area Study:** On November 20, the Forest Service will release the Draft Environmental Impact Statement (DEIS) for the proposed Pelican Butte Ski Area on the Winema National Forest, in OR; the study proposes an alpine ski area with 9 lifts and 54 runs on land currently designated for semi-primitive recreation and bald eagle habitat, and will likely attract media coverage.
- **Trade Developments:** USDA trade and grain inspection officials in Mexico and the US are working with their Mexican counterparts to lift the Mexican government's ban on a 24 car shipment of US rice bound for the Mexican market.

During the week that ended November 12, USDA provided export subsidies making possible the sale of 452 metric tons of dairy products to customers in Asia, the former Soviet Union, and Latin America.

- **Commodity Markets in Review:** Wheat cash prices rose last week, as exporters raised bids in an effort to acquire wheat for shipment to Russia, but futures were almost unchanged. Corn cash and futures prices moved higher, helped by slow farmer sales and a jump in soybean prices. Soybeans advanced, still buoyed by a smaller-than-expected crop forecast by USDA on November 10. Rice futures were boosted by its inclusion in concessional sales to Russia, and cash prices remained firm. Cotton cash prices rose as the harvest in California continues to face problems, while futures ended the week almost unchanged after sharp fluctuations. Cattle prices fell, on lower cutout values. Hog cash prices edged up on inclement weather, but futures dropped across the board. Broiler prices were up fractionally on light demand. Butter prices declined to below \$2.00 per pound, as buyers continue to limit purchases in the face of considerable price uncertainty. Cheese prices were up slightly with larger milk supplies a limiting factor.

Average Prices for the Week Ending November 13, 1998

Commodity	Weekly price	Change from a week ago	Change from a year ago
Wheat \$/bu	3.33	+0.11	-0.40
Corn \$/bu	2.16	+0.12	-0.55
Soybeans \$/bu	5.66	+0.22	-1.62
Rice \$/cwt	8.94	0.00	-1.75
Cotton ¢/lb	66.82	+0.80	-2.13
Steers \$/cwt	60.82	-2.08	-6.43
Hogs \$/cwt	19.20	0.10	-25.45
Broilers ¢/lb	66.42	+0.04	+9.40
Cheese \$/lb	1.86	+0.01	+0.45
Butter \$/lb	1.75	-0.38	+0.15
Milk \$/cwt	16.70	+0.15	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

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

- **Forest Service to Sign Gathering Rights Agreement with Tribes:** In late November, the Forest Service and representatives of 11 Federally recognized tribes of Lake Superior Chippewa Indians will sign an agreement on the gathering rights by tribes on national forest lands in WI and MI, reducing permitting workloads, increasing law enforcement effectiveness, and improving the management of resources. The most commonly gathered products, and those the agreement covers, include fir boughs, birch bark, maple sap, decorative greens, and firewood used for heating food and medicinal purposes, as well as limited harvest of live trees for nonindustrial timber purposes.

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

- **Judge Orders Poultry Inspectors Back to Work:** On November 19, the Federal District Court for SC will hear arguments on a November 11 Temporary Restraining Order (TRO) forcing USDA to return its inspectors to Columbia

Farms, a Greenville, SC poultry plant, after USDA withdrew them because they were experiencing coughing, sneezing, eye irritation, blurred vision, nasal discharge, sore throats and other physical discomfort due to the air quality of the plant.

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

- **Welfare Reform Waiver Update:** During the week that ended November 18, USDA approved requests from Georgia and Washington to continue waiving 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. USDA approved Georgia's request to continue exempting residents of 41 counties and 5 cities, and Washington's request exempting residents of four Indian Reservations.

III. SECRETARY'S SCHEDULE

- On December 1, Secretary Glickman will address the Kansas Commodity Classic, in Salina, KS.
- On December 4, Secretary Glickman will hold a listening session on the joint USDA-EPA animal feeding operations strategy with Senator Harkin in Des Moines, IA.
- On December 16, Secretary Glickman will hold a year-end press conference.

IV. SUB-CABINET SCHEDULE

- On November 19, Deputy Secretary Rominger will address the first annual Revolving Loan Fund Organizations Conference, on opportunities for rural development using revolving loans.
- From November 20-21, Deputy Secretary Rominger will attend a meeting of the National Small Farms Commission in Columbus, NE.
- From November 26-December 6, Deputy Secretary Rominger will attend agricultural conferences in Argentina.
- On November 18-19, Under Secretary Schumacher will address the US Agricultural Export Development Council in Baltimore, MD.

- On November 20, Under Secretary Lyons will speak at the Environmental Education Summit for the 2002 Olympics in Park City, UT.
- On November 19-20, Under Secretary Schumacher will meet with Puerto Rican officials on recent hurricane damage, in San Juan, PR.
- On November 23, Under Secretary Schumacher will participate in the Private and Public Scientific Academic and Consumer Food Policy Committee Meeting, in Boston, MA.
- On November 30-December 4, Under Secretary Schumacher will address the Committee of Agricultural Organizations in the European Union, in Brussels, Belgium, and visit Germany and Italy.
- On December 1, Under Secretary Watkins will speak at the Executive Women in Government's annual conference in Washington, DC.
- December 1 - 4, Under Secretary Lyons will speak at the 1998 Ski Industry Leadership Conference, Denver, CO.
- On December 2, Under Secretary Gonzalez will be the keynote speaker for the College of Agriculture Annual Conference at the University of AZ in Tucson.

V. PRESS INQUIRIES

- The *New York Times*, *New York Post*, *New York Daily News*, *Newsday*, National Public Radio and WNBC-TV inquired this week concerning a USDA review of New York City's food stamp offices, which is focusing on whether New York City is complying with rules that require food stamp applicants be given an opportunity to file an application for food stamps on their first contact with the food stamp office.
- The *Los Angeles Times* requested information about CA's food stamp issuance error rate, and Los Angeles County's share of the State's liability.
- The *New York Times* requested information about Y2K readiness in State agencies who help administer USDA's programs.
- *ABC News with Peter Jennings* is working on a story about timber theft on national forests, and the interagency timber theft task force.
- The *Baltimore Sun* asked about gleaned and food recovery for a Thanksgiving story.

