



United States
Department of
Agriculture

Office of the
Secretary

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Weekly Reports from the
Secretary of Agriculture
to the White House

January 13, 1999-September 8, 1999



January 13, 1999

Memorandum to The President

Through: The Honorable John Podesta

From: Secretary Dan Glickman

Subject: Report For Week of January 10, 1999

USDA Fact of the Week

USDA projects that US all-orange production will drop 27% from last year's record, due in large part to the December freeze that hit CA's San Joaquin Valley, bringing production there down 49% from last year's utilization level, and projections that FL production will be off 22% from 1998.

I. KEY DEPARTMENT NEWS

- **USDA Announces EZ/EC Communities:** On January 13, Secretary Glickman joined Vice President Gore in a White House ceremony announcing 5 new rural empowerment zones and 20 new rural enterprise communities.
- **USDA Announces Details of Pork Assistance Program:** On January 12, Secretary Glickman announced the details of the \$53 million program by which USDA will provide cash assistance to family-sized hog farmers; on January 8, Vice President Gore had announced that assistance would be provided.

On a separate but related note, Secretary Glickman plans on testifying before a hearing of the Senate Agriculture Committee on January 26, on the growing concentration in the livestock industry.

- **Secretary Glickman Addresses National Farm Convention:** On January 12, Secretary Glickman addressed the annual convention of the American Farm Bureau Federation in Albuquerque, NM, emphasizing your commitment to strengthening the farm safety net, the growing concentration in the agricultural sector, and your personal involvement in working on the crisis in hog prices.
- **USDA Developing Food Pyramid for Children:** On January 20, USDA officials will

preview its preliminary Food Guide Pyramid for Young Children to nutritionists, educators, and representatives of the food industry, before readying the final pyramid for public unveiling, which USDA expects will attract considerable public and media attention.

- **USDA Releases Horse Protection Plan:** On January 8, USDA officials released to the horse industry proposals for enforcing the Horse Protection Act during the upcoming horse showing season; previous plans have attracted considerable controversy and attention from the industry, public, Congress, and the media.
- **Forest Service Heritage Program Receives 1999 Award:** On January 8, the Forest Service Passport in Time (PIT) program received the 1999 Award of Merit from the Society for Historical Archaeology; the award honors PIT for involving the public in work on historic archaeological sites in the national forests, and inspiring greater public awareness and appreciation of America's national forest resources.
- **Commodity Markets in Review:** Wheat cash and futures prices rose last week, as traders expected USDA to report lower seedings for the 1999 winter crop. Corn prices moved higher in anticipation of USDA's January 12 crop reports, expected to show lower production. Soybean prices climbed slightly, supported by soybean oil. Cotton prices dropped on bearish industry views expressed at the annual Beltwide Cotton Conference. Rice cash and futures prices continue to be supported by strong mill demand. Poor weather and optimism (based on rising futures) sent hog prices up. Cattle prices gained support from hogs. Broiler prices were almost unchanged. Butter prices were unchanged, but cheese prices fell as buyers appear willing to sit on existing stocks and wait to see if the declines will be extended.

Average Prices for the Week Ending January 8, 1999

Commodity		Weekly Cash price	Change from a week ago	Change from a year ago
Wheat	\$/bu	3.19	0.03	-0.30
Corn	\$/bu	2.14	0.05	-0.42
Soybeans	\$/bu	5.38	0.08	-1.28
Rice	\$/cwt	8.94	0.00	-1.75
Cotton	¢/lb	56.44	-0.81	-7.36
Steers	\$/cwt	59.75	0.42	-5.26
Hogs	\$/cwt	21.05	5.17	-13.33
Broilers	¢/lb	61.87	-0.05	-1.98
Cheese	\$/lb	1.77	-0.13	0.34
Butter	\$/lb	1.43	0.00	0.30
Milk	\$/cwt	15.85	-0.23	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

• **President's EZ/EC Initiative:**

- **USDA Announces EZ/EC Communities:** On January 13, Secretary Glickman joined Vice President Gore in a White House ceremony announcing 5 new rural empowerment zones, and 20 new rural enterprise communities.

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

- **USDA Enforces Meat and Poultry Inspection Rules:** On January 7, USDA officials suspended operations at Pampanga Food Company in Anaheim, CA for failing to maintain sufficient sanitation standard operating procedures.

On January 7, USDA suspended operations at Double B Foods in Schulenburg, TX for repetitive finds of Listeria.

On January 8, USDA officials requested that GFI America, Minneapolis, MN recall 4000 pounds of chili sauce because the beef in it may have been undercooked.

On January 8, USDA officials cooperated in a recall by Perdue Farms, Concord, NC, of 15,300 pounds of chicken nuggets because they were incorrectly labeled.

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

- **Food Stamp Waivers Approved:** During the period from January 6-13, USDA approved requests from IL and CT to extend and modify their current waivers of the work provisions of the Food Stamp Act, which USDA may grant for areas with unemployment rates over 10 percent, or for areas with insufficient jobs. The IL waiver exempts residents of 36 counties, 21 large cities, and 227 small municipalities, and the CT waiver exempts residents of 21 cities and towns based on insufficient jobs.

III. SECRETARY'S SCHEDULE

- On January 14, Secretary Glickman will attend a Rainbow/PUSH Coalition Conference on the Wall Street Project for Building Trading Partnerships, in New York City.
- On January 19, Secretary Glickman will attend the State of the Union address.
- From January 21 -23, Secretary Glickman will attend Green Week events in Germany.
- On January 25, Secretary Glickman will meet with Russian officials regarding aid programs to Russia, in Moscow.
- On January 29, Secretary Glickman will attend a meeting of the US Conference of Mayors.

IV. SUB-CABINET SCHEDULE

- On January 20, Deputy Secretary Rominger will attend a Soil and Water Society Conference on the state of North America's private lands, in Chicago, IL.
- On January 21, Deputy Secretary Rominger will attend the 19th Annual Ecological Farming Conference in Pacific Grove, CA.
- On January 22, Deputy Secretary Rominger will inspect damage to the CA orange crop in the areas hardest hit by the recent freeze.
- On January 14-15, Under Secretary Dunn will attend meetings on the Classical Swine

Fever Project in Santo Domingo, Dominican Republic.

- On January 15, Chief Economist Keith Collins will address the annual meeting of the Louisiana Cotton Growers Association in Monroe, LA on the outlook for cotton.
- On January 15, at the invitation of the International Food Policy Research Institute, Under Secretary Woteki will meet with other agriculture officials to begin planning for a proposed 1999 or 2000 conference on a 2020 Vision for Food, Agriculture, and the Environment.
- On January 19, Under Secretary Woteki will address the 1999 NC Agribusiness Forecast Meeting on Adding Value to Agribusiness Through Food Safety, in Raleigh, NC.
- On January 19, Under Secretary Watkins will address the National Youth Sports Program annual meeting in Orlando, FL.
- On January 20-22, Under Secretary Dunn will speak at the International Poultry Exposition in Atlanta, Georgia.
- On January 21-22, Under Secretary Schumacher will attend Green Week in Berlin, Germany.
- On January 21, Under Secretary Woteki and Deputy Under Secretary Wilcox will participate in a possible HACCP Small Plants event, highlighting the successes of the first year of the nation's approximately 300 largest meat and poultry plants adoption of HACCP systems, and explaining plans to bring on-line with HACCP approximately 2,800 small plants by January 25.

V. PRESS INQUIRIES

- *The New York Times* is researching different use patterns of national forests, seeking data about recreation use and timber volumes sold since 1960.
- *Market Place*, a syndicated radio show on National Public Radio, is collecting information about how much the National Forest System would be worth, were it in the private sector, for a story on the assets of the system, and how it would compare to Fortune 500 companies.

VI. FOIA REQUESTS

- *The Detroit Free Press* has requested copies of all inspection reports and enforcement

related documents involving Bil Mar Foods of Zeeland, MI, since January of 1997.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **USDA Announces EZ/EC Communities:** On January 13, Secretary Glickman joined Vice President Gore in a White House ceremony announcing 5 new rural empowerment zones and 20 new rural enterprise communities.
- **USDA Announces Details of Pork Assistance Program:** On January 12, Secretary Glickman announced the details of the \$53 million program by which USDA will provide cash assistance to family-sized hog farmers; On January 8, the Vice President had announced that assistance would be made available.
- **USDA Lowers Crop Insurance Premium:** On January 8, Secretary Glickman announced an estimated 30 percent premium reduction for farmers on their 1999 crop insurance policies. The incentives will be financed with funds from the FY'99 budget bill.
- **USDA Reports on Causes of Low Pork Prices:** On January 26, USDA will release the "Livestock, Dairy, and Poultry Situation and Outlook Report," which will show that record weekly slaughter has depressed hog prices to the lowest level since the 1940s. The report also analyses the effects of the large pork supplies on the beef and poultry sectors.

VIII. WASTE FRAUD AND ABUSE

Nothing of significance to report this week.

IX. CLIMATE CHANGE

Nothing of significance to report this week.

X. DISASTER ASSISTANCE

- **USDA Evaluating CA Freeze Damage Request:** USDA officials are reviewing Governor Davis' request to declare counties hit by December's freeze as disaster areas, and expect a favorable decision within days – see USDA Fact of the Week.

XI. WEEKEND CONTACT INFORMATION

Patrick Steel

January 20, 1999

Memorandum to The President

Through: The Honorable John Podesta
From: Secretary Dan Glickman
Subject: Report For Week of January 17, 1999

USDA Fact of the Week

On January 14, the USDA Export Sales Report noted a purchase of 9,000 tons of US wheat from Vietnam, the second Vietnamese purchase of US wheat since diplomatic relations were restored. Traders report the same mill bought both lots, and hopes to double its purchases of US wheat to 20,000 tons per year, which would be 25 to 30% of its import needs.

I. KEY DEPARTMENT NEWS

- **CDC Updates Outbreak Toll:** On January 14, the CDC announced that at least 60 illnesses, 9 adult deaths, and 3 miscarriages to pregnant women have resulted from contamination of hot dogs and possibly deli meats from one producer, with a rare strain of *Listeria monocytogenes*, serotype 4b. On January 13, USDA's Toll-free Meat and Poultry Hotline received 114 calls, mostly from Ohio and Pennsylvania, after WFDJ-TV in Youngstown, OH, belatedly reported the December 22, 1998, Bil Mar recall.
- **CA Suffers from December Freeze:** With crop losses resulting from the four-day December freeze now estimated at over \$634 million, and more than 14,000 farm workers facing layoffs in the next few weeks, USDA is preparing aid programs to assist CA producers, and Secretary Glickman is preparing a Secretarial Disaster Declaration. See **Disaster Assistance** below.
- **Relief for Pork Producers:** During the week of January 11, USDA attorneys and staff began evaluating numerous proposals designed to alleviate the economic hardship placed on pork producers by low market prices. At this time, principal assistance programs will be operated under legislation dating from 1935 that allows the Secretary of Agriculture to expend funds to help farmers recoup lost purchasing power. It is expected that approximately \$50 million will be made available to smaller-sized pork producing

operations. Other options for assistance are still under consideration and final decisions have yet to be made.

In a related effort, on January 13, in order to encourage greater pork processor participation in the pork purchase program, USDA issued an invitation for offers covering a pork buy of 11.8 million pounds of product, and announced contractual changes that will make it easier for pork processors to produce and deliver contracted pork products. Cumulative pork purchases during the past 11 months total over \$114 million.

- **Chicago Mercantile Exchange (CME) Launches Pork Cutout Contract:** On January 8, The CME launched its long-awaited pork cutout index futures, with high hopes that the contract will meet the needs of wholesale meat buyers, and boost trading volume. The pork cutout contract can be used by pork processors and the food service industry to manage the risk of price swings in pork products, through the use of cash-settled futures and options equivalent to 40,000 pounds of pork. Since it is a contract from a buy/hedge point of view, packers can use the contract to sell/hedge against purchases of live hogs, locking in a cutout.
- **State Food Stamp Inaccuracies Corrected:** A recent audit by the USDA Office of Inspector General (OIG) found that the five states visited (NJ, RI, CA, WA and FL) were inaccurately calculating food stamp benefits, and inaccurately prorating income and/or deductions because they were not following the guidelines in their state plans, or had inadequate software applications. USDA is working with the States to correct the problems.
- **USDA Secures Funds for AR Drainage Improvement:** On December 14, Senator Bumpers announced that USDA has secured \$2.8 million to finance drainage improvement projects for the cities of Lakeview, Marvell, West Helena, and the community of Zachary, AR. These communities lack the infrastructure needed to quickly remove excessive water; making sewer systems less effective, and creating health and environmental hazards. The Central AR Resource Conservation and Development Council will oversee the construction of these drainage projects.
- **Secretary Travels to Germany, Russia:** On January 19, Secretary Glickman discussed with Reuters and Bloomberg his upcoming trips to Germany and Russia. The Secretary departs January 23 for Berlin, Germany, to participate in activities at the agricultural trade show "International Green Week," where he will speak at the opening of the 6th East-West Agricultural Forum, focusing on the WTO, and agriculture in the East and West. The Secretary will then travel to Moscow, Russia on January 24-26, to discuss implementation of Russo-American food aid agreements, and other issues. While in Moscow, the Secretary will also meet with groups that distribute US humanitarian food aid, and visit a distribution center.

- **Commodity Markets in Review:** Wheat cash and futures prices fell last week, burdened by large U.S. supplies and worries over the financial crisis in Brazil. Corn cash and futures dropped last week, following USDA's release of its forecast for higher 1998/99 ending stocks. Soybean cash and futures plunged after USDA forecast higher 1998/99 ending stocks and Brazil allowed its currency to drop sharply in value. Rice cash prices held steady, but futures plummeted after USDA revised sharply upward its forecast of 1998/99 supplies. Cotton prices were little changed. Cattle prices rose as wholesale price increases carried into live markets. Hog prices advanced strongly, supported by rising wholesale values, pork features, and weather-related shortages. Broilers dropped, however, primarily reflecting pressure from lower retail pork prices. Cheese prices fell, as post-holiday demand remains weak. Butter prices were unchanged.

Average prices for the week ending January 15, 1999

Commodity		Weekly cash price	Change from a week ago	Change from a year ago
Wheat	\$/bu	3.15	-0.04	-0.29
Corn	\$/bu	2.11	-0.03	-0.41
Soybeans	\$/bu	5.25	-0.13	-1.34
Rice	\$/cwt	8.94	0.00	-1.75
Cotton	c/lb	56.19	-0.25	-7.74
Steers	\$/cwt	61.63	+1.88	-2.31
Hogs	\$/cwt	27.56	+6.51	-5.94
Broilers	c/lb	61.52	-0.35	-1.96
Cheese	\$/lb	1.63	-0.14	0.20
Butter	\$/lb	1.43	0.00	0.29
Milk	\$/cwt	15.85	0.00	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

- **President's Initiative on Food Safety:**
 - **CDC Updates Outbreak Toll:** On January 14, the Centers for Disease Control and Prevention announced that at least 60 illnesses, 9 adult deaths, and 3 miscarriages to pregnant women have been reported due to contamination of hot dogs and possibly deli meats from one producer, with a rare strain of *Listeria*

monocytogenes, serotype 4b. On January 13, USDA's Toll-free Meat and Poultry Hotline received 114 calls, mostly from Ohio and Pennsylvania, after WFDJ-TV in Youngstown, OH, belatedly reported the December 22, 1998, Bil Mar recall.

- **WI Plant Recalls Deli Products for Contamination With *Listeria monocytogenes*:** On January 15, Oscar Mayer Foods Corporation, Madison, WI, recalled 28,313 pounds of "All American Variety Packs, 10 oz." and "Club Sandwich Variety Packs, 9 oz." due to contamination with *Listeria monocytogenes*. The products were distributed nationwide, and also to Singapore, Bermuda, Aruba, St. Martin, the Dominican Republic, and Puerto Rico. At this point, USDA has no evidence linking this product to the nationwide *listeriosis* outbreak, which is still under joint USDA and CDC investigation.
- **USDA Enforces Meat and Poultry Inspection Rules:** On January 15, USDA suspended operations at Global Food Management Group, a non-HACCP plant in Colton, CA, for failure to maintain Sanitation Standard Operating Procedures (SSOP) records, and for a generally unsanitary environment.
- **President's Initiative on Welfare Reform:**
 - **Welfare Reform Waiver Update:** During the period from January 13-20, USDA approved requests from NJ, KY, and UT to extend and modify their current waivers of the work provisions of the Food Stamp Act, which USDA may grant for areas with unemployment rates over 10%, or for areas with insufficient jobs. Based on insufficient jobs, the NJ waiver will exempt residents of one county and four municipalities, the KY waiver will exempt residents of 64 counties, two cities, and one partial county, and the UT waiver will exempt residents of 6 counties.
- **President's Initiative on Food Aid:**
 - **Food Aid to Russia:** From January 24-26, Secretary Glickman will travel to Moscow to discuss the monitoring of the US food aid package to Russia. USDA will begin negotiations soon on adding 50,000 tons of poultry to the P.L. 480, Title I agreement, and continues to work on a poultry program with the private sector. USDA has also offered to donate up to 15,000 tons of corn and vegetable seed to Russia under the Food for Progress program.

III. SECRETARY'S SCHEDULE

- On January 19, Secretary Glickman attended the President's State of the Union address.

- On January 21, Secretary Glickman will guest on NPR's *Diane Rehm Show*, to amplify the President's State of the Union address and discuss multiple agriculture and food safety-related issues.
- From January 21-23, Secretary Glickman will attend Green Week events in Berlin, Germany.
- From January 24-26, Secretary Glickman will attend bilateral meetings in Moscow on American food Aid packages to Russia.
- On January 29, Secretary Glickman will attend the President's meeting with the US Conference of Mayors.
- On February 1, Secretary Glickman will hold a press conference on USDA's final budget figures.

IV. SUB-CABINET SCHEDULE

- On January 20, Deputy Secretary Rominger will address a Soil and Water Conservation Society Conference on conservation and the environment in Chicago, IL.
- On January 21, Deputy Secretary Rominger will address the 19th Annual Ecological Farming Conference on conservation and the environment in Pacific Grove, CA.
- On January 22, Deputy Secretary Rominger will inspect frost damage to CA crops in Orange Cove, CA.
- On January 19, Under Secretary Woteki will address the 1999 NC Agribusiness Forecast meeting on "Adding Value to Agribusiness Through Food Safety," in Raleigh, NC.
- On January 20-22, Under Secretary Dunn will speak at the International Poultry Exposition in Atlanta, GA.
- On January 20, Under Secretary Woteki will join Secretary Glickman at a food safety event in Nashville, TN.
- On January 21, Under Secretary Woteki will hold a HACCP small plant press event, highlighting the successes of the first year of the nation's approximately 300 largest plants under HACCP systems.
- On January 21-22, Under Secretary Schumacher will attend Green Week in Berlin, Germany.

- On January 27, Under Secretary Lyons will be giving the keynote address at the Natural Resources Conservation Service (NRCS) Water Quality 2000 Conference in Boise, ID.
- On February 5, Under Secretary Watkins will take part in the Childhood Obesity Initiative in Baton Rouge, LA.

V. PRESS INQUIRIES

- The *Washington Times* is preparing a major story on food stamp participation and the number of individuals disqualified or sanctioned due to work requirements. No information yet on when it will run.
- On January 12th, NPR's *Morning Edition* followed up on a story in the December 1998 *Agricultural Research* magazine, with a 5-minute segment on USDA collaborative research with Russian scientists on apomixis. The research is ultimately aimed at developing hybrid corn and other crops that can be regrown from harvested seed, and still be genetically true to the hybrid parent. Currently, farmers must purchase new hybrid corn seed each year.
- *Minneapolis Star Tribune*, *St. Louis Post-Dispatch*, *Bridge News*, *Farm Progress*, and a number of small papers queried on what USDA is doing to help pork producers. In related requests, on January 14, *Farm Journal Magazine* contacted USDA about current research on vertical coordination in the broiler and pork industries. Also, *Farm Journal* is interested in comparing past developments in the broiler industry with current developments in food industries such as pork.
- CNN, *New York Times*, Associated Press, Reuters, and the *Los Angeles Times* called about recent announcements on allowing organic meat labeling.
- USDA Office of Civil Rights Director Rosalind Gray handled interviews concerning the recent civil rights settlement with the *National Journal*, *BET Weekend Magazine*, and the ABC affiliate in Atlanta (Cox station). *Arkansas Democrat* also asked for information on the black farmer settlement.
- *Wall Street Journal* asked about the possibility of sending hogs to Hurricane Mitch victims.

VI. FOIA REQUESTS

- Associated Press in Raleigh, NC, requested information relating to the government's

attempt to collect penalties from tobacco warehouses and dealers in Southeast States.

- The *Chicago Tribune* has requested copies of all inspection and laboratory reports related to Sara Lee Corporation's meat processing facilities, including those facilities operated by its divisions and subsidiaries Bil Mar Foods, Bryan Foods and Hillshire Farms & Kahn's, filed on or about January 1, 1990, to the present.
- The *Los Angeles Times* requested a copy of USDA correspondence with Representatives DeLay and Hastert.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **Community Adjustment & Investment Program (CAIP) Business & Industry Loan Guarantees:** USDA has approved a CAIP Business and Industry Guaranteed Loan for LaCour International, a paper products company in Red Springs, Robeson County Enterprise Community, NC. The \$3.5 million loan will allow the company to expand its operation and create 80 new jobs. Also, a \$5 million CAIP Business and Industry Guaranteed Loan was announced this week for Horner Flooring, Inc. in Hancock, MI.
- **Rural Business /Enterprise Grants (RBEGs) Being Announced:** Roughly \$3 million in USDA RBEGs, going to over 10 states to save rural jobs, will be announced the week of 25th January. Appropriate media is being planned.

VIII. WASTE FRAUD AND ABUSE

- **Operation "Kiddie Care":** 3 owners of a southern CA company acting as a sponsor for about 1,000 daycare homes participating in the Child and Adult Care Food Program (CACFP), have been indicted for failing to provide monitoring visits to homes in their program, falsifying monitoring reports, concealing ownership of the property where they worked, being reimbursed for bogus rent and maintenance costs, and inflating other administrative costs for which they received reimbursement. They were also charged with mail fraud for obtaining in excess of \$95,000 in CACFP funds to which they were not entitled.
- **USDA Identifies \$3.5M in Misused Rural Rental Housing Funds:** To date, USDA teams have performed physical inspections of 631 apartment complexes, and examined the financial records of apartment complexes operated by 32 owners and management agents in 13 States, identifying over \$3.5 million in misused funds, and uncovering serious physical deterioration of some apartment complexes.
- **Operation Talon:** As of January 8, 1999, Operation Talon had resulted in 3,544 arrests

of fugitive felons. Since then, this total has increased to 3,620 and includes 26 fugitives wanted for murder or attempted murder, 18 wanted for child molestation, and 11 wanted for rape or attempted rape.

IX. CLIMATE CHANGE

- **Agriculture Sector Assessment on Climate Change:** On January 21-22, the Global Change Program Office will host the first meeting of the Agriculture Sector Assessment, conducted as part of the National Assessment on Climate Change and Variability (which is a component of the U.S. Global Change Research Program). The meeting will bring together 60 people from Federal agencies, academia, non-governmental organizations, farm groups, and agribusiness for the purposes of discussing the goals and purpose of the assessment, hearing stakeholders' views on climate change and agriculture, and developing an implementation plan for conducting the assessment over the next 12 months.

X. DISASTER ASSISTANCE

- **CA Suffers from December Freeze:** On January 11, the USDA joined other federal, state, and local officials to develop strategies to help producers and farm workers affected by the four-day December freeze in CA. Losses are now estimated at over \$634 million, and more than 14,000 farm workers face layoffs in the next few weeks, while the full extent of the crop damage will be unknown till harvest time in the summer. 18 counties are reporting heavy losses, and Governor Davis has requested federal disaster declarations for 6 counties. A Secretarial Disaster Declaration is likely by the end of the week. Media and public interest has been intensive.

XI. WEEKEND CONTACT INFORMATION

Patrick Steel
Home: 202.333.7970
Pager: 800.800.7759

January 27, 1999

Memorandum to The President

Through: The Honorable John Podesta

From: Secretary Dan Glickman

Subject: Report For Week of January 24, 1999

USDA Fact of the Week

As of January 22, thus far this fiscal year USDA has provided \$710 million in direct and guaranteed loans to 7555 farmers. Compared to the same period last year, USDA has made 47% more direct farm operating loans, and 53% more direct farm ownership loans to women and minority farmers; and 41% more farm operating loans, and 65% more farm ownership loans to beginning farmers.

I. KEY DEPARTMENT NEWS

- **USDA Continues Work to Assist Pork Producers:** During the week that ended January 22, USDA purchased 2.6 million pounds of pork, valued at \$2.5 million, for USDA-supported nutrition and feeding programs; these purchases bring total USDA pork purchases over the last year to 129.3 million pounds, worth \$125.6 million.

On January 25, USDA officials briefed the Senate agriculture committee on USDA's initiatives to assist pork producers, emphasizing the program the Vice President announced to provide \$53 million to hog farmers, for which sign up begins February 1.

- **Secretary Returns from Moscow:** On January 26, Secretary Glickman returned from Moscow, where he consulted with Russian officials on the recently concluded US food and commodity donation agreement, concentrating on safeguards in the distribution system to ensure that the products are delivered to needy people, and not diverted for illicit purposes. During his stay, Prime Minister Primakov requested a previously unscheduled meeting during which the two discussed possible future Russian food needs.