VI. FOIA REQUESTS

- International Cargo Loss Prevention, Inc., requested a listing of imported meat and poultry products presented, re-inspected, and rejected for Australia, Argentina, New Zealand and Uruguay for the 1st and 2nd quarters of 1998.
- Hogan and Hartson, LLP, appealed its denial of its September 23 request for documents pertaining to the Hudson Foods recall of August, 1997; USDA's Office of the Inspector General has ruled that no documents relating to the recall and investigation of Hudson Foods can be released because the case is still open.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- On November 30, USDA will release "Outlook for US Agricultural Exports," which will include the second forecast for fiscal 1999 trade, and initial trade projections by country for 1999.
- On December 1, USDA will release its "Food Security Assessment," providing projections of food availability and access in 66 lower income developing countries--37 in Sub-Saharan Africa, 4 in North Africa, 11 in Latin America and the Caribbean, 9 in Asia, and 5 in the New Independent States. The Assessment shows that the long-term projections of food security in the study countries indicate growing food gaps; in 2008, food supplies are projected to fall short of nutritional requirements in 35 of the study countries and 48 countries are expected to face a declining per capita consumption trend during the next decade.

VIII. WASTE FRAUD AND ABUSE

Nothing of significance to report this week.

IX. CLIMATE CHANGE

- **Global Climate Change Activities:** Returning from the UN Framework Convention on Climate Change in Buenos Aires, Argentina, USDA officials are readying plans to implement the agreement's work plan for a workshop on land use change and forestry; a schedule for taking decisions on interpreting afforestation, deforestation, and reforestation; and additional sequestration activities.

X. DISASTER ASSISTANCE

- USDA Announce Donations for Hurricane Mitch Relief:** As of November 16, USDA had announced donations of 10,000 tons of wheat each to Honduras and Nicaragua. USDA plans to provide an additional 50,000 tons of wheat to each of those two countries and 30,000 tons of wheat each to El Salvador and Guatemala, bringing the total wheat donated by USDA for Hurricane Mitch relief to 180,000 tons, valued at \$27 million. USDA will donate an additional 50,000 tons of corn, valued at \$6 million, to the four countries; and will donate \$10 million worth of various commodities, such as corn, rice, beans, and vegetable oil, to Nicaragua and Honduras.

Country	Wheat and Corn	Additional aid	Status	Total
El Salvador	30,000 tons of wheat	\$10 million worth of various commodities	not announced	30,000 tons wheat; \$10 million worth of various commodities
Guatemala	30,000 tons of wheat	\$10 million worth of various commodities	not announced	30,000 tons wheat; \$10 million worth of various commodities
Honduras	60,000 tons of wheat	\$10 million worth of various commodities	10,000 ton wheat donation announced	60,000 tons wheat; \$10 million worth of various commodities
Nicaragua	60,000 tons of wheat	\$10 million worth of various commodities	10,000 ton wheat donation announced	60,000 tons wheat; \$10 million worth of various commodities
Region	50,000 tons of corn		not announced	50,000 tons of corn to be allocated by country
Total	230,000 tons valued at \$33 million	\$40 million worth of various commodities	20,000 ton wheat donation announced. Other aid not announced	230,000 tons of wheat and corn valued at \$33 million and an additional \$40 million worth of various commodities

- \$4 Million More in USDA Disaster Assistance to TX:** USDA, through the Emergency Watershed Protection Program (EWP), has provided an additional \$4 million in financial and technical assistance for flood disaster assistance in TX, bringing the total to more than \$7 million.

- **Hurricane Georges Damages Assessed In Puerto Rico and U.S. Virgin Islands:** USDA and Puerto Rican officials estimate damage to agriculture and physical structures in Puerto Rico at \$330 million. As of November 4, USDA had received 2,143 applications for emergency loan assistance, 6,823 requests for the Emergency Conservation Program, and 2,073 requests for non-insured crop disaster program assistance.
- **Forest Service Begins Firefighting Training in Mexico:** During the week of November 16 the Forest Service will begin the first of several firefighting training sessions for firefighters in Mexico --the result of an agreement reached between the Government of Mexico, the Agency for International Development, and the Forest Service after last summer's fires.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

December 2, 1998

Memorandum to The President

Through: The Honorable John Podesta

From: Secretary Dan Glickman

Subject: Report For Week of November 29, 1998

USDA Fact of the Week

While the prices farmers received for their products actually ticked up one point in November, hog prices continued their dive, dropping almost 30% from their October levels, to barely one-third their average price over the last 5 years, this is so low that USDA has begun receiving reports that some hog farmers are giving their hogs away rather than continuing to feed them.

I. KEY DEPARTMENT NEWS

- **USDA Announces Statute of Limitations Waiver Implementation:** On December 3, USDA will publish the procedures it will use to implement the provisions in the budget deal that waive statutes of limitations preventing it from settling properly certain civil rights complaints -- see President's Initiative on Race.
- **USDA Prepares Announcement of Disaster Assistance Distribution:** This week, USDA officials will transmit to White House officials USDA's proposals to distribute the \$2.3 billion provided in the FY99 budget deal compensating farmers for losses from natural disasters suffered in 1998 and prior years. When publicly released, USDA expects considerable public, congressional, and media attention -- see Disaster Assistance.
- **Secretary Stresses Need to Fix Farm Safety Net:** In speeches on November 30 to the *Farm Journal* forum, and on December 1 to the Kansas Commodity Classic, Secretary Glickman stressed his priority on reforming the crop insurance program and further strengthening the farm safety net during the upcoming session of Congress.
- **USDA Ready Request for Review of Israeli Beef Ban:** Working with USTR, USDA is preparing a request under the US-Israeli Free Trade Agreement to protest Israel's ban

on non-kosher beef that industry analysts estimate costs US beef producers \$10 million annually.

- **Appointment of Acting Assistant Secretary for Congressional Relations:** On November 20, Secretary Glickman appointed Cheryl Tates-Macias Acting Assistant Secretary for Congressional Relations.
- **Capitol Holiday Tree Arrives in Washington:** On November 30, this year's capitol holiday tree, a 50-foot Fraser fir from the Pisgah National Forest (NC), arrived in Washington, DC.
- **USDA Receives Award for Using Plain Language:** On November 24, the Vice President presented FSIS Administrator Thomas Billy and USDA's Meat and Poultry Hotline their fifth plain language award at a White House ceremony, for more clearly explaining how to safely and properly stuff a turkey.
- **Drop in Food Stamp Caseload Makes Headlines in NY, WI:** As USDA reviews New York City policies which may be limiting New Yorkers' access to food stamps, media attention is now spreading from NY to WI. On Nov. 20, news outlets reported that Representative Barrett has requested a USDA investigation into whether WI's W-2 policies are preventing hungry Milwaukee families from receiving food stamp benefits.
- **Chinese Delegation Attempts to Delay Ban on Solid Wood Packing Material:** On November 23, a Chinese delegation met with USDA officials seeking a delay in the implementation of new USDA regulations, effective December 18, which restrict imports in solid wood packing material, in order to protect against infestations of the Asian Long-horned Beetle. USDA is considering some flexibility for shipments not in compliance during the 30-60 days after December 17, and is reviewing efficacy data China provided on the alternative methods of treatment.
- **US-Canadian-Mexican Farm Trade Consultations:** On December 9, USDA officials with their Canadian and Mexican counterparts will convene the NAFTA Technical Working Group for Meat, Poultry, and Egg Products, to begin harmonizing food residues limits for heavy metals.

In a separate but related development, on November 30, USDA officials briefed congressional staff from border states on the status of US-Canadian discussions to ease the farm trade tensions that last summer provoked several governors to blockade shipments of Canadian exports; negotiations resumed December 2.

- **Agricultural Trade Notes:** While US farmers made impressive gains in selling to Canada, Mexico, and Latin America, steep declines in Asian sales helped drive FY98 agricultural exports \$3.6 billion lower than the year earlier's levels.

On November 30, Mexican pork producers began blockading truck traffic in Nuevo Laredo, protesting shipments of US hogs and costing already beleaguered US hog farmers millions of dollars.

On November 25, Mexican officials released 12 railcars of US rice that had been detained since November 4.

USDA negotiators successfully reopened the \$50 million Mexican apple market on November 19, following several weeks of being shut out after Mexican officials closed their pre-shipment inspection program.

Since November 27, USDA has provided export subsidies to facilitate the sale of 6,824 metric tons of dairy products to customers in Africa, Asia, Latin American, the Middle East, and the former Soviet Union.

- **Commodity Markets in Review:** Wheat cash and futures prices fell last week on the lack of export news and good conditions for the U.S. winter wheat crop. Cash corn prices rose slightly in very thin trade, but futures dropped on anticipation of increased export competition from Argentina and China. Soybean cash prices were slightly lower in a thin market, but futures held steady with a boost in soybean oil prices. Rice cash prices held firm, but futures fell on worsening export prospects. Cotton cash and nearby futures prices moved down slightly in tepid trade, but deferred futures advanced on a jump in export sales and increased domestic demand. Cattle prices fell in limited pre-holiday market activity. Hog prices continued down, as large marketings and industry slaughter capacity constraints add to the pressure of large meat supplies. Broiler prices dropped modestly as turkeys were the feature of the week. Butter prices slipped again, as cream supplies improve. Cheese prices moved up to another record, supported by strong demand.

Average Prices for the Week Ending November 27

Commodity	Weekly price	Change from a week ago	Change from a year ago
Wheat \$/bu	3.28	-0.09	-0.46
Corn \$/bu	2.20	+0.02	-0.53
Soybeans \$/bu	5.68	-0.04	-1.45
Rice\$/cwt	8.94	+0.00	-1.75
Cotton ¢/lb	62.90	-0.69	-5.02
Steers \$/cwt	61.19	-0.49	-5.93
Hogs \$/cwt	16.06	-0.74	-28.13
Broilers ¢/lb	65.04	-0.60	8.90
Cheese \$/lb	1.88	+0.01	0.44
Butter \$/lb	1.22	-0.11	-0.38
Milk \$/cwt	16.68	-0.05	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Food Aid Initiative:

- **USDA Implements Russian Food Aid Package:** This week, USDA officials will present their Russian counterparts with agreements to implement the 3.1 million food donation announced last month. In a related development, USDA has received applications from 37 private voluntary organizations to distribute the 100,000 tons of food for humanitarian assistance included in the package.
- **USDA Approves Additional Shipments and Countries:** On November 17, USDA completed arrangements making 300,000 tons of wheat available for donation to Bangladesh, and approved the following countries as possible recipients: Angola, El Salvador, Guatemala, Haiti, and Turkmenistan.
- **USDA Continues Negotiations on Chinese-Indonesian Rice-Wheat Donation:** While negotiations continue with the Chinese government to complete a deal whereby USDA will donate 500,000 tons of wheat to China, who will in turn provide a comparable amount of rice to Indonesia, USDA is proceeding with arrangements to complete a donation of 600,000 tons of wheat and 6,500 tons of

dairy products and a PL 480 sale of 100,000 tons of rice to Indonesia; the rice-wheat swap has received considerable public and congressional attention.

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

- **USDA Continues Outreach on Food Safety Initiative:** On December 8, USDA will hold the 4th in a series of meetings to collect public comments on your Food Safety Initiative, in preparation for the December 16 meeting of the Food Safety Council you created last summer.
- **USDA Prompts Ground Beef Recall:** On November 30, M & W Packing, Inc., of New York, NY, voluntarily recalled approximately 8,500 pounds of fresh and frozen ground beef product produced on November 23 because of possible contamination with *E. coli* O157:H7 bacteria.