During the trip, prior to his Moscow visit, Secretary Glickman participated in the agricultural trade show "International Green Week" in Berlin.

- **US-Canadian Trade Consultation:** On January 27, Secretary Glickman met with his Canadian counterpart to discuss the status of negotiations on agricultural trade between the two countries, and on January 28, US and Canadian officials will conduct their first quarterly grain consultations as provided for in the December, 1998 agreement, which was an outgrowth of discussions the Secretary initiated last summer following the threat of several border states to blockade the shipment of Canadian agricultural goods into the US. During the meeting on the 28th, Canadian officials will provide for the first time ever extensive and public details about projected Canadian grain shipments into the US.
- **USDA Readies Pilot Crop Insurance Policies:** On February 8, the board of directors of the Federal Crop Insurance Corporation will meet to consider approval of new pilot programs to insure mint and snap beans.
- **Forest Service Recreation Fees Increase:** On January 29, USDA will transmit to Congress its report on the Forest Service's recreational fee demonstration program – whose extension during consideration of the FY99 interior appropriations bill generated considerable public attention and debate in the House – showing an increase in revenues and decreased costs to operate projects funded by the user fees.
- **Forest Road Closures Under Scrutiny:** On February 13, Representative Chenoweth plans a field hearing in Rexburg, ID on road closures on the Targhee National Forest; USDA expects that Senator Craig will also attend the hearing.
- **Agricultural Trade Developments:** During the week that ended January 22, USDA subsidized the export of 469 metric tons of dairy products to customers in Asia, the former Soviet Union, and Latin America.

On January 22, USDA concluded an agreement with the Government of Indonesia whereby USDA will donate 1500 tons of nonfat dry milk, which will be processed into canned sweetened condensed milk, for distribution to needy families in Jakarta.

- **Commodity Markets in Review:** Wheat cash and futures dropped last week, pressured by large worldwide supplies. Corn cash and futures prices were almost unchanged, as worries over the economic situation in Latin America was offset by good export sales. Soybean cash and futures prices fell, suffering from the economic woes of Brazil as well as an anticipated large South American crop for 1998/99. Rice futures prices rose following an excellent export sales report, while cash prices remained firm. Cotton prices continued to sink, with futures down for the sixth consecutive week in lackluster trading. Cattle prices dropped, as retailers appear to be well-supplied for February. Hog prices moved higher last week; packers were forced to bid up prices to maintain production schedules. Broiler prices were almost unchanged, as retailers continue to pit pork against beef. Cheese prices slumped as seasonal demand remains weak. Butter prices were unchanged.

Average prices for the week ending January 22, 1999

Commodity		Weekly cash price	Change from a week ago	Change from a year ago
Wheat	\$/bu	3.07	-0.08	-0.44
Corn	\$/bu	2.12	0.01	-0.50
Soybeans	\$/bu	5.18	-0.06	-1.42
Rice	\$/cwt	8.94	0.00	-1.75
Cotton	c/lb	55.92	-0.28	-6.39
Steers	\$/cwt	60.79	-0.84	-2.85
Hogs	\$/cwt	28.95	0.75	-6.40
Broilers	c/lb	61.51	-0.01	7.18
Cheese	\$/lb	1.28	-0.35	-0.15
Butter	\$/lb	1.43	-0.00	0.09
Milk	\$/cwt	15.47	-0.38	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

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

- **Administration Food Safety Bill Reintroduced:** On January 19, Senator Harkin reintroduced the Safe and Fair Enforcement and Recall Meat and Poultry Act, legislation the Administration recommended to Congress in 1997 to give USDA authority to issue mandatory recalls of unsafe meat and poultry, and the ability to levy civil penalties for violations of the meat and poultry inspection acts.
- **USDA Action Prompts Record Recall:** On January 22, USDA food safety officials requested that Thorn Apple Valley recall all frankfurters and luncheon meats produced at its Forest City, AR plant since July 6, 1998, amounting to some 30 million pounds of products, over recurring problems with listeria contamination; the action generated considerable media attention.
- **USDA Implements Second Phase of New Meat and Poultry Inspection System:** On January 25, USDA implemented the second phase of the science-based inspection meat and poultry system, commonly referred to by its acronym HACCP, that you announced in July, 1996 covering medium-sized plants. In

spite of concerns last fall that many plants could not comply with the new regulations, of the more than 2000 plants covered, only a handful failed to comply. The third and final phase of the new system, covering the small plants, takes effect next year.

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

- **USDA Implements Class Action Settlement:** On January 28, USDA officials will travel to Atlanta to brief representatives of institutions financed through USDA's outreach program for socially-disadvantaged farmers, commonly referred to as the 2501 program, on what they can do to help members and potential members of the class of African American farmers with whom USDA reached a settlement agreement regarding their claims of discrimination against USDA, and on January 29, USDA officials plan to meet with Washington representatives of African American groups for the same purpose; under the terms of the settlement agreement, USDA is required to conduct such outreach to institutions who can assist farmers with their claims..

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

- **USDA Prepares Report on New York City Food Stamp Program:** USDA intends to issue its review of New York's food stamp program within 2 weeks. The review has examined whether New York officials have denied applicants the opportunity to apply for food stamps, and has been the subject of extensive public, congressional, and media attention.

Meanwhile, in a separate and related incident, on January 25, a federal court ordered Mayor Guiliani to act on food stamp requests without delay, and placed a temporary injunction on the continuation of mayor's welfare application procedures, which generated the above-mentioned USDA review.

- **USDA Approves Welfare Reform Waiver:** During the period from January 20-27, USDA approved a waiver request from ID to extend and modify its current waivers of the work provisions of the Welfare Reform Bill by which ID will be permitted to exempt residents of three Indian reservations based on unemployment greater than 10 percent, and continue exempting residents of 2 other Indian reservations based on insufficient jobs.

III. SECRETARY'S SCHEDULE

- On January 27, Secretary Glickman met with the Canadian Minister of Natural Resources and the Canadian Wheat Board on US/Canadian agricultural trade issues.

- On January 29, Secretary Glickman will attend your meeting with the US Conference of Mayors.
- On February 3, Secretary Glickman will attend an event with Secretary Babbitt and representatives from the Department of Commerce, highlighting the Administration's work combating invasive species.
- On February 4, Secretary Glickman will address the annual conference of the national Association of Wheat Growers, and US Wheat Associates in Nashville, TN.
- On February 9, Secretary Glickman will testify before the Senate appropriations subcommittee on agriculture on USDA's FY'00 budget request.
- On February 10, Secretary Glickman will testify before the House appropriations subcommittee on agriculture on USDA's FY'00 budget request.
- On February 12, Secretary Glickman will address the National Cattlemen's Beef Association annual conference in Charlotte, NC.
- From February 14-19, Secretary Glickman will accompany the Vice President to the US-South Africa Binational Commission meeting in Cape Town, South Africa.

IV. SUB-CABINET SCHEDULE

- On February 12, Deputy Secretary Rominger will address the National Grain Trade Council annual conference in Rancho Mirage, CA.
- On January 28 and 29, Under Secretary Lyons will be speaking at the Urban Resources Partnership national meeting in Los Angeles, CA.
- On February 1, Under Secretary Watkins will address the National Children, Youth, and Families at Risk Conference in Washington, DC.
- On Feb. 2, Under Secretary Woteki will speak at the Toxicology Forum's 24th annual winter forum in Washington, DC.
- February 2-3, Under Secretary Dunn will speak at the Secretary's Advisory Committee for Employees with Disabilities in New Orleans, Louisiana.
- On February 7, Under Secretary Watkins will speak before the United Fresh Fruits and Vegetables Association annual conference in San Diego, CA.

- February 14-19, Under Secretary Dunn will attend the U.S.-South Africa Binational Commission meeting in Cape Town, South Africa.

V. PRESS INQUIRIES

- *People* magazine is working on a story about African American farmers.
- Deputy Under Secretary Dallas Smith will hold an interview this week about tobacco programs with Blue Grass Radio Network of KY.
- *USA Today* inquired about USDA's efforts to help hog farmers for a story that may run this week.

VI. FOIA REQUESTS

- Three newspapers, the *Chicago Tribune*, *Detroit Free Press*, and *Grand Rapids Press*, asked for similar information on the recall of meat products marketed by Sara Lee, Corp., from Bil Mar Foods of Zeeland, MI.
- Senator Abraham requested material associated with an internal review of the effects of the Jones Act on agricultural trade.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **USDA Funds Rural Business Development:** On January 28, Secretary Glickman plans to announce the awarding of \$4 million to 22 rural business enterprise projects, designed to stimulate business development and job creation in rural areas in 17 states.
- On February 11, USDA's Economic Research Service (ERS) will release "Cotton and Wool Outlook," highlighting the latest US and foreign cotton supply and demand estimates.
- On February 11, ERS will release "Oil Crops Outlook," showing that US soybean prices continued to slip in January as favorable growing conditions in Brazil and Argentina dimmed prospects for US exports in 1998/99, and Brazil's currency devaluation may also encourage greater Brazilian exports of soybean and soybean products.
- On February 11, ERS will release "Rice Outlook," providing 1998/99 supply and use projections for the US and the world.

- On February 12, ERS will release "Feed Outlook," projecting supply and demand for 1998/99.
- On February 13, ERS will release "Wheat Outlook," presenting a comprehensive overview of USDA's projections for US and world wheat supply and use in the 1998/99 marketing year, including estimates of acreage, yield, and production by class of wheat for the period 1995/96-1998/99.

VIII. WASTE FRAUD AND ABUSE

Nothing of significance to report this week.

IX. CLIMATE CHANGE

Nothing of significance to report this week.

X. DISASTER ASSISTANCE

- **USDA Responds to Pork Crisis:** USDA continues its work to respond to the unprecedented collapse in pork prices farmers have suffered over the last 8 weeks – see Key Department News.
- **USDA Provides Food Stamps to TN Tornado Victims:** Starting January 28, tornado victims in Henderson, Madison, Maury, and Montgomery counties TN will be eligible for emergency food stamp disaster assistance.
- **USDA to Make CA Farmers Eligible for Disaster Assistance:** USDA is preparing to announce that farmers producing crops whose harvest begins in 1998 will be eligible for assistance for 1998 crop losses from funds provided in the FY99 budget bill, a question that has attracted considerable public and congressional attention. This announcement will make avocado, grapefruit, nursery stock, vegetable, and navel orange growers eligible to make a claim during the sign up for the program, which begins February 1. However, valencia orange growers will not be eligible because their harvest does not begin until 1999; the decision for this program is modeled on a similar determination the Department made in implementing a disaster program for 1989 crops.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

February 3, 1999

Memorandum to The President

Through: The Honorable John Podesta
From: Secretary Dan Glickman
Subject: Report For Week of January 31, 1999

USDA Fact of the Week

In 1997, US families spent only 10.7% of their disposable personal income on food – 6.6% for food eaten at home and 4.1% for food eaten elsewhere, and USDA estimates that food prices will remain relatively flat in 1999, increasing only 2% to 2.5% from their 1998 levels.

I. KEY DEPARTMENT NEWS

- **USDA Unveils FY00 Budget; Proposes Crop Insurance Reforms:** On February 1, Secretary Glickman announced USDA's FY00 budget and led a briefing on the budget for key USDA constituent groups. As part of his news conference, the Secretary also released a white paper outlining the Administration's proposals to strengthen the farm safety net through reforming crop insurance, which has generated significant congressional and media interest. Preceding the Secretary's news conference, USDA officials conducted an embargoed briefing on the budget and crop insurance proposals for key congressional staff. Secretary Glickman kicks off congressional hearings on the budget by testifying on February 9 before the Senate agriculture appropriations subcommittee, and on February 10 before the House subcommittee.
- **USDA Releases Invasive Species Initiative:** On February 3, Secretary Glickman, joined by Secretary Babbitt and Under Secretary Baker, announced details of your invasive species initiative, and elaborated on the additional funding requested in the FY00 budget for the effort.

In a separate but related development, on February 1, state and local officials, with the cooperation and assistance of USDA, began removing Asian Longhorned beetle infested trees from certain neighborhoods in Chicago; the infestation generally and the tree removals have been the subject of considerable public, congressional, and media interest.

- **USDA Augments Russian Food Aid Deal:** On February 3, Secretary Glickman announced that USDA and the Russian government have agreed to increase the recently completed food and humanitarian assistance package by USDA's decision to extend to Russia long term, low interest credits to finance the purchase of 50,000 metric tons of poultry, and that USDA will donate 15,000 metric tons of seeds to the Russians; the announcement followed on preliminary discussions Secretary Glickman held with his Russian counterparts, during his late January trip to Moscow.
- **Secretary Addresses Wheat Farmers:** On February 4, Secretary Glickman will address the annual convention of the National Association of Wheat Growers in Nashville, emphasizing your commitment to strengthening the farm safety net through crop insurance reform, as well as the other initiatives contained in the FY00 budget.
- **Forest Service to Protect Land from Mining:** In a speech February 4 at the University of MT, Forest Service Chief Dombeck announced that he has taken steps to withdraw forest lands along the Rocky Mountain Front from hard rock mining for two years, so the Forest Service can re-evaluate whether the areas should be opened for such purposes.
- **Secretary Testifies on Year 2000 Readiness:** On February 5, Secretary Glickman will testify before the Senate's Special Committee on the Year 2000 Technology Program on USDA's progress to date in bringing its own computers into compliance, and on the work USDA has conducted as the leader of the Food Supply Working Group, which has analyzed the effects of the problem on the nation's food industry.
- **USDA-State Agree on Bison Facility:** On January 29, USDA and the MT Department of Livestock signed an agreement by which the state will install and operate a capture and brucellosis testing facility on the Gallatin National Forest for bison who stray out of Yellowstone National Park this winter; the problem has attracted and continues to generate significant public, congressional, and media attention.
- **USDA to Study Concentration in the Meat Industry:** On February 25 and 26, USDA's Economic Research Service, and Grain Inspection, Packers and Stockyards Administration will co-host a conference with the Food Marketing Policy Center to examine the increasing concentration of the meat industry, to examine the structural changes in the industry --a subject generating increasing public, congressional, and media attention, particularly with the sudden decline in hog prices over the last two months.
- **Commodity Markets in Review:** Wheat cash and futures prices were almost unchanged last week, as improved conditions in the US Southern Plains were balanced by dryness in China and better export prospects. Corn prices fell slightly on improved weather in South America. Soybean prices dropped sharply as beneficial rain came to South American growing areas and export prospects dimmed. Rice prices dropped on worries about

export prospects. Cotton cash and nearby futures moved up in thin markets, following a better-than-expected mill use report. Cattle and hog prices fell slightly; retailers have filled February needs and are eyeing further competition between the red meats before committing to further purchases. Broiler prices rose in thin trade despite declines in breast and leg quarter prices. Butter prices slipped as prospects for larger supply loom over the market. Cheese prices dropped for the fourth consecutive week.

Average prices for the week ending January 29, 1999

Commodity		Weekly cash price	Change from a week ago	Change from a year ago
Wheat	\$/bu	3.08	+0.01	-0.46
Corn	\$/bu	2.13	+0.01	-0.56
Soybeans	\$/bu	5.04	-0.13	-1.61
Rice	\$/cwt	8.81	-0.13	-1.88
Cotton	¢/lb	56.19	+0.27	-5.98
Steers	\$/cwt	59.73	-1.26	-4.43
Hogs	\$/cwt	28.35	-0.60	-8.20
Broilers	¢/lb	62.26	+0.75	7.88
Cheese	\$/lb	1.26	-0.02	-0.17
Butter	\$/lb	1.36	-0.07	-0.00
Milk	\$/cwt	15.71	+0.24	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

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

- **USDA Continues Response to Listeria Outbreaks:** On February 9, USDA will meet with the meat and poultry industry to examine more effective strategies for controlling listeria, and will solicit comments from the public during a meeting on February 10; the sessions follow on the heels of a national outbreak of listeriosis that CDC reports has killed 15 and caused 75 illnesses in 17 states. USDA is monitoring 3 recalls of meat and poultry products for listeria contamination.

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

- **USDA Approves Welfare Reform Waivers:** During the period January 27-February 3, USDA approved a request from UT to continue to exempt residents of 6 counties from the work provisions of the welfare reform bill, based on insufficient jobs.

USDA also received requests from MD and CA. MD is requesting to continue exempting 3 counties on the basis of unemployment greater than 10 percent, in addition to seventeen counties and two cities based on insufficient jobs. CA is requesting to exempt residents of 2 counties affected by the recent freeze, based on unemployment greater than 10 percent. Waivers for additional counties may be sought.

- **Final Report on New York City Food Stamp Access:** On February 5, USDA will deliver the final report on its review of food stamp access in New York City Job Centers to the NY State agency; USDA will brief the NY congressional delegation following the release of the final report.

III. SECRETARY'S SCHEDULE

- On February 4, Secretary Glickman will address the US Wheat Association, and National Wheat Growers in Nashville, TN –See Key Department News.
- On February 5, Secretary Glickman will testify to the Special Committee on the Year 2000 Technology Problem (Y2K), on Y2K and the food supply –see Key Department News.
- On February 9, Secretary Glickman will testify before the Senate appropriations subcommittee on agriculture on USDA's FY'00 budget request, and on February 10, Secretary Glickman will testify before the House appropriations subcommittee on agriculture on USDA's FY'00 budget request –see Key Department News.
- On February 12, Secretary Glickman will address the National Cattlemen's Beef Association annual conference in Charlotte, NC.
- From February 14-19, Secretary Glickman will accompany the Vice President to the US-South Africa Binational Commission meeting in Cape Town, South Africa.
- On February 21, Secretary Glickman will attend a meeting of the National Governors' Association Committee on Natural Resources.
- On February 24, Secretary Glickman will announce a NC Conservation Reserve Enhancement Program agreement.

IV. SUB-CABINET SCHEDULE

- From February 12-14, Deputy Secretary Rominger will attend a National Grain Trade Council conference in Rancho Mirage, CA.
- On February 5, Under Secretary Watkins will take part in the Childhood Obesity Initiative in Baton Rouge, LA.
- On February 7, Under Secretary Watkins will address the United Fresh Fruit and Vegetable Association in San Diego, CA.
- On February 8-11, Under Secretary Jim Lyons will be attending the Interior Columbia Basin Management Project Meeting in Boise, ID.
- From February 14-20, Under Secretaries Dunn and Watkins will attend the U.S.-South Africa Binational Commission Meeting in Cape Town, South Africa.
- From February 21, Under Secretary Dunn will speak at the National Association of State Departments of Agriculture Mid-Year Conference in Washington, D.C.

V. PRESS INQUIRIES

- *The New York Times* called with more questions about USDA's review of the New York City food stamp application process –see USDA Work on Presidential Initiatives.
- USDA continues to receive daily calls from the media about listeria. The ABC affiliate in MI expects to conduct an interview with USDA officials next week –see USDA Work on Presidential Initiatives.
- On January 27, *60 Minutes* interviewed a U.S. Forest Service employee for a story on Headwaters and Habitat Conservation Plans.

VI. FOIA REQUESTS

- The Food Marketing Institute requested copies of all memoranda or decision papers prepared by USDA's Office of Public Health and Science from November 1997 to February 1998, related to costs, benefits, purpose, value, success or failures of the FSIS *E. coli* O157:H7 testing program for ground beef, and recommendations for maintaining, discontinuing, or modifying the program.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **USDA to Release Supply and Demand Forecasts:** The National Agricultural Statistics Service will release survey-based production forecasts for citrus and sugarcane on February 10. USDA's projections of US 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. 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 US livestock product and dairy supply, use, and prices.
- On February 19, USDA's Economic Research Service will release the next issue of "Agricultural Outlook," focusing on the affects of international events on US agriculture -- specifically, the global financial crisis and the Kyoto Protocol; the issue will also address the fundamentals of farm risk management, and production cutbacks by US pork producers.

VIII. WASTE FRAUD AND ABUSE

- Nothing of significance to report this week.

IX. CLIMATE CHANGE

- Nothing of significance to report this week.

X. DISASTER ASSISTANCE

- **USDA Assesses Puerto Rican Needs:** On February 2, USDA officials met with their Puerto Rican counterparts to assess the commonwealth's continuing needs to recover from the damage from Hurricane Georges.

In a separate but related development, through its International Institute of Tropical Forestry, USDA's Forest Service will underwrite a significant part of Puerto Rico's 5 year, \$50 million plan to plant 3.8 million trees to recover from the damage from last year's hurricane season.

- **USDA Assists Farm Workers:** USDA has made funding available for 114 units of emergency rental housing for farm workers displaced due to the December freeze that hit

the CA citrus crop.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

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February 10, 1999

Memorandum to The President

Through: The Honorable John Podesta
From: Secretary Dan Glickman
Subject: Report For Week of February 7, 1999

USDA Fact of the Week

In its latest world agricultural supply and demand estimates, released February 10, USDA projects some firming in hog prices, increasing to \$35 per hundredweight (cwt), slightly above 1998's \$31.67 per cwt, but some 32% below 1997's level.

I KEY DEPARTMENT NEWS

- **USDA Simplifies Farm Loan Program:** On February 8, the Vice President announced that USDA is implementing new procedures to simplify and streamline its guaranteed loan programs --in some instances the applications will be reduced to a single page, making them easier for borrowers, and the lending institutions who also participate in the programs; with increased demand for USDA credit generally, and the demands precipitated by the decline in hog prices, the change has been the subject of considerable public and media attention.

In a separate but related development, on February 12, USDA officials will testify before a field hearing of the House Agriculture Committee on USDA's credit programs, with emphasis on these changes; in addition, USDA expects that Committee members will express interest in whether USDA will need additional FY99 funds for its farm lending programs.

- **USDA Endorses Swine Price Reporting Bill:** On February 9, the House of Representatives unanimously passed, with USDA support, a bill to expand and to incorporate swine into the pilot program that was included in the FY99 budget bill, by which USDA will collect certain livestock transaction price information. In its statement, the Administration said that the pilot program, even expanded to include swine, fails to include sufficient information and that as a consequence, USDA will seek legislation giving the Secretary mandatory authority to collect such information. With the recent

collapse of hog prices and growing concern about concentration in the livestock industry, mandatory price reporting has been the subject of increased public, media, and congressional attention; as a result, in addition to supporting this and enhanced legislation, USDA is currently examining whether current statutory authority may permit USDA to collect price reporting information under certain circumstances.

In separate but related developments, the NE legislature is considering several bills to impose similar requirements on NE transactions; the SD legislature is considering its own payment program to assist SD hog farmers; and USDA officials are concerned that Mexico's decision to impose an additional 8% duty on slaughter hog imports will adversely affect US sales into Mexico.

- **Secretary Glickman Delivers Administration Budget:** On February 10, Secretary Glickman testified before the House agriculture appropriations subcommittee on your FY00 budget, emphasizing your commitment to strengthening the farm safety net by reforming crop insurance, as well as your natural resources, food safety, and civil rights initiatives; the Secretary testified before the Senate counterpart on February 9.
- **USDA To Ban Forest Roads:** On February 11, Secretary Glickman and Forest Service Chief Dombeck will announce a new Forest Service policy that will stop the building of new roads on virtually all wilderness areas in the national forests. When first proposed one year ago, the proposal generated intense public, media, and congressional interest and this announcement will too.
- **Mrs. Gore Highlights USDA Commitment to Child Care:** On February 11, Mrs. Gore will join USDA Under Secretary for Rural Development Long-Thompson in IA to highlight the fact that during FY99, USDA will provide \$7 million to finance rural child care facilities.
- **USDA Celebrates Black History Month:** On February 11, Secretary Glickman will kick off USDA's celebration of Black History Month.
- **Secretary Glickman Addresses Livestock Producers:** On February 12, Secretary Glickman will address the National Cattleman's Beef Association annual convention in Charlotte, NC and plans to announce a new regulation that permitting the irradiation of beef.
- **USDA Nutrition Education Program Takes Top Prize:** Out of a field of 1000 nominees, USDA's Food and Nutrition Service's publication "yourSELF Middle School Nutrition Education Kit for Teachers" has won a grand award in the 12th annual International Mercury Awards.
- **USDA Prepares to Open Superior National Forest to Motorized Uses:** In compliance

with the 1998 highway bill, the Forest Service announced on February 4 that the Superior National Forest (MN) will amend its forest plan to permit motorized portage operations in certain areas of the Boundary Waters Canoe Area Wilderness. Such motorized uses are now prohibited and the debate over expanding their use has been a subject of extreme controversy and intense public, media, and congressional interest.

- **Agricultural Trade Developments:** On January 30, the Paris Club rescheduled Pakistan's debt to USDA under USDA's commercial and concessional export loan programs.

On February 9, USDA amended its allocation of export credit guarantees available to Jordan, to increase the flexibility of the types of commodities that exporters can ship to Jordan under the FY99 allocation.

In the week that ended February 5, USDA provided subsidies to facilitate the sale of 710 metric tons of dairy products to customers worldwide.