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

- **USDA Announces Statute of Limitations Waiver Implementation:** On December 3, USDA will publish the procedures it will use to implement the provisions in the budget deal that waive statutes of limitations preventing it from settling properly certain civil rights complaints.
- **Dedication of New Food Distribution Center:** On November 16, USDA helped dedicate the new Cherokee Nation Food Distribution Center in Jay, OK, one of the largest distribution sites for the Food Distribution Program on Indian Reservations.
- **Forest Service and National Organization of Black County Officials Hold First Town Meeting:** On December 9, in Montgomery, AL, the Forest Service and the National Organization of Black County Officials (NOBCO) will kick off the first of 15 Town Hall Meetings to share information on the Forest Service's agreement to cooperate with NOBCO in providing services to under-served communities.

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

- **USDA Issues Welfare Reform Waivers:** During the period from November 18 through November 25, USDA approved 2 waiver requests from HI related to 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.

USDA approved GA's request to extend and modify its waiver to exempt residents of 41 counties and five cities from the work provisions, based on their living in labor surplus areas. GA may also exempt residents of an additional 11 counties based on the same criteria.

USDA also approved an extension allowing WA to continue exempting residents of 4 Indian Reservations based on insufficient jobs.

USDA received requests to extend and modify current waivers from MN and WV.

III. SECRETARY'S SCHEDULE

- On December 8, Secretary Glickman will address the National Council for Jewish Affairs.
- On December 11, Secretary Glickman will address the National Rural Housing Conference.
- On December 16, Secretary Glickman will attend the President's Council on Food Safety.

IV. SUB-CABINET SCHEDULE

- From November 27 - December 6, Deputy Secretary Rominger will attend International Grain Council conferences in Buenos Aires, Argentina, and travel to Brasilia and Sao Paulo, Brazil, to discuss bilateral agricultural issues.
- December 1 - 4, Under Secretary Lyons will participate in meetings with the 1998 Ski Industry Leadership at their conference in Denver, CO.
- On December 5, Under Secretary Woteki plans to participate in a panel discussion, "Limits on Agriculture: Land, Water, Energy, and Biological Resources," at the National Academy of Sciences' colloquium, "Plants and Population: Is There Time?," in Irvine, CA.
- On December 7-11, Under Secretary Dunn will meet with officials from the European Union on USDA's Risk Assessment on Classical Swine Fever in Brussels, Belgium.
- On December 8, Under Secretary Woteki plans to be in Dallas to participate in the fourth in a series of public meetings on strategic planning for the President's Food Safety Initiative.

- On December 10, Under Secretary Watkins will address the National Association of WIC Directors' Nutrition Education and Breastfeeding Promotion Conference in Atlanta, GA.
- On December 16-18, Under Secretary Dunn will speak at the "Plough to Plate" Royal Agriculture College Conference in Gloucestershire, England.

V. PRESS INQUIRIES

- On November 30, *Government Executive Magazine* interviewed Administrator Tom Billy and Deputy Administrators Margaret Glavin, Mark Mina and Ron Hicks about HACCP.
- During the week of November 23, CBS *60 Minutes* continued to request interviews for a feature story on riparian zones in CA; how tax payers are affected by the debate over logging is the focus of their feature.
- During the week of November 23, *USA Today* continued to research information on bison on the Gallatin National Forest (MT).

VI. FOIA REQUESTS

- The Office of the U.S. Trade Representative requested FAS concurrence to release briefing papers that may have been created about exporting Florida citrus to Argentina for Representative Radanovich of CA.
- *Forward Publication* in NY requested information related to USDA's investigation of New York City's non-compliance with food stamp eligibility rules.
- Animal Rights Hawaii has submitted two requests for sanitation records and any other correspondence regarding compliance with the Humane Slaughter Act at several HI meat processing plants.
- Safe Tables Our Priority (STOP) requested all documents relating to the FSIS Fiscal Year 1998 random sampling results for *E. coli* O157:H7.
- FDR Research has requested all legal records and correspondence between USDA and the American Lamb Feeders Association, and the American Sheep Industry Association and records of any meetings between USDA officials and these groups or lobbyists on the subject of lamb imports, protection from lamb imports, or the filing of the Lamb 201 petition with the U.S. International Trade Commission.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **USDA Seeks to Improve Pork Prices:** On November 23, Secretary Glickman announced that USDA will purchase up to \$50 million of pork products to help improve prices to pork producers.
- **USDA Seeks to Improve Beef Prices:** Speaking to the *Farm Journal* Forum December 1, the Vice President announced that USDA will buy \$20 million worth of beef for school lunches and other feeding programs in an effort to boost low beef prices.
- On December 7, USDA's Economic Research Service (ERS) will release "Structural and Financial Characteristics of U.S. Farms, 1995: 20th Annual Family Farm Report to the Congress."
- On December 11, the National Agricultural Statistics Service will release "December Crop Production." This will include 1998 production forecasts of cotton, burley tobacco, and citrus fruits. The release will feature monthly marketings of several crops, including corn, sorghum, barley, wheat, cotton, and soybeans.
- On December 17, ERS will release the "Agricultural Income and Finance Situation and Outlook Report," which will review the expected income and financial situation facing the agricultural sector in 1998 and 1999.

VIII. WASTE FRAUD AND ABUSE

Nothing of significance to report this week.

IX. CLIMATE CHANGE

- **USDA Reaches Out to Forest Products Industry:** On December 2, Forest Service analysts briefed representatives from the forest products industry on forest inventories, and carbon stock modeling, to improve communication between industry and government on technical issues; continue discussions regarding interpretations of the Kyoto Protocol; and determine opportunities to improve USDA data and models.
- **Sinks Workshop:** On December 3-4, several USDA analysts will be attending a workshop in St. Michaels, MD, organized by the Pacific Northwest Laboratory, with support from USDA, on carbon sequestration in agricultural soils.

X. DISASTER ASSISTANCE

- **USDA Prepares Announcement of Disaster Assistance Distribution:** This week, USDA officials will transmit to White House officials USDA's proposals to distribute the funds provided in the FY99 budget deal compensating farmers for losses from natural disasters suffered in 1998 and prior years. When publicly released, USDA expects considerable public, congressional, and media attention.
- **USDA Provides Additional Assistance to AK:** On November 17, USDA shipped another 110,000 pounds of food to assist Alaskans suffering economic losses from poor salmon harvests, bringing the total to 210,000 pounds.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

December 8, 1998

Memorandum to The President

Through: The Honorable John Podesta
From: Secretary Dan Glickman
Subject: Report For Week of December 6, 1998

USDA Fact of the Week

At \$16.84 per hundredweight, the November basic formula price (BFP) – the benchmark USDA uses to set minimum prices under federal milk marketing orders – reached a record high, climbing 80 cents from the previous month and 23% higher than the year-earlier level.

I. KEY DEPARTMENT NEWS

- **USDA Investigates Meat Contamination Threat:** Cooperating with law enforcement and public health officials, USDA's Food Safety and Inspection Service and Inspector General are investigating a threat Milwaukee, WI police received on December 8, that meat slaughtered by a Milwaukee company had been, or would be contaminated with the HIV virus. USDA has impounded and accounted for all meat the company produced since the threat, and will take further steps pending consultation with law enforcement and public health officials.
- **USDA to Unveil Portrait of Former-Secretary Espy:** On December 10, you will participate in a ceremony with Secretary Glickman unveiling former-Secretary Espy's official portrait.
- **USDA Readies Farm Disaster Assistance Package:** On December 12, you are scheduled to announce details of the plans USDA will follow in dispensing the \$2.3 billion included in the FY99 budget bill to compensate farmers for losses from natural disasters — \$1.5 billion for losses suffered in 1998, and \$875 million for losses suffered in previous years.
- **USDA Readies Tobacco Announcement:** On December 15, as the law requires, USDA will announce the 1999 quota for flue-cured tobacco. Grown primarily in the southeast,

flue-cured tobacco is the largest segment of the US tobacco industry. Based on the law's formula, unless action occurs before December 15 to reduce the amount of tobacco surpluses carried over from previous crops, the quota will fall by one-third from the 1997 level. USDA is evaluating proposals from cigarette manufacturers that might reduce the surpluses, permitting a larger quota; however, any such proposal may generate considerable attention and controversy.

- **USDA Expects Negative Reaction to Forest Service Reappraisals:** On December 14, Forest Service officials will inform 286 individuals in 28 states who hold permits for recreational residences on the Chippewa National Forest in MN that, based on current appraisals of their property, their fees will increase by as much as 20% over their current level.
- **Asian-Long Horned Beetle Update:** On December 14, USDA and state and local officials will begin removing over 400 trees in the Ravenswood neighborhood of Chicago due to infestation with the Asian long-horned beetle (ALB).

In a related development, due to concern about the ALB, the Mexican government intends to impose restrictions on wood shipping materials from China that are similar to the proposals Secretary Glickman announced in September the USDA will begin imposing on December 17.

- **USDA Readies Survey of Farmer's Year 2000 Readiness:** On December 14, USDA will mail surveys to over 1500 farmers and ranchers to assess their readiness to cope with potential year 2000 computer problems.
- **USDA Announces Farm Trade Pact with Canada:** On December 4, Secretary Glickman and Ambassador Barshefsky announced an agreement with Canada that will remove barriers to shipment of US grain and livestock into Canada. The agreement resulted from discussions the Secretary initiated last summer in response to the blockade some border-state governors imposed on Canadian shipments to the US, and has received widespread support among US farm groups, governors, Members of Congress and Senators, despite some continuing sporadic protests by border-state US agricultural interests.
- **USDA Counsels Careful Review of Grain Company Merger:** On December 4, Secretary Glickman wrote to Attorney General Reno and FTC Chairman Pitofsky raising several concerns about Cargill's plans to purchase the grain marketing arm of Continental Grain Company; the letter raised several questions about the merger's possibly detrimental effects on farmers, and has attracted considerable public, congressional, and media attention.
- **USDA Opens European Rice Market:** Starting in January, US rice growers will have

better access to the European market, as a result of an agreement USDA representatives reached with their European counterparts lowering the duty on US husked rice.

- Commodity Markets in Review:** Wheat cash and futures prices fell last week, on news of weak commercial exports, uncertainty regarding donations to Russia, and good conditions for U.S. winter wheat. Corn prices dropped, due to a drop in export sales for the latest reporting week and a lack of bullish news. Soybean cash prices rose, as futures held steady, on concerns about the lateness and poor conditions for the South American crop. Cash rice prices held steady, but futures fell on worries about export prospects. Cotton cash and nearby futures moved up in thin markets, but deferred futures dropped on the imminent depletion of Step 2 funds. Cattle and hog prices rose slightly, with a seasonal increase in demand for red meats following Thanksgiving. Broiler prices dropped following a pickup in weekly production and a slight increase in the size of the birds. Butter and cheese prices both advanced as seasonal demand increases, particularly for butter.

Average Prices for the Week ending December 4

Commodity	Weekly price	Change from a week ago	Change from a year ago
Wheat \$/bu	3.24	-0.04	-0.52
Corn \$/bu	2.18	-0.02	-0.54
Soybeans \$/bu	5.79	+0.11	-1.20
Rice \$/cwt	8.94	0.00	-1.75
Cotton ¢/lb	63.07	+0.17	-3.07
Steers \$/cwt	61.77	+0.58	-4.41
Hogs \$/cwt	17.50	+1.44	-26.45
Broilers ¢/lb	63.92	-1.12	7.88
Cheese \$/lb	1.89	+0.01	0.46
Butter \$/lb	1.41	+0.20	-0.11
Milk \$/cwt	17.00	+0.32	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

- President's Food Aid Initiative:**

- **USDA to Offer Additional Food Assistance to Pakistan: (*Sensitive*)** on December 8, USDA informed the Department of State that it would be able to provide Pakistan with approximately 400,000 tons of white wheat, valued at \$60 million, under various food aid authorities. This will be conveyed to the Pakistani Ambassador in a letter from State Department officials, which also offers to resolve a long-standing issue regarding F-16 aircraft.

In a separate but related development, on December 9, the Pakistani government tendered for 500,000 metric tons (MT) of wheat, buying 200,000 MT from Australia and 50,000 MT from Canada, but none from the US.