- **Commodity Markets in Review:** Wheat cash and futures prices fell last week on disappointing export results. Corn prices rose, mostly a result of heavy fund buying. Rice prices moved down on worries about export prospects. Soybean cash prices were unchanged, but futures weakened along with export prospects. Cotton cash prices rose in thin markets, but a weak trade picture led to a decline in futures. Cattle prices advanced on prospects for beef exports to Russia. Hog cash prices fell along with wholesale pork, but futures rose. Broiler prices dropped, pressured by competition from large supplies of beef and pork. Butter prices slipped as prospects for larger supply loom over the market. Cheese prices ended a four-week skid as buyers began to replenish stocks in the wake of reports that butter and powder markets are attracting fluid milk.

Average prices for the week ending February 5, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	3.04	+0.04	-0.57
Corn \$/bu	2.15	+0.02	-0.53
Soybeans \$/bu	5.04	0.00	-1.66
Rice \$/cwt	8.81	0.00	-1.88
Cotton ¢/lb	56.95	+0.76	-5.35
Steers \$/cwt	60.86	+1.06	-2.42
Hogs \$/cwt	26.25	-2.10	-11.10
Broilers ¢/lb	60.60	-1.66	6.26
Cheese \$/lb	1.29	+0.04	-0.14
Butter \$/lb	1.28	-0.07	-0.13
Milk \$/cwt	11.74	-0.10	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

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

- **USDA Acting on Listeria Outbreaks:** On February 10 and 11, officials from USDA's Food Safety and Inspection Service met with members of the meat and poultry industry and the public on strategies for attacking the recent spate of listeria outbreaks that have, to date, killed 16 and sickened 73.

In separate but related developments, on February 5 USDA successfully persuaded a Canadian company to recall 456 pounds of sausage for possible listeria contamination, and BB Meat and Sausage Company of Bellingham, WA recalled 1500 pounds of franks, also for listeria contamination.

• **President's Initiative on Race:**

- **USDA Celebrates Black History Month:** On February 11, Secretary Glickman will kick off USDA's celebration of Black History Month.

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

- **USDA Grants Welfare Reform Waivers:** During the week that ended February 10, USDA granted waivers from the provisions of the welfare reform bill that require able bodied adults without dependents to work to receive food stamps to MT and to 54 TN counties.
- **GAO Examines Welfare Reform Waivers:** On February 3, GAO investigators working on behalf of the House Budget Committee met with USDA officials to begin an assessment of the procedures under which USDA grants waivers from the requirements in the welfare reform bill that limit the period able bodied adults without dependents can receive food stamps without working.
- **USDA Completes New York Food Stamp Access Review:** On February 5, USDA delivered to NY officials the results of USDA's study of problems with access to food stamps; the state has 10 days to draw up a plan to correct the problems, and 30 days in which to come into compliance; the review has received considerable media and congressional attention.

III. SECRETARY'S SCHEDULE

- On February 11, Secretary Glickman will appear live on C-SPAN's *Washington Journal* to discuss the Administration's budget, food safety, and the agricultural safety net.
- On February 11, Secretary Glickman will kick-off USDA's celebration of Black History Month.
- On February 12, Secretary Glickman will address the National Cattleman's Beef Association annual convention on concentration in agriculture, US actions in the beef hormone dispute with the EU, and food safety, in Charlotte, NC.
- From February 14-19, Secretary Glickman will accompany the Vice President to the US-South Africa Binational Commission meeting in Cape Town, South Africa.
- On February 22, Secretary Glickman will address USDA's annual Agricultural Outlook Forum on general trends in agriculture and Administration policies.
- On February 23, Secretary Glickman and Secretary Shalala will provide keynote addresses to USDA's "National Food Safety Conference" in Washington, DC.
- On February 24, Secretary Glickman will announce a Conservation Reserve Enhancement Program agreement in NC.

IV. SUB-CABINET SCHEDULE

- From February 12-14, Deputy Secretary Rominger will attend a National Grain Trade Council conference in Rancho Mirage, CA.
- On February 23, Deputy Secretary Rominger will moderate an Agricultural Outlook Forum meeting on farmland protection.
- From February 14-20, Under Secretary Dunn will attend the US-South Africa Binational Commission Meeting in Cape Town, South Africa.
- On February 18, Under Secretary Schumacher will address the Georgia Peanut Producers Association on emergency disaster assistance, crop insurance, and trade, in Albany, GA.
- On February 19, Food Safety Inspection Service Administrator Billy will attend a National Meat Association roundtable discussion and board of directors meeting, in Monterey, CA.
- On February 21, Under Secretary Dunn will speak at the National Association of State Departments of Agriculture Mid-Year Conference in Washington, D.C.
- On February 22, Under Secretary Watkins will address USDA's Agricultural Outlook Forum in Alexandria, VA.
- On Feb. 22, Under Secretary Woteki and Deputy Under Secretary Wilcox plan to host a meeting of USDA's Food Emergency Rapid Response & Evaluation Team (FERRET) to review the national listeriosis outbreak investigation, the Milwaukee plant product tampering threat, and the Bauer Meat Co. investigation.

V. PRESS INQUIRIES

- USDA continues to receive calls on the listeriosis outbreak, and on recent recalls; all major new outlets have expressed interest—See USDA Work on Presidential Initiatives.
- Reuters, Dow Jones, and Bridge News Service have inquired about Pakistan's status with respect to eligibility for participation in USDA's export credit guaranteed loan program.
- The *New York Times* inquired if USDA will be releasing a new food sufficiency report; it is planning a series on the role of charitable organizations in addressing hunger.
- Several media inquires could lead to stories about food safety issues: The *Sacramento Bee* in CA inquired about paper thermometers for hamburgers; *Men's Health Magazine*

had a question about food molds; *Parenting Magazine* inquired about internal cooking temperature for ground meat and safety of cooking steaks at 145 degrees; and the *Philadelphia Inquirer* had a question about eggs in Caesar salads.

- CNN plans to air a special on March 5 concerning wolf/human conflicts, with footage of USDA's wolf damage management in MN.

VI. FOIA REQUESTS

- *The Arkansas Democrat-Gazette* has requested records for the Thorn Apple Valley recall of January 22, including plant inspection records, and records relating to the 1994 recall of product from Dixie Foods plant in AR, and its plant inspection records.
- USDA has 3 requests relating to the listeria outbreak associated with Bil Mar Foods from law firms, and 9 from television stations.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **New USDA Study Documents Nutrition Gaps:** Secretary Glickman will release a report in the next week highlighting nutritional gaps between foods Americans eat at restaurants, compared to what they eat at home; the report is expected to generate substantial media coverage.
- **New Soils Book Highlights Environmental Concerns:** USDA's Natural Resources Conservation Service, along with the Soil Science Society of America, contributed in producing *Sustaining our Soils and Society*, the new release in the American Geological Institute's (AGI) Environmental Awareness series.
- **AK Communities to Receive Grants:** Several communities in Southeast AK -- Thorne Bay, Craig, Coffman Cove, Sitka, and Yakutat -- will receive a total of \$50,000 to fund proposals for grants as part of the Forest Service's economic recovery grant program.
- On February 22, USDA's Economic Research Service (ERS) will release "Foreign Agricultural Trade of the United States, Calendar Year 1997 Supplement," a statistical reference that will provide summaries of current and historical data on US foreign trade in agricultural products.
- On February 22, USDA's ERS will release "Outlook for U.S. Agricultural Trade," that will include the new forecasts for fiscal 1999 exports and imports.
- On February 24, USDA's ERS will release the "Livestock, Dairy, and Poultry Situation

and Outlook Report," that will include a discussion of how beef supplies in 1999 are expected to decline less than earlier expected, down only about 3 percent due to the larger cattle inventory reported in the January Cattle report.

- On February 26, USDA's ERS will release "Agricultural Income and Finance Situation and Outlook Report," focusing on the performance of the four major types of institutional lenders active in agricultural financing--commercial banks, Farm Credit System (FCS), Farm Service Agency (FSA), and life insurance companies; showing that the demand for farm credit is moderating as farm lenders begin to show some caution.
- On February 26, USDA's ERS will release "U.S. Agricultural Trade Update," that will show U.S. trade data for December 1998 and for calendar year 1998.

VIII. WASTE FRAUD AND ABUSE

- On February 10, the House Committee on Government Reform held a hearing on waste and fraud in Federal government programs, and USDA's Inspector General testified.

IX. GLOBAL CLIMATE CHANGE

- On February 10, USDA officials briefed the Senate Agriculture Committee on the FY00 global/climate change budget.
- On February 16-17, USDA officials will participate in the Eastwide Global Change Modeling Consortium in Philadelphia, PA, to facilitate integration and validation of models for an eastside assessment of climate change effects on forests.

X. DISASTER ASSISTANCE

Nothing of significance to report this week.

XI. WEEKEND CONTACT INFORMATION

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February 16, 1999

Memorandum to The President

Through: The Honorable John Podesta

From: Secretary Dan Glickman

Subject: Report For Week of February 14, 1999

USDA Fact of the Week

As of February 9, USDA had made 192,556 loans worth \$7.1 billion on 1999 crops, and paid 1.5 million loan deficiency payments – payments farmers can receive in lieu of placing their crops under loan – worth \$1.95 billion; the extremely heavy demand on USDA's commodity loan programs is evidence of the continued weakness in farm prices, and the slump in the agricultural sector generally.

I. KEY DEPARTMENT NEWS

- **Secretary Glickman Amplifies Administration Agriculture Priorities:** On February 11, Secretary Glickman appeared on C-SPAN's "Washington Journal" discussing your FY00 USDA budget, and a wide variety of agriculture, rural development, and natural resources issues.
- **USDA Announces Forest Road Moratorium:** On February 11, Secretary Glickman announced that the Forest Service is imposing a moratorium on building new roads into virtually all the remaining wilderness areas in the national forests; the announcement generated extensive media coverage.
- **GAO Examines Vulnerability of US Food Supply:** On February 11, GAO analysts began interviews with representatives from several USDA officials, for a study commissioned by Senator Collins' Permanent Subcommittee on Investigations, on the extent to which food and agriculture is included, or not included, in the US critical infrastructure for emergency planning and response, the need to identify potential contaminants to the US agriculture and food system, and the vulnerabilities in the US food system.
- **Secretary Glickman Announces Meat Irradiation Proposal:** Speaking before the

National Cattlemen's Beef Association annual convention in Charlotte, NC on February 12, Secretary Glickman announced that USDA will allow the irradiation of meat and poultry products; the announcement generated considerable media coverage and was preceded by significant attention from the industry, public interest groups, and Congress.

In the same speech, Secretary Glickman announced that he is examining further administrative steps he can take to collect livestock transaction price information, a subject that has generated considerable attention in the farm community, the media, and Congress, and a proposal the National Cattlemen's Beef Association subsequently endorsed during its convention.

- **USDA Advancing on Year 2000 Computer Problem:** On February 12, USDA submitted to OMB its most recent quarterly report on USDA's progress in solving its year 2000 computer problems, showing that 76% of the Department's mission critical systems are compliant, 10% are being replaced, 12% are being repaired, and 2% are being retired. Of the systems being repaired, 83% are now compliant and USDA expects the remainder to meet the March 31 deadline, of the systems that will be replaced, 6 systems will not be implemented by then.

In a separate but related development, Secretary Glickman will address this matter before a February 24 hearing of the Senate Committee on Agriculture, Nutrition, and Forestry; he will also address your FY00 budget, your commitment to strengthening the farm safety net through reforming crop insurance, and the general state of the farm economy during the hearing.

- **Secretary Participates in South African Binational Commission:** Secretary Glickman arrived in South Africa on February 15 to join Vice President Gore's delegation to meetings of the US-South Africa Binational Commission; he will return to Washington on February 19.
- **USDA Attempts Mediation to Settle Class Action Complaint:** On March 3, USDA officials will attend the next mediation session aimed at reaching a settlement of a class action sexual harassment complaint brought by Forest Service employees in CA; the case has attracted significant media attention.
- **Agricultural Trade Developments:** USDA officials are working with US industry groups to mitigate the possible negative effects of a new cash payment customs requirement the Mexican government intends to impose in April, that will require importers to make a cash payment if the invoiced value of the goods is lower than Mexico's official reference price.

For the week that ended February 12, USDA made subsidies available to facilitate the export of over 20,000 metric tons of dairy products to customers in Africa, Asia, Latin

America, Mexico, the Middle East, and the former Soviet Union.

• **USDA Releases 1998/99 Forecasts of US and World Production, Supply, and Use:** Highlights of USDA's February 10 *Crop Production and World Agricultural Supply and Demand Estimates* reports include:

All wheat: Projected US 1998/99 ending stocks of wheat are up 80 million bushels from last month because of larger imports and reduced exports. Projected exports are 75 million bushels below last month's forecast because of lower global imports and slower-than-expected food aid shipments to Russia and other needy countries. The projected price range is unchanged from last month at \$2.65 to \$2.75 per bushel.

Rice: Slight changes are made to US supply and use for 1998/99. Exports for 1998/99 are lowered 1 million cwt to 86 million cwt because delivery of concessional sales to Russia will likely slip into the 1999/2000 marketing year. All-rice ending stocks for 1998/99 are projected at 30 million cwt, up 3 percent from last month and an increase of over 8 percent from 1997/98. The season-average price for 1998/99 is unchanged at \$8.25-\$8.75 per cwt compared to a revised \$9.70 per cwt for 1997/98.

Corn: Projected U.S. 1998/99 ending stocks of corn are down 23 million bushels from last month reflecting a 25-million-bushel increase in exports and 2-million-bushel increase in imports. The projected price range for corn is unchanged at \$1.80 to \$2.10 per bushel. Argentine corn production is up 1 million tons from last month, but exports are unchanged because of larger domestic use and stocks.

Soybeans and products: Forecast US soybean ending stocks for 1998/99 are increased 20 million bushels this month to 410 million bushels, more than double the 1997/98 level. Prospective U.S. soybean exports are cut 20 million bushels to 810 million, based on increased supply competition from South America. US soybean crush is reduced 5 million bushels in the September-August marketing year for soybeans but is unchanged at 1.595 million bushels for October-September marketing year for products. Reduced soybean meal and oil exports this month are largely offset by increases in domestic use. US season-average soybean prices for 1998/99 are forecast at \$5.00 to \$5.40 per bushel, off about 15 cents from last month. Soybean meal prices are cut slightly to \$130 to \$145 per short ton. Soybean oil prices are reduced to 23.5 to 25.0 cents per pound as prices to have been weaker than expected.

Cotton: Lower disappearance and higher ending stocks characterize the 1998/99 US cotton forecasts this month. Domestic mill use and exports are reduced 100,000 bales, respectively, raising ending stocks 200,000 bales. Weaker domestic mill use reflects the effect of extended December holiday closings due to excess inventories. Exports are reduced based on limited sales since the expiration of Step 2 payments.

Sugar: The US sugar supply for fiscal year 1998/99 is projected at 11.9 million short tons, raw value, down 2 percent from last month, and up 1.7 percent from 1997/98. Projected sugar production from sugarbeets is decreased 100,000 tons. Storage losses in beets are expected due to above-normal temperatures in the Red River Valley since January. The carryout stocks-to-use ratio is projected at 16.4 percent, down from 18.8 percent last month.

Livestock: Forecast 1998 total meat production is virtually unchanged from last month. Projected meat production in 1999 is raised due to increased beef production; pork and poultry production forecasts are unchanged. Larger beef production reflects higher 1999 beginning inventory numbers for cattle reported in the January 29 *Cattle Inventory* report. The 1999 annual forecast of exports of red meat is unchanged but the quarterly forecasts are changed to reflect the lack of sales so far this quarter. July-October poultry exports are increased to reflect the donation of poultry to Russia.

Dairy: Milk production prior to 1998 is adjusted to reflect the revisions in cow numbers and milk production released by the National Agricultural Statistics Service on January 19. The forecast for fourth-quarter 1998 milk production is raised slightly due to producer response to higher returns, but production is unchanged for the 1998/99 year. Commercial use forecasts for 1998/99 are increased and CCC removals are lowered. Although product prices have fallen recently, milk price forecasts for 1998/99 are raised slightly to reflect the delayed impact of the high product prices.

Citrus: Florida's all-orange forecast is increased to 194 million boxes, up 2 percent from last month but down 26 percent from last year's record. Florida frozen concentrated orange juice yield is forecast at a record high 1.60 gallons per box at 42.0 degrees Brix, up from January's 1.57 gallons per box.

- **Commodity Markets in Review:** Wheat cash and futures prices dropped as USDA continued to forecast ample wheat supplies in reports released on February 10. Rice cash prices held steady, but futures were boosted by a good export sales report. Corn cash and futures prices were down slightly last week, as a pickup in export demand is nearly balanced by increased farmer selling and large China supplies. Soybean cash and futures prices fell sharply, as USDA forecast lower US exports and higher production in South America. Cotton cash and futures slid, as USDA forecasts of weaker domestic use and exports weighed on the market. Cattle prices rose in very thin trading. Hog cash prices rose last week, on a jump in wholesale pork prices, but futures fell. Broiler prices moved lower, pressured by large meat supplies. Cheese prices rose as buyers took advantage of relatively low prices to rebuild stocks. Butter prices were unchanged.

Average prices for the week ending February 12, 1999

Commodity		Weekly cash price	Change from a week ago	Change from a year ago
Wheat	\$/bu	3.00	+0.04	-0.61
Corn	\$/bu	2.14	-0.01	-0.52
Soybeans	\$/bu	4.94	-0.10	-1.83
Rice	\$/cwt	8.81	0.00	-1.88
Cotton	¢/lb	55.31	-1.64	-8.34
Steers	\$/cwt	61.94	+0.70	1.00
Hogs	\$/cwt	28.55	+2.30	-7.65
Broilers	¢/lb	59.60	-1.00	5.40
Cheese	\$/lb	1.33	+0.03	-0.10
Butter	\$/lb	1.28	0.00	-0.12
Milk	\$/cwt	11.60	-0.14	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Food Safety Initiative:

- **New Inspection System Working:** USDA has released its most recent quarterly enforcement report on the regulatory and enforcement actions it took during the quarter from October through December, 1998; the report shows that the 300 large meat and poultry plants operating under the new science-based system, commonly referred to as HACCP for Hazard Analysis and Critical Control Point, attained a 92% compliance rate for the 4th quarter of 1998.

In a separate but related development, GAO officials met with USDA food safety officials on February 17 to begin work on a congressionally-requested evaluation of the effectiveness of the HACCP system.

- **USDA Allows Irradiation of Meat and Poultry:** Speaking before the National Cattlemen's Beef Association annual convention in Charlotte, NC on February 12, Secretary Glickman announced that USDA will allow the irradiation of meat and poultry products; the announcement generated considerable media coverage and was preceded by significant attention from the industry, public interest groups,

and Congress.

- **Secretary Glickman to Kick-Off National Food Safety Conference:** On February 23, Secretary Glickman will kick off USDA's National Food Safety Conference; Secretary Shalala will also deliver a keynote address at the conference.
- **USDA Examines New Strategy for Fighting *E. coli*:** On March 8, USDA's Food Safety and Inspection Service will meet with the public, and representatives of the meat industry, to evaluate USDA's proposed new strategy to combat *E. coli* in all raw beef products, not just ground product.
- **USDA Enforces Meat and Poultry Inspection Requirements:** Following 2 consumer complaints USDA received, IBP, Inc. plant in Holcomb, KS began on February 6 to recall 10,000 pounds of ground beef for possible granular glass contamination.

On February 11, USDA withheld inspection, effectively closing, Park Poultry of Canton, OH for fecal contamination of poultry product.

On February 11, USDA officials notified the Perdue Farms facility in Beaver Dam, KY that it intends to take enforcement action against the facility for repeated zero tolerance failures over the last 3 months.

On February 11, USDA suspended operations at Godshall's Quality Meats of Telford, PA for its failure to meet basic regulatory requirements.

- **President's Initiative on Race:**
 - **USDA Promotes Minority Farmers' Involvement in Farmers Markets:** USDA officials cosponsored a February 4 through 6 workshop with the NM Department of Agriculture on attracting minority farmers, particularly Hispanic farmers, to farmers markets.
- **President's Initiative on Welfare Reform:**
 - **USDA Grants Welfare Reform Waivers:** During the week that ended February 17, USDA granted a waiver from the requirements of the welfare reform bill that restrict the eligibility of able bodied adults without dependents to receive food stamps to KY for 61 full counties, part of 1 county, and 2 cities.

III. SECRETARY'S SCHEDULE

- On February 21, Secretary Glickman will address the National Association of State Departments of Agriculture on natural resources and conservation.
- On February 22, Secretary Glickman will address USDA's annual Agricultural Outlook Forum on general trends in agriculture and Administration policies.
- On February 23, Secretary Glickman and Secretary Shalala will provide keynote addresses to USDA's "National Food Safety Conference" in Washington, DC.
- On February 23, Secretary Glickman will appear on the *Newshour with Jim Lehrer* to discuss Civil rights at USDA.
- On February 24, Secretary Glickman will testify to the Senate agriculture committee on the farm crisis, USDA's FY00 budget, USDA's computer systems' readiness for the Year 2000, and other issues.
- On March 1, Secretary Glickman will announce a Conservation Reserve Enhancement Program agreement with Governor Hunt in NC.
- On March 1, Secretary Glickman will hold a farm forum with Representatives Price and Etheridge, in Raleigh, NC.
- On March 2, Secretary Glickman will be interviewed on general agriculture issues on the KS-based Mid-America Ag Network.
- On March 3, Secretary Glickman will address the MN Department of Children, Families and Learning Conference on Child Nutrition, in St. Paul, MN.
- On March 4, Secretary Glickman will address a joint session of the GA state legislature in Atlanta about the state of agriculture.
- On March 5, Secretary Glickman will address the National Pork Producers' Annual Pork Forum on the crisis in low pork prices, in Nashville, TN.

IV. SUB-CABINET SCHEDULE

- On February 23, Deputy Secretary Rominger will moderate an Agricultural Outlook Forum meeting on farmland protection.
- On February 21, Under Secretary Dunn will speak at the National Association of State Departments of Agriculture Mid-Year Conference in Washington, D.C.

- On February 22, Under Secretary Shirley Watkins will address USDA's Agricultural Outlook Forum in Alexandria, VA.
- On February 23, Under Secretary Dunn will speak at the National Council of Farmer Cooperatives in Washington, D.C.
- On February 23, Under Secretary Woteki and Deputy Under Secretary Wilcox will attend USDA's "National Food Safety Conference," with Secretaries Glickman and Shalala.
- On February 24, Under Secretary Woteki and Deputy Under Secretary Wilcox will attend a meeting of the National Advisory Committee on Microbiological Criteria In Foods.
- On March 3, Under Secretary Woteki will be the University of Massachusetts Food Science Endresen Lecturer, at a meeting of the university's food science and natural resources school in Amherst, MA.
- On March 7-10, Under Secretary Lyons will participate in the Forestry Ministerial Conference in Rome, Italy.
- On March 14, Under Secretary Lyons will be the keynote speaker at the 1999 World Alpine Ski Championships International Conference in Vail, CO.

V. PRESS INQUIRIES

- The recent outbreak of listeriosis continues to generate significant media interest: USDA's February 10 meeting on strategies to combat the outbreak and the recent recalls associated with it were covered by the *CBS Morning News*, *The Newshour with Jim Lehrer*, CNN, NPR, the *Chicago Tribune*, *The Detroit News*, *The Wall Street Journal*, *Business Week*, AP, Reuters, and Bloomberg Business News.
- *60 Minutes II* interviewed Forest Service researchers for an early-March story on the effects of the harvesting practices of the Pacific Lumber Company, a participant in the Headwater's timber deal.

VI. FOIA REQUESTS

- USDA received two additional FOIA requests relating directly to the recall of meat products from Bil Mar Foods for listeria: one from ABC News *20/20*, and the other from the *Wall Street Journal*.
- The *Detroit Free Press* and WBBM-TV of Chicago have requested documents relating to

the recent chicken burrito recall conducted by Culinary Foods, Inc. of Chicago.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- On March 5, USDA's Economic Research Service (ERS) will release the next issue of "*Rural Conditions and Trends*."

VIII. WASTE FRAUD AND ABUSE

Nothing of significance to report.

IX. CLIMATE CHANGE

Nothing of significance to report.

X. DISASTER ASSISTANCE

- **USDA Provides More Aid to Hurricane Mitch Recovery:** On February 18, Secretary Glickman will announce USDA has completed negotiations and signed an agreement with the Government of Nicaragua to provide \$11 million worth of food – 60 metric tons of wheat and 15 metric tons of corn – to help in that country's recovery from Hurricane Mitch.
- **USDA Exhausts Emergency Loan Funds:** On February 9, USDA exhausted its FY99 appropriation for emergency loan funds, due in large part to the high incidence of natural disasters in the recent year that, in turn, drove up program demand to 185% of the year-earlier level; the public, news media, and Congress have expressed strong interest in whether the Administration will seek supplemental FY99 funding for this program, as well as USDA's other farm credit programs.
- **USDA Examining New Insurance Coverage for Fish:** USDA's Risk Management Agency and representatives of the private insurance sector are working on evaluating a new policy that, if federally approved, would provide broad-based insurance coverage to the growing aquaculture industry.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

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February 24, 1999

Memorandum to The President

Through: The Honorable John Podesta

From: Secretary Dan Glickman

Subject: Report For Week of February 22, 1999

USDA Fact of the Week

The 1996, 1997, and 1998 world wheat and coarse grain crops were the 3 largest on record, one of the significant contributing factors to the decline in the US farm economy -- see Key Department News.

I. KEY DEPARTMENT NEWS

- **USDA Projects Bearish Farm Economy:** Released during its annual Outlook Conference, USDA's Agricultural Baseline Projections to 2008 - USDA's annual projection of the agricultural economy over the next 10 years - depicts a dramatic reversal from the conditions USDA foresaw just one year ago: USDA now projects that farm income over the next 10 years will fall \$8 to \$9 billion from the 1998 estimates, dragged down by sharply lower domestic prices and exports that USDA now estimates will fall \$15 billion under the level projected in 1998.

During the opening session of the conference, Secretary Glickman gave the keynote address discussing the need to strengthen the farm safety net, in addition to laying out the Department's agenda to address the growing concentration in the agricultural sector, increasing farm exports, as well as other farm-related issues.

- **Secretary Lays Out Farm Agenda:** Appearing before the Senate agriculture committee on February 24, Secretary Glickman addressed your commitment to strengthening the farm safety net through reforming crop insurance, as well as a broad array of pressing agricultural matters; Senators expressed keen interest in the status of funding for USDA's farm credit programs and whether, and when, the Administration will seek supplemental funding for them in FY99.
- **Secretary to Address Natural Resource Agenda:** On February 25, Secretary Glickman

will testify before the Senate Energy and Natural Resources Committee on the FY00 budget for the Forest Service, a hearing during which USDA expects Senators to address several high profile issues, including the recently announced decision to implement a moratorium on road building in wilderness areas in the national forests, to withdraw the Rocky Mountain Front from mining, and Forest Service management issues.

- **Asian Long Horned Beetle Infestation Spreads:** USDA officials have confirmed the spread of the Asian long-horned beetle to Queens, NY, 7 miles from the Brooklyn, NY quarantine area; other infestations and subsequent tree removals in Chicago and New York and USDA's ban on certain raw wood shipping materials from China have generated significant media, public, and congressional attention.
- **USDA Donates Property to White House Embassies:** USDA's centralized excess property operations office has donated 12 pieces of furniture worth \$5,800 to the White House Visitors Center, and 59 pieces of furniture worth nearly \$12,000 to refurbish the US embassies in Tanzania and Zaire.
- **Agricultural Trade Developments:** During the week of February 23, USDA will issue the first tenders to fulfill the recently concluded Russian food aid package, starting with requests for bids for wheat, followed by tenders for corn, soybeans, and soybean meal.
- **Commodity Markets in Review:** Wheat cash and futures prices dropped as competitors (particularly the EU) continued to quote lower prices than the United States. Rice cash prices fell, and futures were pressured lower by weak export sales. Corn cash and futures prices were down slightly last week, as a pickup in export demand is nearly balanced by increased farmer selling. Soybean cash and futures prices fell sharply; excellent crop conditions persist in South America. Cotton March futures rose ahead of first notice delivery day on Monday, but other contracts and cash prices were almost flat. Cattle prices dropped in heavy trading, as feeders took advantage of slightly higher packer offers in the last two weeks. Hog cash and futures prices fell last week, on a sharp decline in most wholesale pork prices. Broiler prices moved higher, as large production was noted ahead of the President's Day holiday. Cheese prices were unchanged, but butter prices rose as traders believe the market has bottomed.

Average prices for the week ending February 19, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.86	-0.12	-0.69
Corn \$/bu	2.12	-0.01	-0.54
Soybeans \$/bu	4.77	-0.15	-2.04
Rice \$/cwt	8.50	-0.31	-2.19
Cotton ¢/lb	54.47	-0.65	-9.94
Steers \$/cwt	62.07	-0.26	2.65
Hogs \$/cwt	26.05	-2.50	-9.30
Broilers ¢/lb	60.30	+0.70	5.47
Cheese \$/lb	1.33	0.00	-0.10
Butter \$/lb	1.34	+0.06	-0.06
Milk \$/cwt	11.17	-0.43	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Food Safety Initiative:

- **USDA Continues Investigation of Listeria Outbreak:** To date, the outbreak of listeria contamination associated with USDA's recall of meat products from Bil Mar Foods of Zeeland, MI has caused 82 illness and 17 deaths; the outbreak has received considerable media and public attention.
- **USDA-HHS Strengthen Food Safety Cooperation:** On February 23, USDA's Food Safety and Inspection Service (FSIS) and the FDA signed a memorandum of understanding strengthening their agreement to exchange information about food establishments; the agreement was announced during the National Food Safety Conference that both Secretaries Glickman and Shalala addressed on February 23.
- **USDA to Strengthen *E. coli* Policy:** On March 8, FSIS will meet with the public and industry on its proposal to expand its *E. coli* adulteration policy beyond ground beef.

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

- **Class Action Settlement up for Final Approval:** Before giving its final approval on March 7, the federal district court for the District of Columbia will conduct a fairness hearing on the proposed settlement reached in January, 1999, settling the class action discrimination complaint brought against USDA for alleged discrimination in USDA's farm credit programs; the case and settlement have generated considerable media, public, and congressional attention.
- **Secretary Speaks on Civil Rights:** On February 23, Secretary Glickman sat for an interview with the *Newshour with Jim Lehrer* on civil rights at the Department, which is scheduled to air March 2.

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

- **USDA Acts on Welfare Reform Waivers:** During the week that ended February 24, USDA approved a request from MO to extend and modify its waiver from the work requirement provisions of the welfare reform bill to permit certain residents in 28 counties and 1 city to retain food stamp eligibility.

III. SECRETARY'S SCHEDULE

- On February 24, Secretary Glickman testified before the Senate agriculture committee on crop insurance, Y2K, Russian aid, and other issues.
- On February 24, Secretary Glickman met with Representatives Sanders, Obey, McHugh, Baldacci, Weygand, Kennedy, Sweeney, Boehlert, Houghton, and Blunt concerning dairy assistance.
- On February 24, Secretary Glickman did a live interview on the state of the farm economy on CNN's *Moneyline*.
- On February 25, Secretary Glickman will testify before the Senate natural resources committee.
- On February 25, Secretary Glickman will meet with President Rawlings of Ghana about agricultural trade and assistance issues.
- On March 1, Secretary Glickman will hold a farm forum with Representatives Price and Etheridge in Raleigh, NC.
- On March 1, Secretary Glickman and Governor Hunt will announce a Conservation

Reserve Enhancement Program agreement between the state of NC and USDA.

- On March 2, Secretary Glickman will meet Deputy Prime Minister Kulick of Russia concerning U.S.-Russian food aid.
- On March 3, Secretary Glickman and Governor Ventura will attend a MN Department of Children, Families and Learning Conference on Child Nutrition in St. Paul, MN.
- On March 4, Secretary Glickman will address a joint session of the GA legislature on the state of agriculture, in Atlanta, GA.
- On March 5, Secretary Glickman will address the National Pork Producers' Annual Pork Forum on low pork prices, in Nashville, TN.
- On March 8, Secretary Glickman will address the National Farmers' Union Annual Conference, in Springfield, IL.
- On March 10, Secretary Glickman will testify before the House interior appropriations subcommittee, on the FY00 Forest Service budget.

IV. SUB-CABINET SCHEDULE

- On March 30, Deputy Secretary Rominger will make the keynote address at the University of CA Small Farm Program's 20th Anniversary Ceremony.
- On March 1, Under Secretary Watkins will participate in the American School Food Service Association's Legislative Action Conference in Washington, D.C.
- On March 3, Under Secretary Woteki will deliver the 10th Endre Endresen, Jr., Lecture at the University of Massachusetts' food science and natural resources school in Amherst. She will speak on "The Use Of Adversity."
- On March 8, Undersecretary Long-Thompson will meet with Representative Hinchey in Owego, NY.
- On March 9, Deputy Under Secretary Wilcox will address the Southern Peanut Farmers Association on the President's Food Safety Initiative.
- On March 10, Deputy Under Secretary Wilcox plans to speak to the International Sanitary Suppliers Association on food safety issues.
- On March 15, Deputy Under Secretary Wilcox will address the Public Voice on Food and

Health's 22nd annual National Food Policy Conference.

- From March 16–20, under Secretary Woteki will attend a joint WHO/FAO Expert Consultation on Risk Assessment of Microbiological Hazards in Food meeting in Geneva, Switzerland, and will meet with FAO officials in Rome, Italy.
- On March 18, Chief Financial Officer Thompson will testify before the House Appropriations Subcommittee on the CFO's FY 2000 budget.
- On March 24, Under Secretary Dunn will speak at the Ag Marketing Outreach Workshop for Limited Resource Farmers in Memphis, Tennessee.

V. PRESS INQUIRIES

- The *Washington Post* is preparing a story concerning soft drink contracts with schools.
- The Associated Press recently interviewed Under Secretary Watkins on the nutritional requirements for school meals for an upcoming story.
- *Dateline-NBC* is preparing a follow-up to a story it ran last year about ground beef containing meat from other species.
- On February 17, the Philadelphia *Inquirer* interviewed Forest Service Chief Mike Dombeck on a range of current topics, the date of publication is unknown.

VI. FOIA REQUESTS

- The Sierra Club requested lists of participants and the amounts of money they received from the Market Access Program, the Foreign Market Development Program, the Dairy Export Incentive Program, the Export Enhancement Program, and all the export credit guarantee programs since 1989.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- On March 1, Secretary Glickman and Governor Hunt of NC will sign a Conservation Reserve Enhancement Program (CREP) Agreement to address non-point source water quality issues. USDA will provide over \$200 million, with the state contributing approximately \$40 million to provide for the installation of up to 100,000 acres of riparian buffer practices, filter strips, and wetland restoration in order to reduce nutrient loading to rivers, streams, and lakes in NC.

- On March 8, USDA's Economic Research Service (ERS) will release "Food Cost Indexes for Low-Income Households and the General Population," a study that shows that the Consumer Price Index (CPI) has not systematically overestimated or underestimated the food costs incurred by either the general population or by households eligible for food stamps.
- On March 12, ERS will release "Cotton and Wool Outlook," providing the latest projections for U.S. and foreign cotton supply and demand for 1998/99.
- On March 12, ERS will release the "Oil Crops Outlook," discussing the ramifications of developing soybean crops in Brazil and Argentina on U.S. 1998/99 exports.
- On March 12, ERS will release the "Rice Outlook," providing 1998/99 supply and use projections for the U.S. and world rice markets.

VIII. WASTE FRAUD AND ABUSE

- **Samoan Nutrition Programs Investigated:** On February 15, USDA investigators closed the offices of the American Samoan Nutrition Assistance Program, to examine records for evidence of suspected embezzlement and misuse of benefits.
- **GAO to Investigate Child Care Food Program:** GAO investigators have notified USDA officials that they intend to undertake a review of possible fraud, waste, and abuse in the child and adult care food programs, which have already been the subject of an extensive USDA Inspector General review that has resulted in the arrest and conviction of several individuals.

IX. CLIMATE CHANGE

Nothing of significance to report.

X. DISASTER ASSISTANCE

- **Disaster Assistance for CA:** During the week of February 22, USDA will start shipments of food to CA food aid distribution centers to help producers, farm workers and agricultural workers hurt by the effects of freezing temperatures last December.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

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March 10, 1999

Memorandum to The President

Through: The Honorable John Podesta
From: Secretary Dan Glickman
Subject: Report For Week of March 7, 1999

USDA Fact of the Week

The February 37% drop in dairy prices, as measured by USDA's benchmark indicator the basic formula price (BFP), was the single largest monthly decline of the measure ever; in 2 months, the BFP has dropped almost 50%.

I. KEY DEPARTMENT NEWS

- **Secretary to Host World Premiere of *Wildfire: Feel the Heat*:** On March 11, Secretary Glickman will host the world premiere of the Discovery Channel IMAX movie *Wildfire* at the Smithsonian Institution's Air and Space Museum IMAX theater; the movie features USDA Forest Service firefighters.
- **USDA Pushes Forest Service Funding:** On March 10, Secretary Glickman testified before the House Subcommittee on the Interior on the Forest Service's budget request for FY00, including your Lands Legacy Initiative. On March 11, the House Subcommittee on Department Operations, Nutrition, and Foreign Agriculture, and the Senate Subcommittee on National forests and Public Lands, will also hold hearings on the Forest Service's budget request.
- **USDA Investigating Crop Insurance Company:** On March 5, USDA's Risk Management Agency extended until March 15 the period certain rice farmers have to cancel their crop insurance coverage for 1999. USDA's action was precipitated after a private insurance company, American Agrisure, cut in half the price protection it will provide on its privately-offered, non-USDA backed policy, known as *CRCPlus*. USDA's action was taken because *CRCPlus* was sold in connection with a USDA-reinsured policy. The company's action has generated considerable interest from rice farmers, the media, and Members of Congress and Senators from rice growing regions, and USDA has launched an investigation of whether the company violated any USDA regulations or statutes.

- **USDA Readies Release of Food Guide Pyramid for Children:** Later this month, USDA plans to unveil its new food guide for children. Patterned on the popular food pyramid for adults, this guide is based on USDA research aimed specifically at the dietary requirements for children 2 through 6. While USDA has undertaken significant outreach with sectors of the food industry, some, specifically soft drink and candy bar manufacturers, have raised concerns with Members of Congress and Senators about how the pyramid may portray their products. USDA continues to work to allay their concerns without undermining the essential message and purpose of the pyramid, and expects that the release of the final pyramid will generate considerable media, public, and congressional interest.
- **More Concentration in the Pork Industry Ahead:** Due for completion in May, Smithfield Foods, of Smithfield, VA – the nation's largest packer and processor of pork and 4th largest producer of live hogs – plans to acquire Carroll's Foods of Warsaw, NC, the 2nd largest national live hog producer. The deal will make Smithfield the largest pork producer in the country.
- **Agricultural Trade Developments:** On March 3, USDA completed an agreement whereby it will donate 100,000 metric tons (MT) of wheat, worth approximately \$14 million, to Jordan.

On March 5, USDA awarded an export subsidy under the Export Enhancement Program (EEP) to facilitate the sale of 46 tons of frozen poultry to customers in the Middle East.

On March 5, USDA reinstated Pakistan to its agricultural export loan guarantee program; and on March 2, USDA completed arrangements with the Government of Pakistan to provide an additional donation of 200,000 MT of wheat to Pakistan, bringing USDA's total donation for FY99 to 300,000 MT.

During the period ending March 5, USDA awarded sufficient subsidies under the Dairy Export Incentive Program (DEIP) to facilitate the sale of over 5000 MT of dairy products to customers worldwide.

- **Commodity Markets in Review:** Wheat cash and futures prices rose last week on news of large purchases by Egypt and dry weather in the Southern Plains. Corn prices were up modestly, as traders believe that the dry, hot weather in South Africa is harming the crop there. Soybean prices rallied on good export sales and continued dryness in Argentina, but plummeting soybean oil prices capped the gains. Rice cash prices dropped slightly, reflecting recent weakness in export sales, but futures were up as indications surfaced that point to lower acreage for the 1999 crop. Cotton prices jumped on massive short-covering by speculators, which was accompanied by a shortage of available stocks. Cattle prices rose following reports that retailers are gearing up for more beef specials in

the weeks ahead. Hog prices fell, following carcass prices lower. Broiler prices moved up, despite a drop in breast and leg quarter prices, and a glut of heavy birds. Cheese and butter prices were unchanged.

Average prices for the week ending March 5, 1999

Commodity		Weekly cash price	Change from a week ago	Change from a year ago
Wheat	\$/bu	2.79	+0.03	-0.73
Corn	\$/bu	2.08	+0.01	-0.57
Soybeans	\$/bu	4.57	-0.02	-2.00
Rice	\$/cwt	8.44	-0.06	-1.98
Cotton	¢/lb	57.92	+2.82	-5.74
Steers	\$/cwt	63.83	+1.11	4.47
Hogs	\$/cwt	27.03	-1.60	-8.02
Broilers	¢/lb	59.39	+0.32	4.31
Cheese	\$/lb	1.33	0.00	-0.05
Butter	\$/lb	1.36	0.00	0.02
Milk	\$/cwt	11.62	+0.25	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

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

- **Administration Food Safety Bill Introduced:** On March 4, Representative Baldacci introduced the SAFER Meat and Poultry Act, the bill the Administration proposed to give USDA stronger recall authority over contaminated meat and poultry products, and to impose civil penalties for violations of the inspection regulations; Senator Harkin has previously introduced in this Congress a comparable bill.
- **USDA Readies Report on Single-Food Agency:** Working HHS and OSTP, USDA is readying the Administration's response to the report of the National Academy of Sciences on whether the executive branch should consolidate its food safety functions into a single food safety agency.

- **USDA Readying New Listeria Strategy:** During the week of March 8, USDA's Food Safety and Inspection Service (FSIS) is preparing to release a report on the best practices it has identified to combat listeria contamination, and will release later in March a new consumer education program aimed at those most at risk from listeriosis; both actions are being taken in response to the high profile recent outbreaks of listeria contamination that, CDC reports, have claimed 20 lives.
- **USDA Enforce Food Safety Requirements:** On March 4, USDA suspended operations at Sierra Meat Company in Reno, NV because of contamination.
- **President's Initiative on Welfare Reform:**
 - **Secretary Glickman Addresses Food Stamp Participation:** On March 9, Secretary Glickman met with state food stamp administrators to discuss USDA's plans to evaluate the sharp decline in food stamp rolls over the last year, and ways USDA is readying to improve access by, among other steps, working with states to ease administration of the program; the subject has received considerable national media attention.

III. SECRETARY'S SCHEDULE

- On March 8, Secretary Glickman addressed the National Farmers' Union Annual Conference, in Springfield, IL.
- On March 10, Secretary Glickman testified before the House interior appropriations subcommittee, on the FY00 Forest Service budget.
- On March 11, Secretary Glickman will attend the premier of the USDA/Discovery Channel IMAX film, *Wildfire: Feel the Heat*.
- On March 16, Secretary Glickman will attend the Africa Ministerial Meeting.
- On March 20, Secretary Glickman will hold an event to commemorate National Agriculture Day.
- On March 22, Secretary Glickman will announce the Children's Food Guide Pyramid, with Representative Hinchey in New York City, NY.
- On March 23, Secretary Glickman will attend the Vice President's meetings with Prime Minister Primakov, in Washington, DC.
- On March 26, Secretary Glickman will announce the Community Food Security Action

Plan.

IV. SUB-CABINET SCHEDULE

- From March 16-19, Deputy Secretary Rominger will attend the European Voice Conference in Brussels, Belgium.
- On March 13, Under Secretary Lyons will address the American Bar Association's Natural Resources, Energy, and Environmental Law Conference, Plenary Session on the Clean Water Act Initiative, in Keystone, CO
- On March 15, Deputy Under Secretary Wilcox will address the Public Voice on Food and Health's 22nd annual National Food Policy Conference.
- From March 16–20, Under Secretary Woteki will attend a joint WHO/FAO Expert Consultation on Risk Assessment of Microbiological Hazards in Food meeting in Geneva, Switzerland, and will meet with FAO officials in Rome, Italy.
- On March 18, Chief Financial Officer Thompson and Chief Information Officer Reed will testify to the House Appropriations Committee, Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies, on the FY00 budget request.
- On March 22, Under Secretary Lyons will attend "Partners in Prevention: A Decade of Progress in Prince William Sound," in Valdez, AK.
- On March 23, Under Secretary Dunn will address the Kentucky Farmers Direct Marketing Conference in Frankfort, KY.

V. PRESS INQUIRIES

- WNYC Radio, a National Public Radio station in New York City, plans to interview Under Secretary Watkins for a story on FNS' review of food stamp application procedures in New York City.
- ABC News is working on a story about fraud in the Head Start program, and inquired about allegations of fraud in food service for a Head Start center.
- NBC *Nightly News* is working on a piece on the farm crisis, and plans to use footage of Secretary Glickman meeting with USDA officials.

VI. FOIA REQUESTS

Nothing of significance to report this week.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **Honey Recourse Loan Program:** On March 3, FSA Administrator Kelly, who is also Executive Vice President of the Commodity Credit Corporation, announced provisions of the honey recourse loan program. Authorized in the Omnibus Consolidated and Emergency Supplemental Appropriations Act, the program applies to only 1998-crop honey, and provides a national average loan rate of 56 cents per pound. It is estimated that producers will obtain loans on approximately 15 million pounds of 1998 crop honey.
- On March 22, USDA's Economic Research Service (ERS) will release "*Analyses of Generic Dairy Advertising, 1984-97*," a report showing that between September, 1984 and September, 1997, generic advertising raised fluid milk sales about 6%, or 18.1 billion pounds, and raised sales of cheese by about 6.8 million pounds.
- On March 22, the ERS will release "*U.S. Agricultural Trade Update*," showing a large month-to-month decline in bulk exports is anticipated from December to January, further reducing the year-to-date FY99 export value below the first 4 months of FY98; FY99 imports, however, are expected to be about the same, or fractionally larger than those of the same period in 1998.
- On March 24, ERS will release "*Broiler Farms' Organization, Management, and Performance*," a comprehensive review of the organization, management, and financial performance of U.S. broiler farms.
- On March 25, ERS will release "*Fruit and Tree Nuts Situation and Outlook Report*," showing that El Niño and freezing weather in CA this past December reduced the expected citrus crop for this year by 21% from 1997/98.
- On March 26, ERS will release "*Wheat Yearbook*," providing an overview of the wheat outlook, and projections for U.S. and world supply prospects for the 1999/00 season, based on information presented at USDA's 1999 Agricultural Outlook Forum.
- On March 26, ERS will release "*Managing Risk in Farming: Concepts, Research, and Analysis*," a report focusing on farm level risk and describing risk management tools and possible strategies.

VIII. WASTE FRAUD AND ABUSE

Nothing of significance to report this week.

IX. CLIMATE CHANGE

Nothing of significance to report this week.

X. DISASTER ASSISTANCE

- **American Indian Livestock Feed Program (AILFP):** As of March 5, the following tribes have AILFP applications that are being reviewed, or are in clearance for approval: The Apache Tribe of Oklahoma/Kiowa Tribe of Oklahoma/ Comanche Tribe of Oklahoma (applied as a group); Blackfeet Indian Nation; Caddo Tribe of Oklahoma/Wichita and Affiliated Tribes (applied together); San Carlos Apache Tribe, which applied for both 1997 and 1998 crop years.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

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March 17, 1999

Memorandum to The President

Through: The Honorable John Podesta
From: Secretary Dan Glickman
Subject: Report For Week of March 14, 1999

USDA Fact of the Week

Direct payments to farmers by USDA's Commodity Credit Corporation will hit \$15.9 billion in FY 99, bettering the previous high level of \$13.9 billion set in FY88, during the depths of the 1980's farm crisis.

I. KEY DEPARTMENT NEWS

- **Secretary Seeks Emergency Crop Insurance Legislation:** On March 17, during a joint appearance with Vice President Gore on *Agri-talk*, a nationally syndicated daily radio show, Secretary Glickman announced that USDA is asking Congress for emergency legislation to extend the deadline for certain farmers to purchase crop insurance for 1999 from March 15 to April 9. The bill will give farmers who purchased a privately offered, non-USDA backed insurance policy, known as CRCPlus, in connection with crop insurance USDA does reinsure, the opportunity to reassess their 1999 insurance plans. The action follows American Agrisure's, decision to halt sales of CRCPlus coverage, and the company's announcement that it will not inform its customers whether their policies will remain in effect until March 25, 10 days after the statutory deadline for buying 1999 crop insurance. USDA has a team of auditors in the company's headquarters reviewing its financial statements, to determine whether it still meets federal requirements, and reviewing whether it has broken any USDA regulations or laws. USDA officials are also coordinating their investigation and response with state insurance commissioners. This issue, which first arose with respect to rice farmers but now, with the company's latest announcement, applies to virtually all of the major crops, has generated considerable congressional, media, and public interest.
- **Secretary and Department Mark National Agriculture Day:** In remarks before a noon luncheon on March 17 at USDA, Secretary Glickman keynoted USDA's annual commemoration of National Agricultural Day, which is March 20. He also distributed to

newspapers throughout rural American an op-ed article on the importance of farmers and ranchers, and the need to have an effective farm safety net to help them weather today's farm crisis, for publication on National Agricultural Day.

- **Secretary Wraps Up Africa Trade Ministerial:** On March 18, Secretary Glickman will give the concluding remarks during the closing plenary session of the ministerial, summarizing the commitment of several Cabinet agencies to your African initiative. On March 16, the Secretary addressed a luncheon session of the meeting, stressing USDA's role in promoting African development.
- **Secretary Urges Better Farm Safety Net:** On March 18, Secretary Glickman will testify before the House Agriculture Committee on the USDA's progress in implementing the farm assistance provisions of the FY99 omnibus appropriations bill, and will stress the importance for Congress to act swiftly on your FY99 farm loan supplemental, as well as the importance of strengthening the farm safety net through reforming and improving crop insurance. Secretary Glickman will also announce during his testimony changes to USDA's farm loan programs to loosen some of the restrictions on farmers with shared appreciation agreements with USDA.
- **Secretary Opens USDA's Millennium Lecture Series:** On March 19, Secretary Glickman will open the first of USDA's Millennium Lecture Series; the first session will be a panel discussion of the issue of biotechnology in agriculture.
- **Olympic Ski Area Holds First Competition:** From March 15 through March 22, Snowbasin Ski Area, located on the Forest Service's Wasatch-Cache National Forest will hold its first major event, the Chevy Truck US Alpine Championship; this is the first of 3 pre-Olympics events that will be held on the forest..
- **Agricultural Trade Developments:** On March 9, USDA made 100,000 tons of wheat available to the World Food Program for flood relief work in China.