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

- **President's Council on Food Safety's First Meeting Coming Up: An** interagency working group is planning a December 16 White House meeting of the President's Council on Food Safety, which you created in August by executive order. At its first meeting, the council - co-chaired by Secretary Glickman - will consider a charter and an agenda that includes important food safety issues cited in the executive order.
- **USDA Enforces Meat and Poultry Inspection Rules:** On December 3, USDA officials suspended operations at Tyson Foods, Inc., in Springdale, AR, because of the failure of the plant's sanitation control systems to prevent direct product contamination.

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

- **Welfare Reform Waiver Update:** During the period from December 2-9, USDA received requests from AR and IL to extend and modify their current waivers of the work requirements of the Welfare Reform Act. AR is requesting an extension and modification so that it may exempt residents of 34 counties and one city based on insufficient job opportunities. IL is requesting to exempt residents of 36 counties, 21 large cities, and 227 smaller municipalities based on insufficient job opportunities.

III. SECRETARY'S SCHEDULE

- On December 10, Secretary Glickman and the President will host a portrait unveiling for former Secretary Espy at USDA.
- On December 10, Secretary Glickman will address the National Rural Housing Conference.

- From December 12 – 16, Secretary Glickman will accompany the President to Israel.
- On December 17, Secretary Glickman will hold a year-end press conference.
- On December 21, Secretary Glickman will appear on NPR's *Diane Rehm Show* to discuss civil rights at the USDA and other agricultural issues.

IV. SUB-CABINET SCHEDULE

- On December 10, Deputy Secretary Rominger will accompany Secretary Glickman and the President at a portrait unveiling for former Secretary Espy at USDA.
- On December 10, Under Secretary Schumacher will address the National Council of State Legislators in Washington, D.C.
- On December 10, Deputy Under Secretary Caren Wilcox plans to participate in a panel discussion of food safety issues at a Washington meeting of the National Conference of State Legislatures.
- On December 14, Under Secretary Lyons will attend the Interagency Animal Feeding Operations Strategy Meeting and the "Nutrient Management in the 21st Century" Conference, hosted by the in Denver, CO.
- On December 14, Under Secretary Long Thompson will visit AR for several water and waste water announcements with Senator Bumpers and Representative Berry.
- On December 15, Under Secretary Woteki will participate in a Food Forum meeting on food safety, Codex, and other topics, sponsored by the Food and Nutrition Board, Institute of Medicine, providing an update on the President's Food Safety Council.
- On December 16, Under Secretary Woteki and Deputy Under Secretary Wilcox are expected to participate in the first meeting of the President's Council on Food Safety at the White House.
- On December 16-18, Under Secretary Dunn will speak at the "Plough to Plate" Royal Agriculture College Conference in Gloucestershire, England.
- On December 17, Under Secretary Watkins will visit the Culinary Institute of America in Hyde Park, NY.

V. PRESS INQUIRIES

- The *Washington Post*'s "Style" section, the Associated Press, and Reuters asked about the unveiling of the portrait of former Agriculture Secretary Espy.

VI. FOIA REQUESTS

- **Grain Firm Requests Information on Food Aid Recipients:** Tradigrain, Inc., a Memphis, TN grain firm, requested information on the recipients of the 2.5 million tons of U.S. wheat to be donated under Section 416(b).
- Poverty & Race Research Action Council in Washington, DC, asked for a training manual for civil rights investigators.
- The Rural Coalition in Washington, DC, asked for records associated with USDA's county committee elections.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **USDA to Release Supply and Demand Forecasts:** On December 11, USDA's National Agricultural Statistics Service will release survey-based production forecasts for cotton, citrus, and sugarcane. USDA's projections of U.S. supply, use, and prices of major crops for 1998/99 will be published at the same time in the *World Agricultural Supply and Demand Estimates* report, which contains world and country-specific supply and use forecasts for wheat, corn, coarse grains, rice, cotton, soybeans, and soybean products. The report includes, in addition, projections of 1998 and 1999 U.S. livestock product and dairy supply, use, and prices.
- On December 21, USDA's Economic Research Service will release *Agricultural Outlook*, featuring special articles on transportation technology changes, and the growth of perishable agricultural exports. There will also be reports on livestock sectors in North Africa and the Middle East, a look at land tenure and conservation practices, and a forecast of farm income for 1999. The burley tobacco market will be spotlighted, with a discussion on industry uncertainty.
- On December 22, USDA will release "Consumer Acceptance of Biotechnology: Lessons from the RbST Experience." The controversial introduction of rbST, a growth hormone used to stimulate milk production in cows, may provide lessons related to release of other foods produced by biotechnology. Milk sales remained steady after rbST became available to dairy farmers, even though a multitude of public opinion surveys documented widespread concern about food safety and biotechnology, and some analysts predicted a

drop in milk consumption of up to 20%. The rbST experience suggests that, while scientific evidence of food safety will not prevent controversy over biotech foods, controversy will not necessarily inhibit consumer demand for the food.

VIII. WASTE FRAUD AND ABUSE

- Nothing of significance to report this week

IX. CLIMATE CHANGE

- On December 14, USDA officials will brief House Agriculture Committee staff on climate change and agriculture. The briefing, which is being coordinated by the White House legislative affairs office, will provide an opportunity to discuss how agriculture and forestry are affected by climate change, and the opportunities for adaptation and mitigation. Representatives from the State Department and the White House Climate Change Task Force will participate.
- On December 15, USDA officials will brief staff at the Department of Transportation on climate change and agriculture. The briefing will provide an opportunity to discuss how agriculture and forestry are affected by climate change and the opportunities for adaptation and mitigation.