On March 9, USDA reached agreement with Bangladesh whereby USDA will donate an additional 300,000 tons of wheat to it this fiscal year, bringing the total to 600,000 tons, worth about \$70 million.

The first shipment of aid, 960 tons of pea seed, under the Russian assistance package arrived in St. Petersburg on March 11.

- **USDA Releases 1998/99 Forecasts of U.S. and World Production, Supply, and Use:** Highlights of USDA's March 11 *Crop Production and World Agricultural Supply and Demand Estimates* reports include:

All wheat: Projected U.S. 1998/99 ending stocks of wheat are down 25 million bushels

from last month because of larger prospective exports.

Rice: Projected 1998/99 U.S. exports are lowered 2 million cwt to 84 million cwt, because of an expected delay in the delivery of 100,000 metric tons of rice to Indonesia under the PL 480/Title I agreement.

Corn: Projected 1998/99 ending stocks of corn are down 75 million bushels from last month because of larger exports. South Africa 1998/99 production is forecast at 7 million tons, a reduction of 2 million from February indications, based on dry, hot weather in February and March.

Soybeans and products: A sharp boost in 1998/99 prospective foreign supplies this month is forecast to significantly curtail U.S. soybean and soybean product exports and raise both U.S. and foreign soybean carryover stocks. U.S. soybean carryover is forecast at 470 million bushels, up 60 million bushels from last month and the largest since 1985/86. Forecast soybean exports are cut 30 million bushels to 780 million while U.S. soybean crush is lowered 30 million bushels to 1,560 million bushels. U.S. soybean oil exports are reduced by 345 million pounds this month to 2,205 million pounds because of larger exportable supplies from South America. Soybean gains were most notable in Argentina, with the new crop raised 1.2 million tons to 19.2 million tons. Very good crop conditions prevailed during the critical pod-filling stage, boosting yield prospects.

Cotton: U.S. supply and demand estimates are unchanged from last month.

Sugar: U.S. sugar supply for fiscal year 1998/99 is projected at 11.8 million short tons, raw value, down 1 percent from last month, and up slightly from 1997/98. Projected beet sugar production is decreased 175,000 tons, due to low sugar content in 1998-crop sugarbeets. Cane sugar is increased 55,000 tons reflecting higher forecast sugarcane tonnage in Florida, end-of-season mill reporting from Texas and Louisiana, and improved conditions in Hawaii.

Livestock: Forecast beef production in 1999 is raised due primarily to larger than expected placements in January (at heavier weights); poultry production is increased slightly reflecting increased egg sets. As red meat supplies diminish in the second half of 1999, some recovery in cattle and hog prices is forecast.

Dairy: The milk production forecast for 1998/99 is increased slightly to reflect higher output per cow. The milk price forecasts for 1998/99 are lowered to reflect recent sharp declines in product prices.

Citrus: The U.S. all-orange forecast for 1998/99 is 10.2 million tons, down 1 percent from February and 27 percent below last year's record 13.9 million.

- Commodity Markets in Review:** Wheat cash and futures prices were up last week on improved export prospects. Corn prices rose as South African crop prospects deteriorated. Soybean cash and futures prices moved higher last week following a sharp boost in soybean oil prices, with the increase coming despite bearish export and ending stocks forecasts issued by USDA. Rice futures gained on reports that 1999 acreage may be smaller than previously expected, while lackluster exports led to a fall in cash prices. Cotton futures prices dropped as traders anticipate rising imports under Step 3 quotas, but cash prices rose on good export sales. Steer prices moved up sharply – adverse winter weather slowed supplies. Hog prices followed hams and bellies higher. Broiler prices weakened as heavy birds and large slaughter combined with seasonally weak demand. Cheese and butter prices remained steady.

Average prices for the week ending March 12, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.87	+0.08	-0.65
Corn \$/bu	2.20	+0.12	-0.50
Soybeans \$/bu	4.69	+0.12	-1.87
Rice \$/cwt	8.31	-0.13	-2.11
Cotton ¢/lb	58.79	+0.87	-7.31
Steers \$/cwt	65.70	+1.87	5.03
Hogs \$/cwt	27.43	+0.40	-7.57
Broilers ¢/lb	57.76	-1.63	2.23
Cheese \$/lb	1.33	0.00	-0.05
Butter \$/lb	1.36	-0.01	0.01
Milk \$/cwt	11.27	-0.14	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

- President's Food Safety Initiative**
 - Council on Food Safety Responds to NAS Report:** On March 15, your Council on Food Safety released its response to the study from the National Academy of Science on consolidating food safety functions into one executive branch agency.

- **USDA Presses Food Safety Initiative Funding:** On March 16, USDA's Under Secretary for Food Safety testified before the Senate agricultural appropriations subcommittee on your request for food safety funding for FY00; she appeared with the Director of the CDC and Commissioner of the FDA.
- **USDA Enforce new Food Safety Regulations:** On March 10, USDA officials suspended operations at Fair Oaks Farms in Pleasant Prairies, WI for failure to maintain proper temperature controls for meat products.
- **USDA Review Draft GAO Report on Food Safety:** USDA's food safety officials are reviewing a draft report from GAO on the implications on human health of the agricultural use of antibiotics.
- **President's Initiative on Welfare Reform:**
 - **USDA Approves Welfare Reform Waiver:** During the period from March 10 through March 17, USDA approved a request from Indiana to extend its waiver of the work requirements for food stamp recipients for 2 cities and 3 counties.

III. SECRETARY'S SCHEDULE

- On March 19, Secretary Glickman will discuss the farm crisis on Senator Kerrey's cable show.
- On March 23, Secretary Glickman will attend the Vice President's meetings with Prime Minister Primakov, in Washington, DC.
- On April 5, Secretary Glickman will address the National Association for Equal Opportunity in Higher Education.
- On April 6, Secretary Glickman will address the National Association of WIC Directors in New Orleans, LA.

IV. SUB-CABINET SCHEDULE

- From March 16-19, Deputy Secretary Rominger will attend the European Voice Conference in Brussels, Belgium.
- From March 16-20, Under Secretary Woteki will attend a joint WHO/FAO Expert Consultation on Risk Assessment of Microbiological Hazards in Food meeting in Geneva, Switzerland, and will meet with FAO officials in Rome, Italy.

- On March 17, Deputy Under Secretary Wilcox will address a Food Safety and Quality Assurance conference at Hershey, PA Foods Co.
- On March 18, Under Secretary Gonzalez will address the "Lessons Without Borders Conference" in Ames, IA, concerning "Global Agriculture and the American Midwest: A Win-Win Exchange."
- On March 22, Under Secretary Schumacher will address the National Grain and Feed Association Annual Convention, San Francisco, CA.
- On March 22, Under Secretary Lyons will address the 10th Anniversary Symposium "Partners in Prevention: A Decade of Progress in Prince William Sound," in Valdez, AK.
- On March 22, Undersecretary Long-Thompson will address the National Rural Development Partnership Council in Arlington, VA.
- On March 23, Under Secretary Dunn will address the Kentucky Farmers Direct Marketing Conference in Frankfort, KY.
- From March 24 – April 2, Undersecretary Long-Thompson will address the International Conference on Women in Agriculture, in Sydney and Melbourne, Australia.
- On March 24, Under Secretary Dunn will address the Ag Marketing Outreach Workshop for Limited Resource Farmers, in Memphis, TN.
- On March 29 - 30, Under Secretary Lyons will attend the North American Wildlife Conference in San Francisco, CA.
- On March 31, Under Secretary Woteki will address "The Pennsylvania Food Industry: Strengthening Partnerships for Growth" conference in Grantville, PA.
- On April 1, USDA and other federal agencies will sponsor an interactive video conference on the Year 2000 Computer problem to inform small business operators. Secretary Glickman and Under Secretary Woteki, co-chair of the USDA-led Food Supply Working Group, will speak.
- On April 5, Under Secretary Watkins will address the National Association of WIC Directors in New Orleans, LA.
- On April 14, Under Secretary Woteki will address "Inter-country Food Surveillance: A Guarantee of Quality and Hygiene for Imports" at the XI Inter-American Meeting, Ministerial Level, On Animal Health in Washington, DC.

- From April 15-16, Deputy Under Secretary Wilcox will attend the Food Safety and international Competitiveness Conference in Banff Springs, Alberta, Canada. The conference is sponsored by Agriculture and Agri-Food Canada, the University of Saskatchewan, and others.
- On April 16, Under Secretary Dunn will address the National Wildlife Research Center Dedication Ceremony in Ft. Collins, CO.
- On April 17, Under Secretary Watkins will address the American Commodity Distribution Association Conference in Costa Mesa, CA.
- On April 19, Under Secretary Watkins will address the California WIC 25th Anniversary and Annual Conference in Sacramento, CA.

V. PRESS INQUIRIES

- The *Washington Times* is preparing to run a story on the decline in food stamp participation nationally. The *Sarasota Herald-Tribune* is preparing a similar story, focusing on whether States are discouraging people from applying for benefits.
- NBC's *Dateline* and the Food Safety Inspection Service are nearing completion of a story on ground beef pathogens on raw product.
- On March 11, the *Chicago Sun Times* contacted USDA for information about agriculture's role in the economy.
- On March 12, a reporter of the Philadelphia *Inquirer* interviewed a USDA scientist about technology for irradiation of food.
- On March 17, a film crew from the Boston PBS TV station will visit USDA's National Forage Seed Production Research Center, in Corvallis, OR, to film part of a special on science education.
- The *Washington Post* asked for a list of civil rights suits against USDA pending in courts and at EEOC, the latter are covered by the Privacy Act, and so were not provided.

VI. FOIA REQUESTS

- Levin & Rosenstein, P.C. requested copies of all correspondence from American Agrisurance, Inc., American Growers Insurance Company, Redland Insurance Company

and/or Acceptance Insurance Company to the Federal Crop Insurance Corporation or the Risk Management Agency regarding or relating to an insurance product called "CRC +" and "CRC Plus" and all correspondence from the FCIC or RMA to any company regarding the same insurance product. – See Key Department News.

- *Bloomberg Financial Markets, Commodities News* requested all communications between USDA and Sara Lee Corp. and Thorn Apple Valley Inc. related to the companies' recent recalls.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- On March 29, USDA's Economic Research Service will release "*Farm Business Economics Report, 1996*," which provides data and commentary on the income and finances of the farm sector at the national and State level, and estimates of production costs for major field crops, livestock, and dairy.

VIII. WASTE FRAUD AND ABUSE

- **USDA Continues Operation Talon:** From March 5 through March 16, USDA investigators have arrested an additional 25 fugitive felons through its Operation Talon, a program that cross matches food stamp roles with lists of felons; to date, in little more than a year of operation, the program has resulted in the arrest of 3690 felons.
- **USDA Suspends TX Company:** On March 2, USDA suspended a stevedoring company, Jacintoport Corporation, in the port of Houston, TC, from participation in Federal Government contracts, subcontracts, and programs administered or financed by USDA, after the owner of the company was indicted by a Federal grand jury on 14 counts of mail fraud, and 3 counts of obstruction of justice.

IX. CLIMATE CHANGE

Nothing of significance to report this week.

X. DISASTER ASSISTANCE

- **USDA Combats Citrus Canker:** On March 12, Vice President Gore announced that USDA will make available \$25 million in emergency funding to FL to eradicate citrus canker, a disease that severely diminishes citrus production, threatening the state's \$6 billion citrus industry.

- **USDA Makes Hog Payments:** As of March 12, final figures show that 45,293 applications were received for the Small Hog Operations Program (SHOP), the Administration's \$50 million initiative to help small hog producers during the current price crisis. USDA began making payments March 15.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

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March 24, 1999

Memorandum to The President

Through: The Honorable John Podesta
From: Secretary Dan Glickman
Subject: Report For Week of March 21, 1999

USDA Fact of the Week

February milk production climbed 4.3% over year-earlier levels; at the same time, milk prices registered their sharpest single-month drop ever, these production figures were the largest monthly increase since September, 1998 and if year-to-date trends continue, in spite of the decline in the national dairy herd, national production will rise some 4 billion pounds over 1998's.

I. KEY DEPARTMENT NEWS

- **USDA Unveils New Children's Food Pyramid:** On March 25, Secretary Glickman unveils USDA's new Food Guide Pyramid for Children, which USDA patterned on the widely accepted Food Guide Pyramid, and based on the most recent version of the Dietary Guidelines. The new children's pyramid graphically depicts the most up to date dietary and nutrition guidance for children 2 to 6 and USDA expects that it will be overwhelmingly positively accepted by the education, health, and nutrition communities, and by most in the food and agricultural communities, though some specific segments have voiced concerns generating some congressional interest.

In a related development, USDA has begun distribution of its new child care recipes; developed to comply with the dietary guidelines, USDA will distribute the kits of 175 recipes to over 45,000 child care centers nationally.

- **USDA Releases Food Security Action Plan:** On March 26, Secretary Glickman will release the US Plan of Action on Food Security; an interagency plan to reduce world hunger by half by 2015, it is a follow up to commitments the US made during the 1996 World Food Summit and contains both international and domestic plans for action.
- **USDA Studies New Russian Food Aid Request:** During Secretary Glickman's

consultations with Deputy Prime Minister Kulik on March 22, in advance of the aborted Gore-Primakov meetings, Russian representatives expressed interest in securing significant additional amounts of food assistance from the US that, if granted, would rival the infamous Russian grain purchases of the 1970s; in fact, rumors about the Russian request were sufficient to rally grains and oilseeds markets. USDA is evaluating the request and intends to consult with the interagency group as soon as feasible.

On a related note, on March 23, USDA granted the Russians authorization to begin purchases under the existing food aid agreement; these purchases will total \$95 million, for 500,000 metric tons (MT) of corn and 100,000 MT of rice.

- **Congress Passes Emergency Farm Spending:** On March 23 and March 24, the Senate and House, respectively, passed the FY99 supplemental appropriations bill, including your \$159 million request for additional USDA farm loans and field office staff.
- **House Approves Emergency Crop Insurance Measure:** On March 23, the House passed USDA's proposed emergency legislation to extend the deadline by when farmers must purchase crop insurance for their 1999 crops. USDA proposed the measure after American Agrinsurance canceled its private, non-USDA backed policy known as *CRCPlus*. Although not reinsured by USDA, the company did market *CRCPlus* in connection with USDA-backed policies. The bill will give farmers whose policies were canceled, the time to get new insurance for their 1999 crops. The entire incident has generated considerable public, media, and congressional attention, and in addition to the legislation, USDA has been coordinating with state insurance companies and its own inspector general to determine whether the company has complied with all state and federal regulations.
- **USDA Readies Dairy Program Reform:** As required by the 1996 farm bill, on April 2, USDA will release its plan to reform the federal milk marketing order program by consolidating the number of federal milk marketing orders from 31 to 11, and revamping the system used to set minimum prices for fluid milk. The final plan will likely set off another controversy over dairy policy, drawn generally along regional lines that will pit dairy interest from the upper Midwest against others. USDA expects the announcement to generate considerable congressional attention.
- **State Interest in Mandatory Livestock Price Reporting Growing:** On March 16, led by IA's attorney general, attorneys general from 21 states called on Congress to act on legislation that would authorize USDA to require meatpackers to report the prices paid for purchasing livestock; Secretary Glickman has repeatedly indicated his support for such legislation, which is being readied for formal submission to Congress.
- **USDA Replaces Controversial Tree-Marking Paint:** On March 19, USDA announced that it will discontinue its use of oil-based paint to mark trees; this action, that has

generated considerable congressional, public, and media attention, grew out of concerns that compounds in petroleum-based paints may cause some health problems, and will become effective May 15, 1999.

- **USDA Nearing Year 2000 Compliance:** As of March 19, 84% of USDA's computer systems were year 2000 compliant; USDA expects that 93% of its systems will be in compliance by the month-end deadline.
- **USDA Sets Breakfast and Learning Symposium:** On April 22, Secretary Glickman and USDA will host a day-long seminar, *Breakfast and Learning in Children*, focusing on the positive effects of breakfast on children's education; Secretary Riley is scheduled to attend, along with Senators, Members of Congress, and representatives of the academic, nutrition, and health communities.
- **Agricultural Trade Developments:** Within the next week, USDA officials will likely complete negotiations with representatives of the government of Korea on a new export credit guarantee package totaling over \$1 billion.

On April 9, a WTO panel will release findings in favor of the US and the US dairy industry, stating that Canada has failed to abide by its Uruguay Round commitments on dairy subsidies and market access.

- **Commodity Markets in Review:** Wheat cash and futures prices were up early in the week on rumors that an export ban on sales to Iran would be lifted, but fell later as the report remained unconfirmed, leaving prices little changed. Corn cash prices were unchanged, but futures rose on the Iran rumor and hope for a new CRP. Unlike wheat, however, corn futures remained up for the week on strong export prospects. Soybean prices rose, like corn, in the hope that CRP acreage could be increased before spring planting gets underway. Rice futures rose as export prospects improved, and cash held steady. Cotton prices were down modestly in lackluster trade. Cattle prices dropped in a slow market last week. Hog prices fell, along with product prices. Broilers moved lower as heavy birds continue to flood the market. Butter prices slid on seasonally heavy production, while cheese prices were unchanged.

Average prices for the week ending March 19, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.91	0.04	-0.66
Corn \$/bu	2.20	0.00	-0.56
Soybeans \$/bu	4.71	0.02	-1.96
Rice \$/cwt	8.31	0.00	-1.96
Cotton ¢/lb	58.19	-0.60	-8.85
Steers \$/cwt	64.34	-1.36	2.21
Hogs \$/cwt	25.39	-2.04	-11.13
Broilers ¢/lb	57.51	-0.25	1.83
Cheese \$/lb	1.33	0.00	-0.05
Butter \$/lb	1.24	-0.12	-0.11
Milk \$/cwt	11.35	-0.06	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Food Safety Initiative:

- **USDA Reviews GAO Report on Single-Food Agency:** By March 25, USDA must return its comments to GAO on its draft report evaluating the experience of other countries who have single food safety agencies; the report was commissioned by Senator Collins' Permanent Subcommittee on Investigations.
- **USDA Enforces Food Safety Rules:** On March 16, USDA food safety officials suspended operations at Pease Packing of Scotts, MI for unsanitary conditions and product adulteration.

On March 17, USDA suspended operations at Rainbow Slaughtering of Apple Creek, OH for several safety violations.

President's Initiative on Race:

- **Judge Ready to Rule on Class Action Case:** During the week of March 29, the federal judge hearing the class action civil rights case African American farmers

filed against USDA for discrimination in its farm lending programs is likely to rule on the file consent decree, tentatively adopted in January, 1999. After conducting a fairness hearing on the proposed settlement earlier this month, the judge has proposed certain amendments to the agreement.

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

- **USDA Approves Welfare Reform Waiver:** For the week ending March 24, USDA approved requests from NY and MT for exemptions from the work requirements of the welfare reform bill; 22 NY counties and 12 cities, and residents of 6 reservations in MT will be exempt, following USDA's action.
- **USDA Surpasses Welfare to Work Goal:** As of April, 1999, USDA will have passed its commitment to hire former welfare recipients by hiring 391 individuals.

III. SECRETARY'S SCHEDULE

- On March 25, Secretary Glickman will announce the revised Children's Food Guide Pyramid. --See Key Department News.
- On March 26, Secretary Glickman will announce USDA's Community Food Security Action Plan. --See Key Department News.
- On April 5, Secretary Glickman will address the National Association for Equal Opportunity in Higher Education.
- On April 6, Secretary Glickman will address the National Association of WIC Directors, in New Orleans, LA.
- On April 7, Secretary Glickman will address the KS State Legislature on USDA initiatives to alleviate the farm crisis, in Topeka, KS.
- On April 8, Secretary Glickman will attend the Food Chain annual conference, in Memphis, TN.
- On April 15, Secretary Glickman will attend the Rainbow/Push Coalition Conference in Chicago, IL.

IV. SUB-CABINET SCHEDULE

- On March 26, Deputy Secretary Rominger will attend the Agricultural Marketing

Outreach Workshop in Memphis, TN.

- On March 30, Deputy Secretary Rominger will attend the University of California Small farm Program 20th anniversary in Davis, CA.
- On March 31, Deputy Secretary Rominger will host a School Breakfast Event in Sacramento, CA.
- On March 31, Deputy Secretary Rominger will address the Food, Land, and People organization in San Francisco, California, on USDA educational programs.
- On April 8, Deputy Secretary Rominger will address the University of California Advisory Commission on Agriculture and Natural Resources in Oakland, California.
- On April 16, Deputy Secretary Rominger will dedicate a new Wildlife Services Building in Fort Collins, CO.
- On April 20, Deputy Secretary Rominger will attend a national meeting of land-grant university Pesticide Coordinators in Chicago, IL.
- On March 26, Under Secretary Lyons will address the College of Southern Idaho Conference in Twin Falls, ID.
- From March 29 - 30, Under Secretary Lyons will attend the North American Wildlife Conference in San Francisco, CA.
- On March 31, Under Secretary Dunn will address the Association for Persons with Disabilities in Agriculture in Washington, D.C.
- On March 31, Under Secretary Schumacher will address the Dairylea Conference, Syracuse, NY.
- On March 31, Under Secretary Watkins will attend participate in a press conference in Jackson, MS, with Mississippi Congressmen Bennie Thompson and Ronnie Shows, discussing the recently enacted Child Nutrition Reauthorization Act.
- On March 31, Under Secretary Woteki is scheduled as the main speaker for "The Pennsylvania Food Industry: Strengthening Partnerships for Growth" conference in Grantville, PA.
- On April 5, Under Secretary Watkins will address the National Association of WIC Directors in New Orleans, LA.

- From April 15-16, Deputy Under Secretary Wilcox will address the Food Safety and International Competitiveness Conference in Banff Springs, Alberta, Canada, on “Food Safety Strategy in the U.S.”
- On April 15, Under Secretary Woteki will address Clemson University’s Food Safety Symposium. She will discuss the President’s Council on Food Safety and the National Academy of Sciences’ food safety system report.
- On April 16, Under Secretary Dunn will address the National Wildlife Research Center Dedication Ceremony in Ft. Collins, CO.
- On April 17, Under Secretary Watkins will address the American Commodity Distribution Association Conference in Costa Mesa, CA.
- On April 18, Under Secretary Dunn will meet with Assistant Attorney General Joel Klein and Senator Wellstone to discuss concentration in agriculture, in Minneapolis, MN.
- On April 19, Under Secretary Watkins will address the CA WIC 25th Anniversary and annual conference in Sacramento, CA.

V. PRESS INQUIRIES

- On March 19, Secretary Glickman taped an interview for Ben Wattenberg’s PBS show “Think Tank” on the farm crisis; the air date is scheduled for April.
- On March 24, Secretary Glickman was interviewed by the *Washington Post*’s Mary McGrory on the March 26 release of the Food Security Action Plan – see Key Department News.
- The *CBS Evening News* requested information on food safety/quality and sell-by dates for a story it is preparing where undercover news reporters were used in grocery stores to investigate food safety.

VI. FOIA REQUESTS

- The American Meat Institute has requested surveillance data for *Listeria*, *Salmonella*, *Staphylococcus*, and *E. coli O157:H7* on ready-to-eat meats, including dry and semi-dry fermented sausages.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **End-Use Certificate Program Announced:** On March 18, Secretary Glickman announced that USDA is amending the End-Use Certificate Program to allow collection of additional information regarding distinguishing characteristics of imported wheat. The new regulation changes the end-use certificate program that was established in 1995 as a result of the North American Free Trade Agreement Implementation Act to ensure that Canadian-produced wheat does not benefit from U.S. export programs. The stepped-up monitoring of Canadian wheat imports involves changes to the Harmonized Tariff Schedule, Customs regulations, and End-Use certificate regulations. The new regulation will facilitate a cooperative effort between USDA and the U.S. Customs Service to make End-Use Certificates a part of the official entry documentation that is required when Canadian wheat is imported into the U.S.
- **Upcoming Food Stamp Report:** On April 5, USDA's Economic Research Service (ERS) will release "*The Changing Food Assistance Landscape: the Food Stamp Program in a Post-welfare Reform Environment*," the report concludes that despite the cuts included in the welfare reform bill, food stamps now have a more prominent role in the post-welfare reform social safety net, because the largest cash-assistance entitlement program, Aid to Families with Dependent Children (AFDC), was replaced with the Temporary Assistance to Needy Families (TANF) program, a nonentitlement program.
- **Upcoming Rural Competitiveness Report:** On April 8, ERS will release, "*Rural Competitiveness: Results of the 1996 Rural Manufacturing Survey*," a nationwide survey of 3,909 manufacturing businesses, establishments in metropolitan and nonmetropolitan locations, showing that they are surprisingly similar in their adoption of new technologies, worker skill requirements, use of government programs and technical assistance, exports, and sources of financing.

VIII. WASTE FRAUD AND ABUSE

- **USDA Finds Fraud in CA Program:** USDA's Inspector General has completed an exhaustive review of CA's administration of the child and adult food care program; the 10 sponsors reviewed in the investigating received about \$45 million from the program in FY96 and FY97 and the audit uncovered serious irregularities and mismanagement of the money by both the sponsors and the state.

IX. CLIMATE CHANGE

- **Secretary Briefs Senators on Climate Change:** On March 22, Secretary Glickman briefed a bipartisan group of Senators on the effects of climate change on agriculture, and the Administration's work to mitigate those effects and agriculture's potential role in mitigating adverse effects from climate change.

X. DISASTER ASSISTANCE

- **Small Hog Operations Program (SHOP):** On March 18, the Secretary announced that USDA has begun issuing nearly \$50 million in payments to hog farmers through the Small Hog Operation Payment (SHOP), the Administration's initiative to help small hog producers during the current price crisis; participants should have their payments by March 26.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

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March 31, 1999

Memorandum to The President

Through: The Honorable John Podesta

From: Secretary Dan Glickman

Subject: Report For Week of March 29, 1999

USDA Fact of the Week

While holding 21% more soybeans than they did one year ago, US soybean growers are readying to plant the largest crop on record in 1999, according to USDA's March 31 *Prospective Plantings* and *Grain Stocks* reports; meanwhile, soybean use has dropped 9% off the year-earlier level, USDA projects that season-ending stocks will double, and prices dropped 5% in February, 29% below their 1998 level and the lowest since 1986.

I. KEY DEPARTMENT NEWS

- **USDA Nearly Year 2000 Compliant:** On March 31, USDA's chief information officer reported that 96% of USDA computer systems are year 2000 compliant.

In related developments, Secretary Glickman has taped a video message for use during the April 1st Y2K Small Business Action Week kick-off outreach video conference.

- **USDA Unveils Dairy Reform Program:** On March 31, Secretary Glickman announced the first significant reforms to the federal milk marketing order system in over 60 years. As stipulated in the 1996 farm bill, the USDA plan consolidates the 31 federal milk marketing orders into 11, and modernizes the system by which minimum prices for milk used for fluid consumption are determined. While the national effects of the system are negligible, there are several regional shifts from the existing system and USDA expects this announcement will spark significant public and congressional attention, possibly culminating in congressional attempts to block USDA from implementing it.
- **Farmers Switching to Soybeans:** According to USDA's March 31 *Prospective Plantings*, US farmers planted a record soybean crop for 1999, switching out of corn and wheat; USDA pegs the 1999 corn crop as the smallest in 4 years, off 2% from 1998, and

while the entire wheat crop will be the lowest since 1973, down 4% from 1998, durum planting intentions are actually up 12% from last year, making the 1999 crop the largest since in 1982. Still, spring wheat will fall to the lowest level since 1988 – see USDA Fact of the Week.

- **USDA Marks Secretary's Four-Year Anniversary:** During an address to all USDA employees, on March 30, Secretary Glickman marked his four-year anniversary in office, laying out his agenda for the balance of his term, and recognizing several employees for their extraordinary contributions to his accomplishments.
- **Secretary Presses for Farm Action:** During March 30 remarks to Sparks' Commodities 7th annual Food and Agricultural Policy Conference, Secretary Glickman called on Congress to approve your FY99 supplemental funding request for USDA's farm loan programs, and outlined other suggestions for strengthening the farm safety net.
- **USDA Picks New Phone Company:** On March 30, USDA chose MCI/World Com to provide long distance telephone service over the next 8 years, for which USDA now pays roughly \$40 million annually.
- **USDA Has New Personnel Director:** On March 29, Secretary Glickman announced the appointment of Donna Beecher as the new director of human resources management.
- **USDA-NJ Agree on Food Stamp Repayment Plan:** On March 29, USDA and the state of NJ agreed to a plan whereby the state will recover 10% per month of the amount of food stamps it inadvertently over issued during a test of whether the state's food stamp-related computer systems are year 2000 compliant; the episode received considerable media attention.
- **USDA Boosts Exports to Korea:** On March 29, Secretary Glickman announced that USDA has made \$1 billion in export financing available to ship US agricultural goods to Korea, the 4th largest market for US farm exports.
- **Protestors Oppose Bison Capture:** On March 28, Gallatin County, MT sheriff's officers arrested 8 protestors blocking access to a MT Department of Livestock testing facility located on the Gallatin National Forest, used to evaluate whether bison leaving Yellowstone National Park are infected with brucellosis; these arrests brought the total since March 18 to 28, the latest developments in a long standing, highly visible controversy over the brucellosis-control measures coordinated by USDA, the Interior Department, and the states of WY and MT.
- **Secretary Takes Emergency Action to Keep Credit Flowing:** Following Congress' failure to approve your request for additional farm credit funding before its Easter recess, Secretary Glickman, on March 26, announced that he was exercising his emergency

interchange authority to transfer \$30 million into USDA's loan programs, enabling the Department to make \$333 million in loans to help farmers with spring planting credit needs. The emergency funding will keep USDA's credit programs operating at their current levels only until April 16, and makes it imperative that Congress approve your supplemental request, or USDA will have to furlough some of its field office employees later this fiscal year.

- **USDA Makes Record Wheat Buy:** On March 26, USDA made its single largest wheat purchase ever, buying more than 1 million metric tons (MT) of hard red winter wheat, worth approximately \$133.5 million, for foreign donations. Most of the wheat is destined for Russia, with the balance going to Bangladesh, Indonesia, Jordan, and Nicaragua under the food aid initiative you announced last summer.
- **Hog Prices Continue Under Pressure:** While USDA's March 26 *Hogs and Pigs* report showed a smaller inventory than last year and a 7% drop in farrowing intentions for the next 2 quarters under last year's level, March hog prices dropped \$1.50 per hundredweight from their February levels, as the supply of hogs coming to slaughter runs 2-3% over the 1998 rate.
- **USDA Unveils Children's Food Pyramid:** ABC, CNN, Fox, Associated Press, Reuters, National Hispanic Radio, Bloomberg News, *The New York Times*, *US News and World Report*, and *Nutrition Week*, among others, covered Secretary Glickman's March 25 release of USDA's new food guide pyramid for children. Based on the 1995 Dietary Guidelines, the children's pyramid is an adaptation of the familiar food guide pyramid first released in 1992 but targeted, in presentation and nutritionally, to children 2-6.
- **USDA Makes First Rice Loan Deficiency Payments in 4 Years:** During the week of March 22-26, world rice prices fell below the level at which rice farmers who have taken loans from USDA with their crops pledged as collateral may repay those loans. Under the farm bill, growers can repay at the lesser of either the loan rate, or the world price, keeping the difference if they repay at less than the loan rate. This is known as a marketing loan gain. The prices reached during the week that ended March 26 resulted in marked the first marketing loan gains triggered for rice since June, 1995.

In a related development, as of March 23, USDA had made 1.9 million loan deficiency payments worth \$2.4 billion on 1998 crops; USDA makes loan deficiency payments to farmers who are eligible to receive a loan from USDA using their crop as collateral, but elect not to take such a loan in return for a payment equal to the difference between the loan rate, as set in the 1996 farm bill, and the market price. The volume and magnitude of such payments are further indicators of the drop in US farm commodity prices: The total loan deficiency payments and marketing loan gains for all 1997 crops reached slightly more than \$150 million, but for this year, USDA expects the value to climb well past \$3 billion, a 2000% increase.

Commodity Markets in Review: Wheat cash and futures prices moved higher on USDA's purchases for donation to needy countries. Corn was pulled up by the rise in wheat, but rumored competition from China tempered the gains. Soybean prices rose in a volatile week, largely on rumors that U.S. government sanctions on Iran may be lifted. Rice prices fell on slackening export demand and lower international prices. Cotton prices surged early in the week on the hope that renewed Step 2 funding would be attached to the supplemental appropriations bill, but prices then dropped when the funding was not included. Cattle prices followed weak wholesale beef prices down. Hog prices were up sharply on slowed marketings and rising wholesale pork prices. Broiler prices dropped, still pressured by the large slaughter of heavy birds. Butter prices declined as seasonally heavy production continues. Cheese prices were unchanged.

Average prices for the week ending March 29, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.94	+0.03	-0.54
Corn \$/bu	2.23	+0.03	-0.46
Soybeans \$/bu	4.81	+0.10	-1.71
Rice \$/cwt	8.00	-0.31	-2.28
Cotton ¢/lb	58.89	+0.70	-8.89
Steers \$/cwt	64.17	-0.31	1.49
Hogs \$/cwt	29.83	+4.44	-7.51
Broilers ¢/lb	56.67	-0.84	0.23
Cheese \$/lb	1.33	0.00	-0.02
Butter \$/lb	1.12	-0.12	-0.23
Milk \$/cwt	11.24	+0.14	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Food Safety Initiative:

USDA Continues Attack Against Listeria: On March 25, USDA's senior food safety officials distributed a video news release targeted at educators and public officials with techniques on safe food preparation to protect against listeria contamination.

- **USDA Enforces Meat Inspection Rules:** On March 24, USDA suspended operations at Katadero De Cabo Rojo in San German, PR for repeated fecal contamination problems.
- **President's Initiative on Race:**
 - **Final Ruling on Class Action Case Nears:** On March 29, the comment period ended for review of the proposed settlement agreement USDA reached with representatives of farmers who have sued USDA alleging racial discrimination in USDA's farm lending programs. USDA expects the court to rule on approving or modifying the proposed settlement of this high profile case within the next one or two weeks.
- **President's Initiative on Welfare Reform:**
 - **USDA Approves Welfare Reform Waiver:** During the week that ended March 30, USDA approved ND's request for a waiver from the work requirements of the welfare reform bill; the waiver will permit food stamp recipients in 3 ND counties to retain their eligibility, notwithstanding work rules.

III. SECRETARY'S SCHEDULE

- On April 7, Secretary Glickman will address the State Legislature in Topeka, KS, on USDA initiatives to alleviate the farm crisis.
- On April 8, Secretary Glickman will address the National Association of WIC Directors, in New Orleans, LA.
- On April 9, Secretary Glickman will address the National Association for Equal Opportunity in Higher Education.
- On April 12, Secretary Glickman will be interviewed on *Mid America Ag Network* radio.
- On April 15, Secretary Glickman will attend the Rainbow/Push Coalition Conference in Chicago, IL.
- On April 19, Secretary Glickman will address the National Association of Ag Journalists.
- On April 19, Secretary Glickman will address the WTO Preparatory Conference, in Ottawa, Canada.

- On April 20, Secretary Glickman will meet with Canadian Ag Minister Vancliff on trade and ag issues.
- On April 22, Secretary Glickman will attend the National Council of Farmer Co-ops Host Ag Day Partnership Celebration.
- On April 23, Secretary Glickman will address the National Council of Black Mayors, in Denver, CO.

IV. SUB-CABINET SCHEDULE

- On April 8, Deputy Secretary Rominger will address the University of CA Advisory Commission on Agriculture and Natural Resources, in Oakland, CA.
- On April 16, Deputy Secretary Rominger will dedicate a new Wildlife Services Building, in Fort Collins, CO.
- On April 20, Deputy Secretary Rominger will attend a national meeting of land-grant university pesticide coordinators, in Chicago, IL.
- Through April 2, Under Secretary Long Thompson will be in Australia, for follow up meetings from the June 1998 Second International Conference On Women in Agriculture.
- On April 5, Under Secretary Watkins will address the National Association of WIC Directors, in New Orleans, LA.
- On April 7, Under Secretary Gonzalez will give the Evans Family Lecture for Graduate Research, on opportunities for developing collaborative partners in this hemisphere, at Pennsylvania State University in University Park, PA.
- On April 7, Under Secretary Lyons will address the Northwest Forestry Association Conference, in Stevenson, WA.
- On April 15-16, Deputy Under Secretary Wilcox will be in Banff Springs, Alberta, Canada, to speak on "Food Safety Strategy in the US" at the Food Safety and International Competitiveness Conference.
- On April 15, Under Secretary Woteki will address Clemson University's Food Safety Symposium, in SC.
- On April 16, Under Secretary Dunn will address the National Wildlife Research Center Dedication Ceremony, in Ft. Collins, CO.

- On April 18, Under Secretary Dunn will discuss market concentration with Assistant Attorney General Joel Klein and Senator Wellstone, in Minneapolis, MN.
- On April 17, Under Secretary Watkins will speak before the American Commodity Distribution Association Conference, in Costa Mesa, CA.
- On April 19, Under Secretary Watkins will address the CA WIC 25th Anniversary and Annual Conference, in Sacramento, CA.
- From April 22-23, Under Secretary Gonzalez will address the AL Cooperative Extension System's Kellogg State Leaders Conference in Montgomery, AL.
- On April 23, Under Secretary Watkins will address the International Council On Nutrition Solutions Foundation's Wellness Symposium, in Chicago, IL.

V. PRESS INQUIRIES

- The *Washington Post* is preparing an article for its food section, on warning labels for hotdogs. This is related to USDA's new strategy to fight listeria in meat and poultry.
- On March 26, ABC's *20/20* interviewed a USDA Food Safety and Inspection Service (FSIS) official on inspection procedures, the expectations FSIS has of its inspectors, and new requirements plants must meet.
- The *New York Times* and PBS's *Newshour* are working on a story on USDA-Supported biotech research on the so-called terminator gene, which prevents a plant from replicating additional generations after first planting. This new technology has generated considerable public and media attention.
- The *Washington Post* is working on a story about USDA employee discrimination complaints.

VI. FOIA REQUESTS

- London's *Sunday Daily Telegraph* has requested information on Secretary Glickman's January 22, 1999 meeting with Nick Brown, the British Secretary of State for Agriculture.
- Chase Manhattan Bank, and Capital Markets Fiduciary Services, requested information on tobacco growers, and tobacco allotment holders, to design, implement, and administrator the National Tobacco Growers Settlement Trust.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **USDA Readies Earth Day Water System Announcements:** USDA is preparing its annual Earth Day announcement of financing for rural water and sewer system improvements; past years' awards have totaled over \$150 million, and have attracted considerable public and media attention.
- On April 12, USDA's Economic Research Service (ERS) will release the "*Cotton and Wool Outlook*," the latest US and world cotton supply and demand estimates for 1998/99.
- On April 12, ERS will release "*Oil Crops Outlook*," analyzing US farmers' 1999 planting intentions for soybeans and other oilseeds, and discussing the current outlook for prices given the huge South American oilseed harvests in conjunction with likely record US supplies. – See USDA Fact of the Week.
- On April 12, ERS will release "*Rice Outlook*," presenting 1998/99 supply and use projections for the US and world rice markets, including the projected season-average price range. –See Key Department News.
- On April 13, ERS will release "*Wheat Outlook*," providing an overview of emerging changes in the 1998/99 market outlook for wheat, and world prospects for the remainder of the year.

VIII. WASTE FRAUD AND ABUSE

- **USDA Investigating Nutrition Program Abuse in American Samoa:** As a result of a USDA-led investigation, 9 employees of the American Samoan nutrition assistance program have been suspended for allegedly illegally issuing benefits.
- **GAO Examining Sugar Program:** GAO has launched an investigation of the reformed sugar tariff rate quota USDA launched in FY98, by which the TRQ is adjusted quarterly based on USDA's projected stocks-to-use ration, which is issued monthly. While far preferable, more transparent, and less susceptible to manipulation than previous methods, some in the sugar community have nonetheless alleged, based on their interests in larger or smaller supplies, that the estimates may have been adjusted to trigger or avoid additional imports. The TRQ continues to attract both considerable industry and congressional attention.
- **USDA Collecting Delinquent Debt:** As of March 30, USDA has collected \$79.1 million

in debt owed it through Treasury's administrative offset program. Most of the debt was in the form of food stamp overpayments, rural housing loan late payments, and delinquent payments on USDA's farm ownership and operating loans; the total thus far in FY99 is 145% of the entire amount collected last year.

IX. CLIMATE CHANGE

Nothing of significance to report this week.

X. DISASTER ASSISTANCE

- **USDA Continues Hurricane Mitch Relief:** On March 30, a team of USDA specialists completed a 2 week trip to Nicaragua, where they provided technical assistance on watershed protection and restoration.
- **USDA Provides NAP Coverage:** On March 26, USDA approved requests making growers of crops not covered by USDA's crop insurance program in areas of Orange County, NY, and Schuylkill County, PA, eligible for benefits under the Non-insured Assistance Program (NAP).
- **USDA Expands Emergency CA Food Stamp Program:** As of March 31, USDA extended its emergency food stamp program, helping with recovery from the December, 1998 citrus freeze to an 8th CA county; USDA is also distributing free commodities to feeding programs in the 8 counties.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

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April 14, 1999

Memorandum to The President

Through: The Honorable John Podesta
From: Secretary Dan Glickman
Subject: Report For Week of April 11, 1999

USDA Fact of the Week

A just-released USDA study indicates that as a result of the food stamp cuts in the welfare reform bill, farmers will earn \$1 billion to \$2 billion less over the next 5 years, and the food processing and distribution industries will pull in \$1.3 billion to \$2.5 billion less.

I. KEY DEPARTMENT NEWS

- **USDA Loses Crop Insurance Case:** On April 7, USDA was enjoined from changing its 1999 crop insurance coverage for durum wheat in a class action suit brought by ND farmers. The farmers charged that USDA could not decrease the level of price protection offered through crop revenue coverage (CRC), which insures farmers against both production losses and price declines, after the cancellation date for the crop. While USDA's Risk Management Agency assess its options, including appealing the decision and settling the complaint, USDA expects that the case will continue generating significant public and media attention in the region.
- **USDA Files Case Against Meat Packer:** On April 9, USDA filed a complaint against Excel Corporation for alleged practices that caused over 1250 farmers to be underpaid \$1.8 million for their hogs; the case received extensive media attention.
- **USDA Begins Making Disaster Payments:** On April 12, USDA began making \$200 million in livestock assistance payments to 167,525 ranchers who suffered grazing losses in 1998 from natural disasters, as provided in the FY99 omnibus appropriations bill. Received applications total nearly \$900 million, so final payments will amount to about 22 cents on the dollar.

In a related development, also on April 12, USDA began accepting applications for the same legislation's program by which USDA will compensate dairy farmers \$200 million

for low milk prices.

- **USDA Sets Policy for Organic Meat and Poultry:** On April 12, USDA released guidance concerning the use of the claim “certified organic by (a certifying entity)” on the labeling of meat and poultry products that will permit such labeling if USDA approves the label and the applicant can document that the product has in fact been approved by the certifying entity. USDA expects the action to promote a growing and significant market.
- **USDA Joins Colonias Improvement Initiative:** On April 13, USDA signed an agreement bringing it, other federal agencies, and TX’s government and universities together in a new initiative to improve the health and nutrition of the residents of the colonias; Partnership for Change has already resulted in a new facility to house the clinic administering the USDA-sponsored WIC program in Laredo, TX enabling us to serve 3000 clients monthly.
- **Judge Approves Class Action Agreement:** On April 14, the federal district court for the District of Columbia gave final approval of the proposed settlement agreement USDA reached in January with plaintiffs involved in the class action civil rights case alleging discrimination in USDA’s farm lending programs. The judge’s final order makes only minor modifications in the settlement agreement, based on issues raised at a March 9 fairness hearing and concerns he expressed, which USDA is still examining as of this writing. The approval opens the way for plaintiffs in this highly visible case to begin settling long standing complaints.
- **USDA Releases Tongass Plan:** As reported last week, on April 14, USDA released its plan for managing the nation’s largest national forest, the Tongass National Forest (AK) to mixed, and expected reactions, which USDA expects to continue – potentially culminating in congressional and/or legal challenges to the decision.
- **USDA Food Recovery Team Receives Hammer Award:** USDA’s Field Gleaning and Food Recovery Team will receive the Vice President’s Hammer Award for its work with other federal agencies and nonprofit organizations in recovering over 4 million pounds of food from farmers nation-wide for donation to feeding programs.
- **Agricultural Trade Developments:** As reported last week, the Sino-US agreement on agricultural trade, executed April 10, generated considerable favorable public, congressional, and media attention.

On April 8, USDA approved, under the Export Enhancement Program (EEP), subsidies to facilitate the export of 300 tons of poultry to customers in the Middle East.

- **USDA Releases Supply and Demand Forecasts:** The April 9 *Crop Production* report forecasts 1998 citrus and peanut production. The *World Agricultural Supply and*

Demand Estimates report contains USDA's latest forecasts concerning Southern Hemisphere crop prospects, US exports, and domestic market developments. Highlights of these two lockup reports include:

All Wheat. U.S. 1998/99 supply and use forecasts are unchanged from last month for total wheat, but there are minor adjustments by class. World ending stocks were increased.

Rice. Projected US imports for 1998/99 are raised slightly, based on an increase in the pace of imports. Domestic use is lowered slightly, based on a downward adjustment in the seeding rate. Ending stocks for 1998/99 are projected at 32.4 million hundredweight (cwt.), up 0.9 million cwt. from last month, and an increase of nearly 5 million cwt. from 1997/98.

Corn. Projected U.S. 1998/99 ending stocks of corn are up 88 million bushels from last month because of lower domestic use and a 3-million-bushel increase in imports. Projected feed and residual use is down 75 million bushels from last month; the March 1 stocks (published in the March 31 *Grain Stocks* report) indicated lower-than-expected use for the December-February quarter. Lower ethanol production has pushed projected industrial use down 10 million bushels.

Soybeans and products. U.S. soybean ending stocks for 1998/99 are reduced by 40 million bushels this month, to 430 million. USDA's estimate of March 1 soybean stocks, published in the March 31 *Grain Stocks* report, is well below the level implied by year-to-date use and forecast production. As a result, residual use for 1998/99 has increased by 50 million bushels to 115 million bushels. Soybean exports are lowered 10 million bushels to 770 million. Argentina's soybean crop is cut 0.5 million tons to 18.7 million tons as dry weather in February, followed by excessive rains in March and early April, reduced yield prospects. Paraguay's soybean crop is increased 0.3 million tons to 3.4 million this month based on reports of higher area and excellent yields.

Cotton. US 1998/99 production is raised 114,000 bales to reflect recent ginnings data.

Sugar. U.S. sugar supply for fiscal year 1998/99 is projected at 11.6 million short tons, raw value, down 1 percent from last month, and down slightly from 1997/98. Cancellation of the March tranche of imports decreased the Tariff Rate Quota by 165,000 tons. The end-of-season carryout stocks to use ratio is projected at 14.5 percent, down from 15.9 percent last month.

Livestock. Forecast meat production in 1999 is raised mainly due to an increase in forecast beef production. Larger beef production is anticipated as a result of continued large placement of heavier weight cattle in February; mid-year slaughter is forecast to increase and heavier carcass weights are expected. Slight increases are made to

second-half pork production and first-quarter broiler production. Livestock prices remain under pressure from large meat supplies. As red meat supplies diminish in the second half of 1999, hog and pork prices are forecast to recover. Broiler price forecasts are lowered.

Dairy. The milk production forecast for 1998/99 is increased slightly to reflect increased output per cow. Commercial use forecasts and CCC removals for 1998/99 are increased. The milk price forecasts for 1998/99 are lowered to reflect increased production.

Citrus. The forecast for 1998/99 all oranges production is down 2% from last month, to 226.64 million boxes. FL production is forecast down 2 million boxes to 190 million, while CA production is down 4 million to 34 million boxes. Most of the decline in CA this month is the result of worse-than-expected results of the December freeze on navel oranges in the San Joaquin Valley. Much of the damage could not be assessed until spring arrived.

• **Commodity Markets in Review:** Cash and futures prices for wheat fell on improved U.S. winter wheat crop conditions, weak export demand, and large world supplies. Corn prices dropped on weak domestic use and good weather in the Corn Belt. Soybean prices moved lower on weak export sales and foundering corn prices. Rice futures slumped along with world prices, but cash held steady. Cotton prices strengthened on adverse weather in Australia and delayed planting in CA. Cattle prices rose in light movement last week, and USDA took the first step in purchasing beef as part of the food aid package to Russia. Hog prices dropped, despite a rise in most wholesale pork prices. Broiler prices continue to spiral downward, pressured by the large slaughter of heavy birds. Butter prices recovered slightly from the previous week's plunge, but the market remains volatile. Cheese prices were unchanged.

Average prices for the week ending April 12, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.92	-0.11	-0.44
Corn \$/bu	2.13	-0.09	-0.42
Soybeans \$/bu	4.65	-0.10	-1.80
Rice \$/cwt	8.13	0.00	-2.15
Cotton ¢/lb	57.85	1.43	-7.31
Steers \$/cwt	64.61	0.27	3.15
Hogs \$/cwt	28.48	-0.31	-7.94
Broilers ¢/lb	56.28	-0.22	0.01
Cheese \$/lb	1.33	0.00	0.03
Butter \$/lb	1.00	0.03	-0.34
Milk \$/cwt	11.46	0.20	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Food Safety Initiative:

- **GAO to Examine School Meals:** On April 8, Senator Harkin announced that he has commissioned GAO to investigate the safety of the food USDA purchases and provides to schools for breakfasts and lunches, as well as other USDA-sponsored feeding programs.
- **USDA Declares Millions of Pounds of Meat Unfit for Human Consumption:** On April 9, USDA food safety officials declared that no product from Thorn Apple Valley, Inc.'s Forrest City, AR plant will be allowed into commerce. USDA closed the plant December 21, 1998, at which time, USDA officials ordered all produced but not shipped products detained pending further evaluation, which has now been completed and which led USDA to conclude that any product produced in the plant since January, 1998 may have been adulterated. This case continues to receive considerable media attention.
- **USDA Suspends Operations at Chicago Plant:** On April 8, USDA suspended operations of Culinary Foods, Inc. of Chicago, IL, after evaluating laboratory

samples indicating the presence of listeria in the plant's product.

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

- **Judge Approves Class Action Agreement:** On April 14, the federal district court for the District of Columbia gave final approval of the proposed settlement agreement USDA reached in January with plaintiffs involved in the class action civil rights case alleging discrimination in USDA's farm lending programs. The judge's final order makes only minor modifications in the settlement agreement, based on issues raised at a March 9 fairness hearing and concerns he expressed, which USDA is still examining as of this writing. Approval opens the way for plaintiffs in this highly visible case to begin settling long standing complaints.

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

- **USDA Activates Toll-Free Line for Food Stamp Recipients:** On April 8, USDA activated a toll-free telephone line that will provide callers with information about eligibility, and applying for the food stamp program.
- **USDA Issues Welfare Reform Waivers:** During the week that ended April 14, USDA approved requests from AK and SC to extend and modify their current waivers from the work requirements of the welfare reform bill.

III. SECRETARY'S SCHEDULE

- On April 16, Secretary Glickman will attend the Rainbow/Push Coalition Conference in Chicago, IL.
- On April 19, Secretary Glickman will address the National Association of Agricultural Journalists.
- On April 19, Secretary Glickman will address the WTO Preparatory Conference, in Ottawa, Canada.
- On April 20, Secretary Glickman will meet with Canadian Minister of Agriculture Vancliff, on trade and agricultural issues.
- On April 23, Secretary Glickman will address the National Council of Black Mayors, in Denver, CO.
- On April 26, Secretary Glickman will meet with members of the National Association of Farm Broadcasters.

- On May 1, Secretary Glickman will give the commencement address at the University of MI School of Natural Resources.

IV. SUB-CABINET SCHEDULE

- On April 16, Deputy Secretary Rominger will dedicate a new Wildlife Services Building, in Fort Collins, CO.
- On April 16, Under Secretary Dunn will address the National Wildlife Research Center Dedication Ceremony, in Ft. Collins, CO.
- On April 17, Under Secretary Watkins will address the American Commodity Distribution Association Conference, in Costa Mesa, CA.
- On April 18, Under Secretary Dunn will discuss market concentration with Assistant Attorney General Klein and Senator Wellstone, in Minneapolis, MN.
- On April 19, Under Secretary Watkins will address the CA WIC 25th Anniversary and Annual Conference, in Sacramento, CA.
- On April 23, Under Secretary Watkins will address the International Council On Nutrition Solutions Foundation's Wellness Symposium, in Chicago, IL.
- On April 23-24, Deputy Under Secretary Wilcox will participate in the Trans-Atlantic Consumer Dialogue forum on EU-US consumer issues, in Brussels, Belgium.
- On April 26, Under Secretary Schumacher will address the TX Ag Forum with Representative Stenholm, in Austin, TX.
- On April 19-20, Under Secretary Lyons will attend the last National Recreation Lakes Study Commission Meeting, in Knoxville, TN.
- On April 22, Under Secretary Long Thompson will be in Columbia, KY to announce water & waste grants and loans for the state -- See Grants, Economic Announcements, and Publications.

V. PRESS INQUIRIES

- ABC's 20/20 requested information about childhood obesity, and the fat content of school lunches.

- NBC News is working on a story about fraud in the Child and Adult Care Food Program.
- On April 6, the *Wall Street Journal* asked USDA for information about Libya's agricultural imports, and its main suppliers.

VI. FOIA REQUESTS

- *Insight Magazine* requested records pertaining to Secretary Glickman's travel to Asia, and information about Catholic Charities.
- *Brand Communications*, of Boston, MA, requested information on recipients of funds under the Market Access Program, the Foreign Market Development Program, and the Emerging Markets Program.
- The National Trust for Historic Preservation requested records about USDA's compliance with historic preservation statutes.
- *The Salt Lake Tribune* requested records concerning USDA's role in the 2002 Winter Olympics.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **USDA Officials Participate in Electricity Deregulation Announcement:** USDA officials were on hand April 15, when the Administration unveiled its electricity deregulation proposal.
- **New Rural Development and Resource Conservation Office Set to Open in CA:** On April 16, the South Coast Resource Conservation and Development (RC&D) Area will open its office in Riverside, CA; underwritten in part by USDA, the RC&D program helps finance and assist locally-led rural development and conservation planning programs. The South Coast program, comprising Orange County and parts of Los Angeles, Riverside, San Bernardino, San Diego, and Ventura Counties, was approved during the most recent, 1998, round of competition from interested communities across the country.
- **USDA to Announce Clean and Safe Water Project Funding:** On Earth Day, April 22, USDA will announce the awarding of \$155 million in loans and grants to finance 82 projects that will improve the cleanliness and safety of water to rural residents and communities in 45 states.

- **Report on America's Eating Habits:** On April 26, USDA's Economic Research Service (ERS) will release "*America's Eating Habits: Changes and Consequences*," providing perspectives on nutrition problems in the US, such as the economic costs associated with unhealthy eating patterns; how dietary patterns compare with dietary recommendations; how national income and prices, advertising, health claims, and trends in eating away from home affect nutrient intake; how much people know about nutrition, and how does their nutrition knowledge affect intake of fats and cholesterol; how do different government programs and regulations influence food expenditures and consumption; the effectiveness of public and private efforts to improve healthy eating; and the potential impacts of healthier eating on domestic agriculture.

VIII. WASTE FRAUD AND ABUSE

- **GAO Completing Study of Food Stamp Fraud:** On April 28, USDA officials will meet with representatives of the GAO on a report it is completing on individuals receiving food stamps notwithstanding their ineligibility; the public release date of the report is not yet determined..

IX. CLIMATE CHANGE

Nothing to report this week.

X. DISASTER ASSISTANCE

- **USDA Begins Making Disaster Payments:** On April 12, USDA began making \$200 million in livestock assistance payments to 167,525 ranchers who suffered grazing losses in 1998 from natural disasters, as provided in the FY99 omnibus appropriations bill. Applications total nearly \$900 million, so final payments will amount to about 22 cents on the dollar.

In a related development, also on April 12, USDA began accepting applications for the same legislation's program by which USDA will compensate dairy farmers \$200 million for low milk prices.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

April 21, 1999

Memorandum to The President

Through: The Honorable John Podesta

From: Secretary Dan Glickman

Subject: Report For Week of April 18, 1999

USDA Fact of the Week

On March 31, frozen pork supplies were the highest they have been on that date for 46 years, according to USDA's most recent report issued April 20. Pork supplies at the end of March exceeded 500 million pounds for the 4th month in a row, up 22% from 1998's levels, pressuring hog and pork prices; March stocks of frozen chicken, orange juice, vegetables, and potatoes all set records, too.

I. KEY DEPARTMENT NEWS

- **USDA Credit Funds Near Exhaustion:** By April 30, USDA estimates that it will have exhausted the farm loan accounts it replenished through an emergency transfer of funds on March 26, absent congressional action on your supplemental funding request.

Through April 16, this fiscal year, USDA's farm loan programs have made 13,790 direct loans, worth \$752 million, and guaranteed 9,427 loans worth \$1.5 billion

- **USDA Food Safety Official to Receive Lifetime Achievement Award:** On April 26, USDA's Food Safety and Inspection Service Deputy Administrator for Public Health and Science Kaye Wachsmuth will receive a lifetime achievement award from Women in Science and Engineering, a federal interagency committee on women scientists and engineers.
- **Secretary to Address Council of Black Mayors:** On April 23, Secretary Glickman will speak to the Council of Black Mayors during its annual convention in Denver, CO, addressing his civil rights initiative and USDA's rural development and community assistance programs.
- **USDA to Brief Congress on Dairy Policy Reforms:** On April 22, USDA officials will

brief members and staff of the House Agriculture Committee on USDA's reforms of the federal milk marketing order system in preparation for a hearing slated for May 5. To date, the controversial measure has led 125 members of the House to cosponsor a bill to overturn USDA's decision, and USDA has learned that Senators Leahy and Jeffords may introduce comparable legislation in the Senate.

- **USDA Revising Kosovar Food Aid Needs:** On April 22, the USDA-chaired interagency food aid group will reconvene to revise estimates for food aid needs for Kosovar refugees, which preliminary USDA estimates put at 27,000 metric tons (MT) of wheat flour through FY99, and perhaps as much more as an additional 80,000 MT next year, both amounts in addition to the 83,000 MT, \$20 million food aid program USDA was supplying to governments and private voluntary organizations in the region prior to the present conflict.

In a separate but related development, on April 12 USDA bought 16,370 MT of processed grain products, worth \$7.7 million, to pre-position them at Lake Charles, LA terminals for shipment under USDA's food aid programs, most likely for Kosovar aid.

- **USDA Pushes Crop Insurance Reform:** On April 21, the Administrator of USDA's Risk Management Agency (RMA) and Inspector General (IG) testified before the Senate Agriculture Committee on crop insurance reforms, particularly focused on a recent IG report, drawn from previous reviews, critical of certain aspects of the program.
- **Secretary Pushes Farm Trade Agenda:** On April 19, following his meeting with EU Trade Commissioner Brittan, Secretary Glickman issued a statement calling on the EU to abide by the WTO May 13 deadline to accept shipments of US beef produced with growth hormones; later that day, Secretary Glickman issued a weekly radio address on the April 17 US-Sino agreement on agricultural trade, and traveled to Ottawa, Canada, where he attended the WTO preparatory conference, and met with his Canadian counterpart to discuss bilateral farm trade problems.
- **USDA Furnishes Aid to Indonesia:** On April 19, USDA announced it will donate 180,00 MT of wheat to Catholic Relief Services for monetization, by sale to in-country buyers, and agricultural development and food security projects in Indonesia.

In a separate but related development, on April 14, USDA reinstated Indonesia's eligibility to participate in USDA's export credit guarantee program.

- **USDA Official Gets Earful on Concentration:** On April 18, USDA's Under Secretary for marketing and regulatory programs, and the Assistant Attorney General for antitrust, attended a farm forum in St. Paul, MN, hosted by Senators Daschle, Harkin, and Wellstone, where over 600 farmers expressed their growing concern about weakness in the farm economy and, in particular, the concentration of the meat packing industry.

In a separate but related development, On April 29, the House Agriculture Committee will hold a hearing on mandatory livestock price reporting during which, USDA has learned, representatives of livestock and farm organizations and the industry will testify about their efforts to agree on a legislative proposal giving the secretary authority to collect and disseminate information about livestock transactions.

- **USDA Begins Gypsy Moth Treatments:** On April 18, USDA and 6 Eastern states began treating 163,000 acres of private land to eradicate gypsy moths; future projects will target national forest lands as well as state lands.
- **Cotton Imports Surge:** During the week that ended April 16, imports of foreign cotton under the step 3 quota program jumped by 25,000 bales over the previous week's level, continuing pressure on cotton prices; the step 3 program triggers to keep domestic mills competitive, and has been in effect since USDA exhausted the farm bill's funding for the step 2 program, which also underwrites domestic millers' costs, and helps facilitate the export of US cotton. USDA expects that continuing imports, especially if they continue to trend upward, will increase Congressional and public interest in providing new funding for the step 2 program.
- **USDA Proposes Pipeline Route:** On April 13, USDA's Lolo National forest (MT) briefed members of the ID, MT, and WA congressional delegations, the governor of MT, and officials of the Yellowstone Pipeline Company on its draft environmental impact statement on the company's proposed pipeline along interstate 90 from Missoula, MT to Kingston, ID; when publicly released for comment in June, USDA expects that the study will generate considerable regional controversy.
- **USDA Computer System Wins Award:** On April 12, the Smithsonian Institution's National Museum of American History made the entry processing, inquiry, corrections system developed by USDA's National Finance Center (NFC) part of its permanent research collection on information technology. The system eases and improves the operation of the NFC payroll system which processes pay for most Federal employees, government-wide, and the federal thrift savings plan, and has also won the Computerworld-Smithsonian Award, given for innovations that extend the benefits of technology to society.
- **Agricultural Trade Developments:** On April 9, USDA subsidized through its Export Enhancement Program (EEP) the sale of 1700 tons of frozen poultry to buyers in the Middle East.
- **Commodity Markets in Review:** Wheat cash and futures fell last week, on good conditions for the U.S. winter wheat crop, large supplies, and weak export demand. Corn prices were almost unchanged, as supportive news, including strong recent exports, was

offset by weak domestic feed demand and competition from wheat. Soybean prices moved higher on reports of problems with crops in South America and a strong domestic crush report. Nearby rice futures strengthened on thoughts that deliverable supplies could be tight; cash prices held steady. Cotton prices slumped as export sales were sluggish and reports continued of sales of foreign cotton for import into the United States. Cattle prices moved slightly higher, following higher cutout values. Hog prices rose, as retailers began ordering for late-April featuring. Broiler prices fell slightly; slaughter continues to outpace 1998. Butter prices were up sharply, as some buyers scrambled to lock in supplies at current low prices. Cheese prices were unchanged.

Average prices for the week ending April 16, 1999

Commodity	Weekly price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.82	-0.10	-0.44
Corn \$/bu	2.14	0.01	-0.33
Soybeans \$/bu	4.73	0.08	-1.61
Rice \$/cwt	8.13	0.00	-2.15
Cotton ¢/lb	56.96	-0.89	-3.04
Steers \$/cwt	64.98	0.27	0.28
Hogs \$/cwt	28.74	0.26	-6.71
Broilers ¢/lb	56.15	-0.13	-0.31
Cheese \$/lb	1.33	0.00	0.08
Butter \$/lb	1.09	0.09	-0.26
Milk \$/cwt	11.35	0.41	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

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

- **USDA to Vet Improved Food Safety Strategies:** On May 5, USDA's National Advisory Committee on Meat and Poultry Inspections will meet to evaluate strategies for better controlling campylobacter contamination, incidents of which have generated considerable public, media, and Congressional attention in recent weeks; the committee will also evaluate the policy of mandatory inspection of

meat and poultry, as well as personnel qualifications of industry and government personnel involved in implementing USDA's new science-based inspections system, HACCP.

- **USDA Action Prompts Recalls of Tainted Food:** On April 13, Tops Friendly Market of Oswego, NY, recalled about 280 pounds of ground beef following USDA tests indicating possible *E. coli* contamination.
- **USDA Enforces New Food Inspection Rules:** On April 15, USDA officials suspended operations at New On Sang Poultry Company of San Francisco, CA for falsifying sanitation records.

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

- **Secretary Address USDA Civil Rights Problems, Progress:** During a keynote luncheon speech to the Rainbow/Push Coalition in Chicago, IL on April 16, Secretary Glickman addressed the progress of his civil rights initiative, including the settlement of the class action suit alleging discrimination in USDA's lending programs, and other steps he continues to make; he will make similar remarks to the Council of Black Mayors April 23 – see Key Department News.

In a separate but related development, the April 20 edition of *The Washington Post* carried a generally unfavorable story about employee discrimination cases.

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

- **NY Fixes Food Stamp Problems:** As of April 9, in response to USDA's warning of possible fiscal sanctions, NY officials had completed taking corrective actions to ensure that food stamp recipients and potential recipients have adequate access to the program; USDA's review of flaws in the state's handling of this matter generated considerable Congressional and media attention.

In a separate but related development, on April 27, USDA expects to complete its review of similar food stamp program access problems in WI that focused on 2 privatized welfare offices in Milwaukee.

III. SECRETARY'S SCHEDULE

- On April 23, Secretary Glickman will address the National Council of Black Mayors, in Denver, CO.
- On April 26, Secretary Glickman will meet with members of the National Association of

Farm Broadcasters.

- On April 27, Secretary Glickman will meet with the USDA Disabilities Advisory Committee.
- On April 29, Secretary Glickman will give a speech at Purdue University, in Lafayette, IN.
- On May 1, Secretary Glickman will give the commencement address at the University of MI School of Natural Resources.
- On May 2, Secretary Glickman will attend your Council on Sustainable Development National Town Meeting, in Detroit, MI.

IV. SUB-CABINET SCHEDULE

- On April 29, Deputy Secretary Rominger will preside over the reopening of the National Herb Garden at the National Arboretum.
- From May 2-5, Deputy Secretary Rominger will attend your Council on Sustainable Development National Town Meeting, in Detroit, MI.
- On May 6, Deputy Secretary Rominger will attend the North America Pesticides Summit.
- On April 22, 1999, Deputy Under Secretary Anne Kennedy will be in TN for an Earth Day Event.
- On April 22, Under Secretary Long Thompson will announce KY Water & Waste Grants and Loans in Columbia, KY.
- From April 23-24, Deputy Under Secretary Wilcox will attend the Trans-Atlantic Consumer Dialogue forum on EU-US consumer issues, in Brussels, Belgium.
- On April 25-27, 1999, Deputy Under Secretary Anne Kennedy will address the 4th Annual National Hispanic Sustainable Energy and Environmental Conference, in San Jose, CA.
- On April 26, Under Secretary Watkins will be the luncheon speaker at the 1999 Annual American Dairy Products Institute in Chicago.
- On April 28, Under Secretary Watkins will speak on nutrition and public policy at the Georgetown University Center for Food and Nutrition Policy in Washington, DC.

- On April 28, Under Secretary Dunn will represent USDA at the United Nations Press Conference on the Millennium Young People's Congress, in New York City, NY.
- On May 3, Under Secretary Lyons and Under Secretary Dunn will meet with Governor Racicot (MT), and Donald Barry (Interior Department) regarding bison issues, in Salt Lake City, UT.
- On May 5, Under Secretary Dunn will attend the Secretary's Advisory Council for Employees with Disabilities in Kansas City, MO.
- From May 10-11, Under Secretary Dunn will address the Joint Bird Strike Committee--USA/Canada meeting in Vancouver, British Columbia.
- On May 12, Under Secretary Long Thompson will address MI's First Annual Affordable Housing Conference, in Lansing, MI.
- On May 19, Deputy Under Secretary Wilcox will address the Food Research Institute's annual meeting at the University of WI.
- On May 19, Under Secretary Woteki will be a delegate to the 52nd World Health Assembly, in Geneva, Switzerland.
- On May 20, Under Secretary Watkins will address the Child and Adult Care Food Program Conference in Portland, OR.
- On May 22, Under Secretary Long Thompson will address the Rural Policy Research Institute Conference on "Issues in Rural Development & Agriculture: Values, Programs," in Columbia, MO.

V. PRESS INQUIRIES

- ABC's *20/20* continues researching child obesity, and fat content in school lunches.
- The *Washington Post* inquired whether USDA has expanded the variety of soy products available to schools in the National School Lunch Program.
- NPR requested information on the number of food stamp recipients who also receive Temporary Assistance for Needy Families (35%), for a story on the decline in food stamp participation.
- *USA Today* asked about USDA's Actions against Excel and IBP, alleging violations of the Packers and Stockyards Act.

VI. FOIA REQUESTS

Nothing of significance to report this week.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **USDA Readies Clean Water Funding Announcement:** On April 22, in conjunction with Earth Day activities including planting one of the first of 700 trees the Forest Service is donating to the District of Columbia for placement along the Anacostia River, Secretary Glickman will announce that USDA will award \$155 million in loans and grants under its Water 2000 initiative, to bring clean, safe water systems to rural communities.
- **USDA Relaxes Loan Repayment Rules:** On April 23, USDA will begin allowing borrowers with shared appreciated agreements that expire before December 31, 2000 to suspend for up to 3 years their obligation to pay the recapture, thus permitting farmers suffering from low commodity prices a way to alleviate their cash flow problems.
- On May 3, the Economic Research Service (ERS) will release "Rural Development Perspectives," featuring articles on the continuing population rebound in non-metro America; racial and spatial equity in welfare programs, and whether rural youth attain educational goals.
- On May 3, ERS will release, "Food Consumption, Prices, and Expenditures, 1970-97," with data on food consumption, prices, expenditures, and US income and population, showing that in 1997, each American consumed an average of, 81 pounds more commercially grown vegetables than in 1970; 65 pounds more grain products; 57 pounds more fruit; 32 pounds more caloric sweeteners; 13 total pounds more red meat, poultry, and fish; 17 pounds more cheese; 13 pounds more added fats and oils; and 3 gallons more beer. To make room for the added consumption, Americans consumed 70 fewer eggs; 10 gallons less coffee; and 7 gallons less of milk. Food price inflation in 1997 was higher than the overall increase in the CPI for all goods and services, 2.3 %, for the third consecutive year. The percentage of disposable personal income spent on food declined from 13.8 % in 1970 to 10.7 % in 1997.

VIII. WASTE FRAUD AND ABUSE

- **GAO to Review USDA Reorganization:** On April 21, GAO investigators conducted their initial meeting with USDA staff on USDA's administrative convergence initiative,

whereby the administrative structures of 3 USDA field based agencies – the Farm Service Agency, Natural Resources and Conservation Service, and Rural Development – will be merged; Chairman Lugar commissioned the report.

- **GAO to Study Salt Lake City Olympics-USDA Connection:** On April 14, GAO investigators held their initial meeting with representatives of the Forest Service on a study commissioned by Senator McCain and Representative Dingell on Federal financial assistance for the 2002 Salt Lake City Olympics; USDA has learned that the study will be released in July.

IX. CLIMATE CHANGE

Nothing of significance to report this week.

X. DISASTER ASSISTANCE

- **USDA Assists with Everglades Fire:** Although the state has taken the lead in fighting the Everglades fire, USDA is providing air tanker support, and has sent a team to work with state officials to help prevent new fires from starting.
- **USDA Provides Crop Disaster Payments:** During the week that ended April 16, USDA approved 56 requests to designate farmers in parts of AL, GA, MS, PA, SC, and TN eligible for the non-insured assistance program (NAP).

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

Home: 703.525.4186

Pager: 800.710.5528

April 28, 1999

Memorandum to The President

Through: The Honorable John Podesta

From: Secretary Dan Glickman

Subject: Report For Week of April 25, 1999

USDA Fact of the Week

Although the second highest level since 1985, 1999's total farm debt of \$169 billion will actually drop by \$1.3 billion from 1998; the outlook for weak commodity prices, lenders's worries over the effects of weather and disease, a projected 6% decline in net cash income for the year, and the infusion of cash from the FY99 omnibus appropriations bill, have lowered farmers' borrowing plans for the first time in 7 years.

I. KEY DEPARTMENT NEWS

- **USDA to Defend Dairy Policy Reforms:** On May 5, USDA dairy officials will testify before the House Subcommittee on Livestock and Horticulture on USDA's proposed modernization of the federal milk marketing order, in a hearing that is certain to generate considerable attention from the dairy media. 138 Members of the House have cosponsored legislation to overturn USDA's decision.

In a separate, but related development, Representative Peterson has introduced legislation to extend the dairy price support program through 2002, making it coterminous with other provisions of the farm bill; currently this program expires at the end of this year, 2 years before the others expire.

Also on April 28, Representatives Hutchinson and Etheridge led 150 Members of the House, and Senators Leahy and Jeffords led 37 Senators, in introducing legislation to extend the life of the New England Interstate Dairy Compact, and to create a similar compact of Southern states.

- **USDA Commits to Sustainable Growth:** On May 2, Secretary Glickman will kick off USDA's participation in the Council on Sustainable Development town meeting, with Deputy Secretary Rominger, and other officials, participating in sessions during which

they will announce a series of commitments USDA will make to further this initiative.

- **Secretary Outlines Natural Resources Agenda:** On May 1, in a commencement address to the University of MI's School of Natural Resources, Secretary Glickman will outline USDA's natural resource agenda for conserving the nation's forests and private farm and ranch land.
- **Secretary Calls for Approval of Farm Loan Money:** On April 29, Secretary Glickman and several Democratic Members of the House will hold a news conference urging action on the FY99 supplemental funding request you made to Congress for additional USDA farm credit funds, and for USDA field office personnel. USDA estimates that the \$333 million worth of loans, financed March 26 when Secretary Glickman exercised his emergency authority to transfer monies from salaries and expenses into the loan funds, will be exhausted by April 30.
- **Secretary Outlines Farm Agenda for the Future:** On April 29, Secretary Glickman will speak to an audience at Purdue University on things land grant universities and agricultural researchers should do to help family farmers survive in an increasingly turbulent economic environment, characterized by ever-greater concentration in key agricultural sectors.
- **USDA Provides Aid for Kosovar Refugees and Others:** On April 29, Secretary Glickman will announce USDA's purchase of 700,000 metric tons (MTs) of wheat, for use as humanitarian aid to help Kosovar refugees in the Balkans, as well as famine victims in North Korea and other areas. This buy is in addition to a 1 million MT purchase announced March 26.
- Also on April 29, USDA will announce provision of 27,000 MTs of wheat flour in FY99 to aid Kosovar refugees, with an additional 80,000 MTs for the next FY; in FY99, USDA will provide 10,000 MTs of flour to both the World Food Programme and Catholic Relief Services for distribution in the region, and will solicit requests for the balance.

On April 21, 76 MTs of USDA purchased corn-soy blend – used primarily for infant formula – arrived in Tirana, Albania for distribution to Kosovar refugees.

- **USDA Commits to More Aid for World Food Programme:** On April 28 Secretary Glickman and World Food Programme Director Bertini signed a new agreement establishing the framework for USDA's continued assistance to the World Food Programme, for its relief efforts in Central America, North Korea, the Balkans, and elsewhere.
- **Secretary Amplifies New Sanctions Policy:** In a news availability April 28, Secretary Glickman amplified your new policy exempting commercial agricultural sales from

unilateral economic sanctions. In addition, he and other USDA officials spoke with regional reporters and key Representatives and Senators about the announcement.

- **USDA Averts Threatened Halt of Exports to Europe:** On April 28, following USDA actions to strengthen industry's compliance with protocols for producing and shipping hormone free beef to the EU, the EU reversed its April 20 threat to impose a complete ban on all US beef entering its market by June 15. Tests which revealed residues in beef certified free of hormones prompted the EU threat, to which USDA officials responded by surveying the industry, and prevailing upon it to review and bolster its adherence to the protocols.
- **USDA Testifies on Country of Origin Labeling:** On April 28, USDA's Deputy Under Secretary for food safety will testify before the Livestock and Horticulture Subcommittee of the House Agriculture Committee, on proposals to require country of origin labeling on meat products, a subject that has generated considerable controversy in the past. The Senate agriculture committee has tentatively scheduled a May 26 hearing on the same subject, and mandatory livestock price reporting proposals.
- **USDA Maps Strategy for Delta Development:** On April 28 and 29, USDA rural development officials will meet with other signers of the Delta Compact at AR State University, to develop a long term economic development strategy for the region.
- **USDA Concludes Last Distribution Agreement for Russian Food Aid Package:** On April 21, USDA signed an agreement with the Global Jewish Assistance and Relief Network (GJARN) by which it will provide 25,720 tons of wheat flour, rice, lentils, peas, vegetable oil, milk, and salmon for distribution in Russia, under USDA's Russian food aid agreement.
- **USDA to Collect Food Stamp Over-Payments:** This month, USDA will bill CO for issuing food stamps to ineligible recipients, and over-issuing payments to eligible recipients. In total, the state made 9300 errors due a computer system malfunction, unrelated to compliance with the year 2000. A somewhat similar incident in NJ, that was related to its year 2000 efforts, attracted considerable media attention. As happened with implementation of NJ's repayment scheme, the plan in CO may also generate great public and media attention.
- **Commodity Markets in Review:** Wheat prices fell due to good conditions for US winter wheat, and weak demand for exports. Corn prices moved higher as fears of planting delays arose. Soybean prices were up slightly, boosted by strength in soybean oil. Nearby rice futures were supported by good export sales. Cotton futures fluctuated, but ended higher as the May contract expired, however, cash prices dropped in a quiet market. Cattle prices fell slightly last week, despite a rise in cutout values. Hog prices also moved up on improved demand for pork. Broilers slipped again, but retail featuring

of chicken parts remains robust. Butter prices dropped as churning activity remains heavy. Cheese prices were unchanged.

Average prices for the week ending April 23, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.78	-0.04	-0.49
Corn \$/bu	2.18	+0.04	-0.33
Soybeans \$/bu	4.80	+0.07	-1.57
Rice \$/cwt	8.13	0.00	-2.15
Cotton ¢/lb	55.26	-1.70	-5.79
Steers \$/cwt	64.90	-0.08	-0.91
Hogs \$/cwt	30.51	+1.77	-6.52
Broilers ¢/lb	56.15	-0.13	-0.31
Cheese \$/lb	1.33	0.00	0.14
Butter \$/lb	1.03	-0.06	-0.46
Milk \$/cwt	11.29	-0.05	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Food Safety Initiative:

- USDA Considering Further Action Against Bil Mar:** During the week of April 25, USDA food safety officials were considering whether to take additional actions against Bil Mar Foods, the Zealand, MI subsidiary of Sara Lee Corp. linked to a listeria outbreak traced to 21 deaths. USDA has already forced the company to recall 35 million pounds of product and closed the plant once, and may do so again for continued safety failures. This high profile case continues to generate considerable media and public attention.
- USDA Prompts Recalls:** On April 26, following USDA detection of possible *E. coli* O157:H7 contamination in ground beef, Jewel's of Chicago recalled approximately 500 pounds of ground beef; and on April 22, prompted by possible salmonella contamination, Cloverland Sausage and Meats of Marshfield, WI

recalled 173 pounds of sausage.

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

- **USDA Nears Settlement of Forest Service Employee Class Action:** Following the latest round of mediation, on April 28, USDA reached an agreement in principle to settle the class action employee complaint alleging discrimination in the Forest Service's region 5, CA; the case was among those mentioned in an April 20 story in the *Washington Post* on employee equal opportunity complaints at USDA.
- **USDA Implements Class Action Settlement:** As of April 20, the facilitator overseeing the settlement of the class action discrimination case of African American farmers, had requested files on 2249 USDA borrowers in 28 states; USDA's implementation team is securing the material, and will be forwarding it to the Department of Justice for further processing.

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

- **USDA Approves Welfare Reform Waivers:** During the week that ended April 28, USDA approved requests from VT and WA to waive the welfare reform bill's work requirements for certain food stamp recipients; the VT waiver affects 2 counties, and one of the WA waivers applies to 7 counties with unemployment over 10%, with the other applying to 21 counties, based on insufficient jobs.

III. SECRETARY'S SCHEDULE

- On April 29, Secretary Glickman will give a speech at Purdue University, in Lafayette, IN.
- On May 1, Secretary Glickman will give the commencement address at the University of MI School of Natural Resources.
- On May 2, Secretary Glickman will attend your Council on Sustainable Development National Town Meeting, in Detroit, MI.
- On May 10, Secretary Glickman will hold an event with Representative Hinchey, in NY.
- On May 12, Secretary Glickman will host a USDA "Healthy Eating, Healthy Kids" MOU signing ceremony.
- On May 19, Secretary Glickman will address the 12th World Meat Congress, in Dublin,

Ireland.

IV. SUB-CABINET SCHEDULE

- On April 29, Deputy Secretary Rominger will preside at the reopening of the National Herb Garden, at the National Arboretum.
- From May 2-5, Deputy Secretary Rominger will attend your Council on Sustainable Development National Town Meeting, in Detroit, MI.
- On May 6, Deputy Secretary Rominger will attend the North America Pesticides Summit.
- On April 28, Under Secretary Dunn represented USDA at a UN Press Conference on the Millennium Young People's Congress in New York City, NY.
- On April 29, Under Secretary Woteki will attend a meeting of the Committee on Science, National Science and Technology Council, to discuss the National Bioethics Advisory Committee's upcoming report to you.
- On April 29, Under Secretaries Lyons and Dunn will join Mayor Daley in an Arbor Day Celebration, in Chicago, IL.
- On May 3, Under Secretaries Lyons and Dunn will meet with Assistant Secretary Barry of the Interior Department, and Governor Racicot (MT) to discuss bison issues, in Salt Lake City, UT.
- On May 4, Under Secretary Lyons will address the University of AZ's 4th Urban Wildlife Conference, in Tucson, AZ.
- On May 4, Under Secretary Schumacher will testify before the Subcommittee on International Trade and Finance of the Senate Committee on Banking, Finance, and Urban Affairs, on international institutions such as the International Monetary Fund and the World Trade Organization, and their impact on the US agriculture export market.
- On May 5, Under Secretary Watkins will attend a Hammer Award Presentation Ceremony with Defense Supply Center Personnel, in Philadelphia, PA.
- On May 5, Under Secretary Dunn will attend the Secretary's Advisory Council for Employees with Disabilities, in Kansas City, MO.
- On May 6, Under Secretary Dunn will address the National Wildlife Services Committee, in Ft. Collins, CO.

- From May 7-8, Under Secretary Schumacher will accompany the US Ambassador to Denmark and his delegation on their visit to PA.
- From May 10-11, Under Secretary Dunn will address the Joint Bird Strike Committee--USA/Canada meeting, in Vancouver, British Columbia.
- On May 12, Under Secretary Long Thompson will address MI's First Annual Affordable Housing Conference, in Lansing, MI.
- On May 14, Under Secretary Lyons will give the commencement address at Southern University, in Baton Rouge, LA.
- On May 19, Under Secretary Watkins will travel to New York City to give the keynote address on a symposium for local media on the new Children's Food Pyramid.
- On May 19, Deputy Under Secretary Wilcox will address the Food Research Institute's 1999 annual meeting, at the University of WI.
- On May 19, Under Secretary Woteki will be a delegate to the 52nd World Health Assembly, in Geneva.
- On May 20, Under Secretary Watkins will address the Child and Adult Care Food Program Conference in Portland, OR.
- On May 21, Deputy Under Secretary Wilcox, Food Safety Inspection Service (FSIS) Administrator Billy, and Senator Kerrey will dedicate a FSIS Technical Service Center, in Omaha, NE.
- On May 22, Under Secretary Long Thompson will deliver the Keynote US response to the Rural Policy Research Institute Conference, concerning "Issues in Rural Development & Agriculture: Values, Programs," in St. Louis, MO.
- From May 23-26, Chief Information Officer Reed will attend the Federal Computer Week Government CIO Summit in St. Petersburg, FL
- On May 25, Under Secretary Long Thompson will attend the 5th Annual White House Community Empowerment Conference and Memorandum of Agreement (MOA) Signing, in Edinburg, TX.

V. PRESS INQUIRIES

- The *Chicago Tribune* interviewed USDA's Food and Nutrition Service on challenges facing emergency food providers, and how people fare after leaving welfare and food stamp programs.
- In early May, actor Peter Fonda and a KS film crew will visit the Agricultural Research Service bee research lab in Logan, Utah, to film a *CNN/TNT* program on alternative pollinators.
- *Business Week* will interview Under Secretary Dunn on the economic effects of invasive species.
- The *Los Angeles Times* is investigating the hog industry for a comprehensive story.
- A *Minneapolis Star-Tribune* editorial writer requested an interview with Secretary Glickman on the state of agriculture, post-Freedom to Farm.

VI. FOIA REQUESTS

- *The Sierra Club* requested a list of exporters who received bonuses under the Export Enhancement Program (EEP), for exports of frozen poultry and eggs from 1989-1999.
- The Center for Science in the Public Interest requested copies of documents concerning the consumption of meat and poultry in the US from 1990-1997.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **USDA to Mark Wetlands Achievement:** On May 1, USDA's Natural Resources Conservation Service will mark the enrollment of the 100,000th acre in LA for the Wetlands Reserve Program; Representative Cooksey will moderate the event.

VIII. WASTE FRAUD AND ABUSE

Nothing of significance to report this week.

IX. CLIMATE CHANGE

Nothing of significance to report this week.

X. DISASTER ASSISTANCE

- **USDA Continues Helping & Monitoring FL Fires:** Although lower temperatures and higher humidity have helped fire suppression in recent days, the most recent reports on FL fires note that on April 27, another 48 new fires burned 2050 acres. USDA continues to provide technical assistance and personnel to the state to combat the fires.
- **USDA Finances Farm Land Repairs:** As of April 24 this FY, USDA has provided \$28 million through its emergency conservation program (ECP) to repair farm land damaged by natural disasters, and has a balance in the program of \$900 thousand; in FY98, USDA allocated nearly \$66 million through the program.
- **USDA Makes Livestock Assistance:** As of April 19, USDA had paid out over \$185 million, to livestock producers in over 31 states, under the livestock assistance program authorized in the FY99 omnibus appropriations bill.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

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May 5, 1999

Memorandum to The President

Through: The Honorable John Podesta
From: Secretary Dan Glickman
Subject: Report For Week of May 2, 1999

USDA Fact of the Week

Buoyed by strength in prices for vegetables, potatoes, dry beans, and fruits and nuts, USDA's index of the prices farmers received in March increased 7% from February, but was still 7% lower than the year earlier level, as soybean prices continued to soften, falling 27% below the 1998 level, the lowest since October, 1986.

I. KEY DEPARTMENT NEWS

- **USDA Continues Balkan Food Aid:** By May 14, USDA expects to conclude an agreement with Catholic Relief Services by which USDA will provide the charity 10,000 tons of wheat flour for subsequent delivery to Kosovar refugees in Albania and Macedonia.

In a separate development, on May 19 USDA officials will host a delegation from the Albanian flour industry, explaining the USDA grain warehouse regulatory system and USDA's commodity operations. The delegation is touring the US on a fact finding and educational mission.

- **Secretary to Testify on New Sanctions Policy:** On May 11, Secretary Glickman will testify before the Senate Foreign Affairs Committee on your new sanctions policy exempting food from future unilateral sanctions.
- **Secretary to Review Tornado Damage:** On May 6, Secretary Glickman will travel to the Wichita, KS area with the Vice President to view damage from the May 3 tornados that struck Haysville, KS.
- **USDA Out of Credit Funds; Secretary Calls for Congressional Action:** In a statement issued May 6, Secretary Glickman called on the Congress to act on your supplemental

funding request for USDA's loan programs. The funds USDA transferred under the Secretary's emergency authority on March 26, to keep credit available during the Easter congressional recess, have been exhausted.

- **USDA to Participate in Public Service Recognition Week:** May 6-9, USDA's Natural Resources Conservation Service (NRCS) will participate in the 15th annual Public Service Recognition Week, with an exhibit on soils.
- **USDA Picks Forest Stewardship Demonstration Projects:** On May 5, USDA's Forest Service's northern regional office will select 9 demonstration projects by which the Forest Service will contract with third parties to perform land stewardship projects on forests in the region. Authorized by the FY99 omnibus appropriations bill, these are the first of 28 such projects that will be implemented nationally; the concept has generated considerable public and congressional attention.
- **USDA Responds to EU's Escalation of Beef Hormone Dispute:** On May 3, Secretary Glickman and Trade Representative Barshefsky defended US scientific research validating the safety of growth hormones used in beef production, in a statement responding to the EU's May 1 announcement that European scientists have found evidence that 1 of the 6 commonly used hormones in the US can cause cancer. In a follow up telephone call, with EU Agricultural Minister Fischler Secretary Glickman expressed his concern that the EU issued the announcement without having provided the US a copy of the report for US scientists to validate, and the Secretary again admonished the EU to abide by the WTO's previous ruling that the EU, by May 13, permit hormone-treated beef entry to its market. USDA's Under Secretary for food safety has asked scientists from the Department of Health and Human Services to form an interagency science team to assess the EU's findings. USDA expects that this dispute, as it escalates approaching the May 13 deadline, will generate increasing public, media, and Congressional interest.

In a related matter, Secretary Glickman intends to attend the World Meat Congress in Dublin on May 19 and 20, at which time he will give a speech addressing this conflict, and meet with his European counterparts.

- **USDA Strengthens Working Relationship with Rural Cooperatives:** On May 4, USDA's Under Secretary for rural development signed a memorandum of understanding with the National Rural Utilities Cooperative Finance Corporation, that will pave the way for the Corporation and its members to participate more closely in USDA's business and industry lending program.
- **USDA Closes Shooting Range:** On May 1, the Pike and San Isabel National Forests (CO) will close a shooting range on forest land, due to complaints of excessive noise and public safety problems. The site and proposed closing has generated increasing

controversy over the last 3 years, and this action may highlight previous attention.

- **USDA Bans Alcohol on SD Forests:** On May 1, the Black Hills National Forest (SD) will ban alcoholic beverages from two popular day use areas because of repeated acts of underage drinking and vandalism. The proposal has generated favorable public and media attention in the area.
- **USDA Employee Provides Assistance to Littleton, CO Victims:** A volunteer victim's advocate with the Westminster, CO police department, Kimberly Smith, an agricultural marketing specialist in USDA's Denver, CO office, has provided counseling and assistance to one of the families who lost a student in the April 20 shooting at Columbine High School.
- **USDA Recovering NC Food Stamp Overpayments:** USDA officials are preparing to bill NC to recover \$159,000 in mistakenly issued food stamps. During the third week of April, NC's EBT system erroneously issued duplicate payments to about 1000 households, making it the third computer-related food stamp over issuance in the last 60 days.
- **Commodity Markets in Review:** Good winter wheat conditions and poor export prospects drove wheat cash and futures prices lower last week. Speculator selling pushed corn prices down, but nervousness over potential planting delays helped moderate the decline. Weak exports led soybean prices to resume their downward spiral. Nearby rice futures received a boost from news that the absolute ban on food sales to Iran is being lifted. Cotton prices moved sharply higher on speculator short-covering. Cattle prices advanced, following cutout values higher. Hog prices strengthened, as increased field activity in the Midwest slowed marketings. Broiler production remains high, but increased demand helped raise prices to 6-week highs. Butter and cheese prices both fell, as buyers hold off purchases in anticipation of further price declines.

Average prices for the week ending April 30, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.71	-0.07	-0.53
Corn \$/bu	2.14	-0.04	-0.36
Soybeans \$/bu	4.73	-0.07	-1.68
Rice \$/cwt	8.06	-0.07	-2.22
Cotton ¢/lb	58.01	+2.75	-3.61
Steers \$/cwt	65.25	+0.35	1.20
Hogs \$/cwt	33.63	+3.12	-4.27
Broilers ¢/lb	57.42	+0.70	1.09
Cheese \$/lb	1.30	-0.03	0.12
Butter \$/lb	0.97	-0.05	-0.52
Milk \$/cwt	10.97	-0.10	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Food Safety Initiative:

- **USDA to Open New Food Safety Facility:** On May 21, USDA's Food Safety and Inspection Service (FSIS) will dedicate a new technical service center in Omaha, NB; Senator Kerrey is scheduled to participate in the grand opening for the facility, which serves as a hub for disseminating information and providing training about USDA's new science-based meat and poultry inspection system.
- **USDA Reviews Bil Mar Operations:** On May 5, Bil Mar foods, the Sara Lee plant linked to the high profile listeria outbreak, responded to USDA's FSIS findings that the plant has not complied with USDA's requirements for operating, and determination that further noncompliance will result in USDA's shutting the facility, again.

In related developments, on April 27, Sara Lee announced that it has hired a former USDA food safety official, an announcement that received considerable media attention, some of which criticized USDA and the employee; USDA officials are conducting an internal review of the matter.

- **USDA Report Shows Most Small Plants Complying with New Inspection Rules:** Completed in mid-April, USDA's latest survey of the country's 2300 small meat and poultry plants found they were complying with the new HACCP system; since coming under the requirements January 25, 1999, USDA has suspended operations at 22 of these facilities, but all are now back in operation following corrective actions.
- **GAO Completes Egg Safety Study:** During the week of May 10, USDA officials will meet with analysts from GAO on its draft report on egg and egg product safety, a problem that has generated some public and media attention in the past..
- **President's Initiative on Race:**
 - **Class Action Status Hearing Set:** On May 26, USDA's proposed settlement of a class action complaint involving female Forest Service employees in CA, will be the subject of a status hearing; as reported last week, this agreement will settle a high profile discrimination case, which has been featured in several media reports about USDA's civil rights performance.
- **President's Initiative on Welfare Reform:**
 - **USDA Approves Welfare Reform Waivers:** During the week that ended May 5, USDA approved a request from NM for a waiver from the work requirements of the welfare reform bill, to permit residents in 2 cities, 15 counties, and 21 reservations to continue receiving food stamps.

III. SECRETARY'S SCHEDULE

- On May 10, Secretary Glickman will hold an event with Representative Hinchey, in NY.
- On May 12, Secretary Glickman will host a USDA "Healthy Eating, Healthy Kids" MOU signing ceremony.
- On May 18, Secretary Glickman will address the National Consumers' League.
- On May 19, Secretary Glickman will address the 12th World Meat Congress, in Dublin, Ireland.
- On May 25, Secretary Glickman will address an EZ/EC conference, in TX.

IV. SUB-CABINET SCHEDULE

- On May 6, Deputy Secretary Rominger will attend the North America Pesticides Summit.
- On May 5, Under Secretary Gonzalez will address the 1999 Spring University Industry Consortium, in Madison, WI.
- On May 6, Under Secretary Gonzalez will travel to Battle Creek, MI, to meet representatives of the Kellogg Foundation.
- On May 7, Under Secretary Gonzalez will dedicate the Thad Cochran Research Center for the Development of Natural Products, in Oxford, MS.
- From May 7-8, Under Secretary Schumacher will accompany the US Ambassador to Denmark and a delegation from Denmark on their visit to PA.
- On May 10, Deputy Under Secretary Wilcox will join Representative Rothman in NJ for a food safety education event.
- From May 10-11, Under Secretary Dunn will address the Joint Bird Strike Committee--USA/Canada meeting in Vancouver, British Columbia.
- On May 11, Under Secretary Schumacher will testify before the Senate Agriculture Committee regarding US sanctions.
- On May 12, Under Secretary Long Thompson will be the keynote luncheon speaker at MI's First Annual Affordable Housing Conference, in Lansing, MI.
- On May 13, Under Secretary Long Thompson will address The Self-Help Housing Conference in San Antonio, TX.
- On May 15-19, Under Secretary Schumacher will travel to Ghana to participate in the Africa-America Summit.
- On May 19, Under Secretary Woteki will speak at the Food Research Institute's 1999 annual meeting at the University of WI.
- On May 20, Under Secretary Watkins will address the Child and Adult Care Food Program Conference in Atlanta, GA.
- On May 22, Under Secretary Long Thompson will deliver the Keynote US response at the Rural Policy Research Institute Conference, "Issues in Rural Development & Agriculture: Values, Program in St. Louis, MO.
- On May 24, Under Secretary Watkins will travel to Burlington, VT with Representative

Sanders for a roundtable discussion on nutrition assistance programs.

- On May 25, Under Secretary Long Thompson will attend the 5th Annual White House Community Empowerment Conference and Memorandum of Agreement (MOA) Signing, in Edinburg, TX.
- From May 26-28, Under Secretary Watkins and other Federal, State, and local officials are planning a tour through MS, TN, and AR to see the problems involved in fighting hunger and poverty in these states.

V. PRESS INQUIRIES

- On April 27, *Time* Magazine interviewed Under Secretary Watkins about possible changes in the Dietary Guidelines and the Food Guide Pyramid. The reporter was especially interested in any increased emphasis on whole grains.
- *60 Minutes* requested information about USDA's review of the New York City food stamp application process review.
- NBC's *Today* show is looking into the black farmer issue, and will probably request an interview with the Secretary.
- *The Wall Street Journal* asked about the effect of milk marketing reform on the South, and the movement to create a Southern dairy compact.

VI. FOIA REQUESTS

- A Beaver Lake, NE, resident asked for information about Senator Kerrey's Medal of Honor.
- *The Sunday Telegraph* asked for records about meetings between a State Department official and a UK government official in Japan and Argentina. *The Sunday Telegraph* also asked for USDA records about UK politicians.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **USDA to Release Supply and Demand Forecasts:** USDA's projections of US supply, use, and prices of major crops for 1999/2000 will be published for the first time on May 12 in the *World Agricultural Supply and Demand Estimates (WASDE)* report. Area, yield and production of US winter wheat will be the only survey-based 1999/2000 forecasts

released on May 12, and will appear in *Crop Production*. Projections for 1999/2000 production of other US crops (published in *WASDE*) will be based on intended planting from the March 31 *Prospective Plantings* report and trend or average yields. The *WASDE* report will also contain global 1999/2000 supply and use forecasts for wheat, corn, coarse grains, rice, cotton, soybeans, and soybean products. Foreign country forecasts for 1999/2000 will be made only for wheat and coarse grains. The report will include initial projections of supply, use, and prices for calendar 2000 U.S. livestock products and fiscal 2000 dairy products.

- **Upcoming Agricultural Outlook Issue:** The June/July issue of *Agricultural Outlook* is scheduled for electronic release May 20, and will emphasize foreign agriculture and trade, with articles on North American wheat trade and marketing, the Russian economic crisis and its effects on agriculture, agricultural import markets in the Middle East and North Africa, and a special article on how China's state trading enterprises control grain flow.
- **Trade Report Supplement to Be Released:** *Foreign Agricultural Trade of the United States, Calendar Year 1998 Supplement* is scheduled for release May 17, a reference summarizes current and historical data on U.S. foreign trade in agricultural products.
- **Report on Conservation Programs:** On May 17, USDA's Economic Research Service (ERS) will release *Economic Valuation of Environmental Benefits and the Targeting of Conservation Programs: The Case of the CRP*, the largest program designed to mitigate the negative environmental effects of agriculture.
- **ERS Report on Tax Reform and Farmers:** On May 19, ERS will release "*How Would Fundamental Tax Reform Affect Farmers: Policy Issues in Rural Development*," a study on how replacing the existing Federal income tax with either a flat tax on income or a Federal retail sales tax would effect farmers.

VIII. WASTE FRAUD AND ABUSE

Nothing of significance to report this week.

IX. CLIMATE CHANGE

- **USDA Briefs Congressional Staff on New Study:** On May 6, USDA's chief economist will brief House and Senate agriculture committee staffs about an upcoming USDA study of the effects of climate change on agriculture.

X. DISASTER ASSISTANCE

- **USDA Surveying Tornado Recovery Assistance Needs:** As of May 5, USDA officials in KS and OK were still surveying emergency needs to assist with the recovery from the May 3 tornadoes.
- **USDA Continues Livestock Assistance:** As of May 3, USDA has paid \$198 million of the \$200 million included in the FY99 omnibus appropriations bill for emergency livestock assistance, to 167,563 ranchers in 31 states.
- **USDA Officials Join Kosovo Response Team:** On May 2, 2 Forest Service personnel traveled to the Balkans to join the Disaster Assistance Response Team to provide logistics support to the humanitarian assistance effort for the refugees.

XI. WEEKEND CONTACT INFORMATION