X. DISASTER ASSISTANCE

- **USDA Readies Farm Disaster Package:** On December 12, you will announce details of the distribution of \$2.3 billion included in the FY99 budget deal for farm-related disaster aid — see Key Department News.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

December 16, 1998

Memorandum to The President

Through: The Honorable John Podesta

From: Secretary Dan Glickman

Subject: Report For Week of December 13, 1998

USDA Fact of the Week

Average cash hog prices finished the week of December 11 at \$12.75 per hundredweight, one-third the level one year ago and 73% off the 5-year average; pressured by increased supplies and record slaughter rates; as slaughter capacity decreases over the holidays, USDA expects prices may slip under \$10, which may, according to reports, lead some farmers to begin killing their hogs – rather than continuing to feed them, or to take them to slaughter for processing – to demonstrate publicly the dramatic effects of the current pork crisis.

I. KEY DEPARTMENT NEWS

- **Meat Plant Officials indicted Following *E. coli* Outbreak:** On December 17, USDA will announce that a federal grand jury in NE has indicted two former officials of the, now defunct, Hudson Foods, Inc., for misleading investigators during their attempt to determine the source of a July 1997 *E. coli* 0157:H7 outbreak in ground beef produced at Hudson's Columbus, NE plant. The recall, which totaled approximately 25 million pounds, was the largest to date in US history, and received intensive congressional, media, and public attention.
- **Secretary to Hold Year-End News Conference:** On December 17, Secretary Glickman will conduct his annual year-end news conference, recapping the Administration's 1998 agricultural, rural development, food assistance, and natural resource conservation accomplishments, and laying out the Secretary's priorities for next year.
- **Bonsai Trees Arrive:** On December 17, the 2 bonsai trees Prime Minister Obuchi presented to you during your recent trip to Japan will arrive in Washington, whereupon USDA's Animal and Plant Health Inspection Service will hold them in quarantine for one year at USDA's research facility in Beltsville, MD. The viewing stone you were also

presented will be shipped directly to USDA's National Arboretum National Bonsai and Penjing Museum, for display with the trees when they are released from quarantine.

- **USDA-Chinese Officials Meet:** On December 18, Secretary Glickman will be meeting with China's trade minister – who will be in the US for the 12th session of the US-China Joint Commission on Commerce and Trade – about USDA's new regulation prohibiting the use of raw wood shipping materials from China to combat infestations of the Asian long-horned beetle, and other bilateral agricultural trade issues. The packing material ban and beetle infestation have received considerable public and media attention here and in China.
- **Secretary to Meet with Pork Industry:** On December 21, Secretary Glickman will meet with representatives of the pork processing and retailing industries, to address the devastatingly rapid decline in hog prices, with particular emphasis on encouraging processors to increase their slaughter rates, and to urge that retailers price pork more closely in line with hog prices -- see USDA Fact of the Week.
- **Secretary to Discuss Food Safety:** On December 21, Secretary Glickman will be a guest on NPR's *Diane Rehm Show* to discuss your food safety initiative, and related food safety activities underway at USDA.
- **Secretary Returns from Middle East:** On December 15, Secretary Glickman returned from Israel, having accompanied you during your mission there to strengthen the peace process.
- **USDA Exhausts Cotton Subsidy Program:** On December 15, USDA spent the last of \$701 million included in the 1996 farm bill to subsidize the export of US cotton to make it priced competitively in world markets, and to facilitate its use by domestic millers – commonly referred to as step 2 payments; the program's end makes it increasingly likely that the farm bill's provisions to increase imports of foreign cotton will be triggered in coming weeks, an action that will receive considerable attention from the industry and its congressional representatives.
- **USDA Sets 1999 Tobacco Crop:** On December 15, as required by statute, USDA announced the marketing quota for the 1999 flue-cured tobacco crop – the largest segment of the US tobacco industry, grown primarily in North Carolina and throughout the southeast – at 666 million pounds, 18% lower than the amount farmers were permitted to market in 1998. Because the sharp decrease in the quota will cause commensurate reductions in farmers' incomes, the decision received intense public, industry, and congressional attention. This decrease was part of the rationale for USDA's decision to approve the use of funds collected from farmers and manufacturers for administering the program in prior years, to provide cigarette makers a discount of 15% on the sale of 103 million pounds of tobacco owned by the farmers' cooperative that

administers the program, and that has been pledged as collateral on loans USDA made to the cooperative. The sale, which likewise was subjected to considerable attention, made it possible for USDA to limit the size of the decline in the quota; without the action, the quota would have been fully one-third smaller.

- **USDA Starts Negotiations to Settle Sandia Land Dispute:** On December 15, USDA officials began preliminary negotiating sessions with the Sandia Pueblo, to settle its dispute with the Forest Service over ownership of some 9500 acres on the Sandia National Forest immediately outside of Albuquerque, NM; the case has received extensive public, congressional, and media attention.
- **USDA Considers Controversial Road Closure:** On December 15, US Forest Service officials held a public meeting to consider closing roads on the Targhee National Forest (ID) to motorized traffic during the summer, to protect elk and grizzly bear habitat; the proposal is controversial locally, and the congressional delegation may conduct a hearing on it.
- **USDA Releases Disaster Aid:** On December 12, Secretary Glickman issued a news release amplifying your radio address of the same date announcing the release of \$2.375 billion from the FY99 budget deal to compensate farmers for losses from natural disasters in 1998 and prior years.
- **Agricultural Trade Notes:** On December 14, USDA increased by \$10 million the credit line Tunisia can draw against for purchases of US agricultural commodities during FY99, and approved \$15 million in credit guarantees for Lebanon to buy US breeder livestock and feeder cattle.

During the week that ended December 11, USDA awarded subsidies to facilitate the export of slightly more than 3000 metric tons of dairy products to customers in Africa, the Middle East, and Latin America.

- **Commodity Markets in Review:** Cash and futures prices for wheat dropped, as commercial export prospects continued to be poor and winter wheat conditions are favorable. Cash corn prices fell, but futures rose on good export commitments and strong recent buying by feed processors. Soybean cash and futures moved lower on improved crop prospects in South America. Rice cash prices held firm, but futures declined, pressured by falling international prices. Cotton prices sank on a bearish supply and demand estimates report issued by USDA. Cattle, hog, and broiler prices all slumped under the burden of large meat supplies. Butter prices slipped as increased butterfat supplies come to market, and some buyers were wary after the previous week's jump in prices. Cheese prices were up modestly as seasonal demand remains good.

Average Prices for the Week Ending December 12, 1998

Commodity	Weekly price	Change from a week ago	Change from a year ago
Wheat \$/bu	3.17	-0.07	-0.57
Corn \$/bu	2.13	-0.05	-0.55
Soybeans \$/bu	5.57	-0.22	-1.34
Rice \$/cwt	8.94	0.00	-1.75
Cotton ¢/lb	61.41	-1.66	-3.09
Steers \$/cwt	60.57	-1.20	-5.77
Hogs \$/cwt	14.55	-2.95	-28.20
Broilers ¢/lb	63.57	-0.35	8.55
Cheese \$/lb	1.90	+0.01	0.46
Butter \$/lb	1.40	-0.02	0.19
Milk \$/cwt	17.17	+0.17	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

- **President's Food Safety Initiative:**
 - **President's Food Safety Council Meets:** On December 16, Secretary Glickman participated in the first meeting of your Food Safety Council, along with Secretary Shalala, and science advisor Lane, to discuss the charter of the council, and the scope of its activities.
 - **USDA Continues Monitoring Food Safety Danger From Terrorist Threat:** As of December 16, USDA food safety officials continue working with law enforcement officials on a December 8 anonymous threat of food contamination with HIV-infected human blood. On the basis of recommendations in a public health risk assessment, USDA is reinspecting about 15 million pounds of meat products at four facilities in the Milwaukee area owned by the same company, Emmepak Foods. The plant was decontaminated under the supervision of the Food Safety Inspection Service (FSIS) and OSHA. On the advice of FSIS, the company has intensified security measures at all four facilities, which will protect employees and reduce the risk of possible tampering. Under FSIS oversight, the company has voluntarily destroyed beef from 1,600 carcasses slaughtered on

December 10 and is considering destruction of other products. Only products that pass reinspection for tampering are being released for distribution, and evidence of possible tampering has been turned over to the FBI.

- **President's Food Aid Initiative:**

- **USDA Completes Russian Donation Plan:** On December 14, USDA officials presented their Russian counterparts with detailed agreements to implement the multimillion dollar food donation and assistance package announced in November.

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

- **USDA Moves Closer to Settling Class Action Lawsuit:** On December 14, USDA received a counteroffer to the proposed settlement agreement provided to the plaintiffs in *Pigford, et. al. v. Glickman*, the pending class action civil rights case filed by African-American farmers, a draft settlement agreement after months of negotiations. The case has received intense public, media, and congressional attention.
- **GAO Draft Report Critical of USDA Civil Rights Efforts:** USDA officials have until December 24 to reply to a draft report GAO has completed, criticizing the Department for its timeliness in processing civil rights complaints; USDA expects that the report will be issued after the first of the year, and that it may form the basis for congressional hearings in the 106th Congress.

In a separate and related development, USDA's Office of Civil rights expects to finish resolving, by the end of December, most of the backlog of program civil rights cases on hand when Secretary Glickman launched his civil rights initiative. Some cases in the backlog, which has been the subject of considerable attention and controversy, will simply be closed, others will receive settlement offers, while others cannot be processed further until resolution of the pending class action case, *Pigford et. al. v. Glickman* – see preceding item.

III. SECRETARY'S SCHEDULE

- On December 17, Secretary Glickman will hold a year-end press conference.
- On December 18, Secretary Glickman will meet with the Minister of Trade of the People's Republic of China regarding regulations for preventing the transmission of the Asian long-horned beetle to the US.

- On December 22, Secretary Glickman will appear on NPR's *Diane Rehm Show*.
- On January 7, Secretary Glickman will dedicate a USDA building in honor of Representative Yates.

IV. SUB-CABINET SCHEDULE

- On December 17, Deputy Secretary Rominger will accompany Secretary Glickman at USDA's year-end press conference.
- On December 17, Under Secretary Watkins will address the Culinary Institute of America in New York.
- On January 5, Under Secretary Lyons will be speaking at the Partners Outdoors Conference in Orlando, FL.
- On January 7, Under Secretary Woteki will attend a Giant Foods event promoting USDA's efforts to encourage more consumers to use thermometers in the safe cooking of meat and poultry.
- On January 10, Under Secretary Woteki will speak on the President's Food Safety Initiative at the American Farm Bureau Federation's Women's Conference in Albuquerque, NM.

V. PRESS INQUIRIES

- *Nutrition Week* requested information about USDA's denial of AZ's request to use contract employees to determine food stamp eligibility and allotments.
- *MTV News* requested information on the status of the US Forest Service proposal to suspend construction of roads in some areas of national forests. The date a story may air is unknown.
- The *New York Times* and *Newsweek*, as well as numerous farm publications, queried on low pork prices.
- Several reporters with news media in Milwaukee, WI asked about the investigation into the threat against Emmpak Foods.

VI. FOIA REQUESTS

Nothing of significance to report this week.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **Release of Hog and Pigs Report:** On December 29, USDA will release the December Hogs and Pigs report, which is expected to be of particular interest due to recent hog market conditions. The report will include hog and pigs inventory as of December 1, the number of hog operations, and inventory by size groups.

VIII. WASTE FRAUD AND ABUSE

Nothing of significance to report this week.

IX. CLIMATE CHANGE

- **USDA Officials Brief on Climate Change:** On December 14, USDA officials, at the request of the White House Climate Change Task Force, briefed members of the staff of the House Committee on Agriculture on climate change issues, particular the Buenos Aires negotiations.

X. DISASTER ASSISTANCE

- **USDA Releases Disaster Aid:** On December 12, Secretary Glickman issued a news release amplifying your radio address of the same date announcing the release of \$2.375 billion from the FY99 budget deal to compensate farmers for losses from natural disasters in 1998 and prior years.
- **USDA Aids Development of Indonesian Fire Suppression Plans:** On December 23, the fire management specialist from the Sequoia National forest (CA) will complete her tour of Indonesia to assess its fire suppression capacity and develop a fire mobilization plan; the trip was an outgrowth of fires earlier this year that spread across Indonesia, affecting the entire region.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier