

May 12, 1999

Memorandum to The President

Through: The Honorable John Podesta
From: Secretary Dan Glickman
Subject: Report For Week of May 9, 1999

USDA Fact of the Week

USDA estimates foretell continued weak but improving cattle, hog, and wheat prices, stagnant corn prices, and declining cotton, milk, rice, and soybean prices. Released May 12, USDA's latest *World Agricultural Supply Demand Estimates* project a 14% decline in winter wheat production, but slow exports and consumption, resulting in the second largest stocks of the decade, and flat prices next year; a 10% increase in rice production, resulting in a record crop next year that, when coupled with falling exports, will result in prices as much as 30% lower; a record soybean crop pushing prices 33% under their 1998 level; dairy prices falling 14% from the record hit in 1998; a 30% increase in cotton production as the southwest recovers from last year's drought; and a 4% increase in sugar production.

I. KEY DEPARTMENT NEWS

- **Secretary to Address Looming Trade Conflict with EU on Beef Hormones:** On May 19, Secretary Glickman will address the World Meat Congress in Dublin, Ireland, focusing on the EU's refusal to comply with the WTO decision requiring the EU to permit shipments of US beef produced with growth hormones into its market, as well as on the related subject of the growth of trade in biotechnology products and associated trade frictions. During his time at the conference, the Secretary will meet with some of his EU counterparts, including EU Agricultural Minister Fischler.

In addition, on May 14, Secretary Glickman will address the board of directors of the American Meat Institute on the same subject, as well as the Administration's proposal for requiring mandatory reporting of the prices of livestock transactions, country of origin labeling of meat and meat products, and the continued implementation of USDA's new science-based meat inspection system, HACCP.

Unless conditions change dramatically, the EU will indeed miss the May 13 deadline, escalating the conflict and the public, media, and congressional attention this high profile dispute has generated.

In a related development, on May 7, USDA finally received copies of an April 30 EU report alleging human health risks from consumption of hormone-treated beef; the release of that report triggered EU threat to curtail shipments of certified- hormone-free beef from the US, and generated considerable media attention.

- **Secretary to Address Farm Crisis, Farm Credit Needs:** On May 17, Secretary Glickman is tentatively scheduled to tape an interview with ABC's *Nightline* on the farm crisis; the episode, which will examine the personal effects the crisis is having on farm families, is set to air the week of May 17.

In separate developments, on May 13, Secretary Glickman will conduct interviews with the Des Moines *Register* and the Minneapolis *Star-Tribune* on the same subject and will also be stressing, again, the need for Congress to approve your February 26 request for additional FY99 farm credit funding.

As of May 3 this fiscal year, USDA has made 15,250 direct loans worth \$828 million and guaranteed 11,182 loans, worth \$1.8 billion, a 62% increase over the level reached by the same time last fiscal year.

- **Secretary Promotes Clean Water Initiative:** On May 13, Secretary Glickman will testify before the Senate Environment and Public Works Committee on your Clean Water Action Plan, along with EPA Administrator Browner, emphasizing USDA's role in accomplishing the goals you and the Vice President laid out in the initiative.
- **Congress Takes Up FY00 USDA Spending:** On May 13, the House agriculture appropriations subcommittee plans to mark up USDA's FY00 budget request.
- **USDA's China Offices Reopen:** On May 13, USDA's Foreign Agricultural Service (FAS) intends to reopen its Beijing, Guangzhou, and Shanghai offices, which were closed May 10 through 12 as a result of the demonstrations following the bombing of the Chinese Embassy in Belgrade; none of FAS' personnel were harmed during the episode.
- **USDA Cancels Sugar Imports:** On May 12, USTR canceled allocating 150,000 metric tons (MT) of sugar under the sugar tariff-rate quota, following the release of USDA's estimates showing an increase in US sugar supplies from increased production, and imports from Mexico resulting in an estimated stocks-to-use ration in excess of the trigger established under the program -- see USDA Fact of the Week. USDA expects that the estimate and decision may generate considerable congressional attention from sugar refining interests.

- **USDA Concludes Innovative Agreements to Promote Child Nutrition Education:** On May 12, Secretary Glickman signed agreements with representatives of 8 food companies and one national magazine by which they will use USDA's new children's food guide pyramid in educational and promotional campaigns.
- **USDA Prepares Subpoenaed Material:** The May 12 deadline for complying with a House Resources Committee subpoena for documents relating to USDA's cancellation of a contract with the Alaska Pulp Corporation (APC) to log from the Tongass National forest (AK) passed with USDA still holding the requested materials, pending the results of a May 13 meeting between the Attorney General and Chairman Young to determine whether the Committee will agree to the Administration's request that the material be held confidential and not released to the company, which is involved in a bitter, protracted lawsuit with the government over the contract. The subpoena has received considerable media interest and USDA expects that further developments will generative more media and congressional attention.
- **USDA Continues Balkan Food Aid Work:** On May 10, 49 MT of high protein biscuits that USDA purchased for refugee assistance were shipped to Pisa, Italy for pre-positioning and distribution. Thus far this fiscal year, USDA has purchased over 41,000 MT of commodities, worth over \$10 million, for the refugee aid program.
- **USDA Completes Agreements on Meat for Russian Food Aid:** On May 7, USDA negotiators completed working out technical obstacles that had been stalling shipments of beef and pork under the USDA-Russian food aid agreement. On the same date, the last shipment of the first tranche of wheat shipped under the agreement arrived in Russia and on May 6, Russia purchased 93,500 tons of soybeans for June delivery.
- **USDA Agencies Win Hammer Awards:** On May 5, USDA's Agricultural Marketing Service (AMS) and Food and Nutrition Service (FNS) received Vice President Gore's Hammer Award for their innovative work providing high quality, nutritious fresh fruits and vegetables through the school lunch program and the food distribution program for Indian reservations.
- **Commodity Markets in Review:** Slow farmer selling boosted wheat cash prices last week, but good winter wheat conditions and poor export prospects drove futures prices lower. Corn prices were virtually unchanged, squeezed between ideas of potential planting delays and large U.S. supplies. Soybean cash prices were unchanged, but futures dropped on improved planting prospects. Rice cash and futures fell on slack demand and good planting progress. Cotton prices moved lower, as beneficial rains fell on cotton-growing areas of West Texas. Cattle prices slipped, following cutout values lower. Hog prices strengthened, as increased field activity in the Midwest slowed marketings and packers attempted to fill orders for Memorial Day. Broiler production remains robust, but

increased seasonal demand helped raise prices to 7-week highs. Cheese prices fell, as buyers held off purchases in anticipation of further declines. Butter prices moved slightly higher on strong food service demand ahead of Mother's Day.

Average prices for the week ending May 7, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.79	0.08	-0.40
Corn \$/bu	2.16	0.02	-0.32
Soybeans \$/bu	4.73	0.00	-1.72
Rice \$/cwt	8.00	-0.06	-2.28
Cotton ¢/lb	57.20	-0.81	-6.22
Steers \$/cwt	64.32	-0.99	-1.79
Hogs \$/cwt	36.64	3.01	-2.53
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	11.00	0.03	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Food Safety Initiative:

- USDA Prepares Upgrading Listeria Strategy:** USDA has completed preparations for announcing our intention to require producers of ready-to-eat meat and poultry products to assess and amend if necessary their inspection plans, to control for possible listeria contamination. Listeria outbreaks last winter have been linked to 21 deaths and 100 illnesses in 22 states, traced to contamination at Bil Mar Foods of Zeeland, MI; USDA's review of that plant and whether it can continue in operation are ongoing.
- USDA Conducting New Evaluation of HACCP:** On May 10, USDA's Food Safety Inspection Service (FSIS) will begin collecting data in 4 poultry slaughter plants for establishing a new baseline to assess the effectiveness of USDA's new HACCP inspection system.

- **USDA Action Prompts Recall:** On May 4, All American Meats, Omaha, NE, recalled 83,000 pounds of ground beef for possible *E. coli* contamination following USDA tests related to a sample from a Chicago, IL area retailer.
- **USDA Suspends Packer:** On May 4, USDA suspended operations at Kyotaru Oregon, Inc., a small plant in Salem, OR, for failure to comply with USDA's HACCP requirements.
- **President's Initiative on Race:**
 - **Employee Class Action Case Near Completion:** On May 17, the EEOC will hear concluding arguments in the case involving African American employees of the USDA's Farm Service Agency (FSA) claiming discrimination in promotions; the case has received some media and public attention and USDA expects the final decision will as well.
 - **USDA Working to Improve Relations with Southwest Tribes:** On May 14 and 15, USDA Forest Service officials will hold their second meeting with individuals representing 20 tribes in the Pacific Southwest to strengthen their working relationship.
 - **USDA Continues Work on Class Action Settlement:** As of May 3, USDA has provided over 3,000 files to the facilitator working to implement the provisions of the consent decree that settled the class action civil rights discrimination case brought against USDA for past acts of alleged discrimination in its loan program.

III. SECRETARY'S SCHEDULE

- On May 13, Secretary Glickman will testify before the Senate Environment and Public Works Committee on the Clean Water Action Plan.
- On May 18, Secretary Glickman will address the National Consumers League.
- On May 19, Secretary Glickman will address the 12th annual World Meat Congress, in Dublin, Ireland. Before returning from the conference, the Secretary will meet with EU Commissioner Fischler about US/European trade issues.
- On May 20, Secretary Glickman will meet with EU Commissioner Fischler, in Dublin, Ireland.
- On May 24, Secretary Glickman will address the World Agriculture Forum, in St. Louis,

MO.

- On May 24, Secretary Glickman will join Secretary Daley at a Trade Education Conference, in Chicago, IL.
- On May 25, Secretary Glickman will address an EZ/EC Conference, in Edinburg, TX.
- On June 2, Secretary Glickman will announce a Conservation Reserve Enhancement Program enrollment, in DE.

IV. SUB-CABINET SCHEDULE

- On May 13, Deputy Secretary Rominger will meet with the Western Drought Steering Committee, in Austin, TX.
- From May 23-24, Deputy Secretary Rominger will attend an Ag Farmland Conference, in Modesta, CA.
- On May 25, Deputy Secretary Rominger will attend an Ag Farmland Conference, in Sacramento, CA.
- From June 2-3, Deputy Secretary Rominger will attend an Agri-technology Venture Capital Forum, in Sacramento, CA.
- On May 13, Under Secretary Long Thompson will address at The Self-Help Housing Conference in San Antonio, TX.
- On May 14, Under Secretary Lyons will give the commencement address at Southern University in Baton Rouge, LA.
- From May 15-19, Under Secretary Schumacher will participate in the Africa-America summit, in Ghana.
- From May 18-19, Under Secretary Watkins will keynote a symposium on "How to Bring the (Food Guide) Pyramid to Life for Children" in New York City, NY.
- On May 19, Under Secretary Woteki plans to speak at the Food Research Institute's 1999 annual meeting at the University of WI. Her topic is the President's Food Safety Initiative and the President's Council on Food Safety.
- On May 20, Under Secretary Watkins will address the Child and Adult Care Food Program annual conference in Atlanta, GA.

- On May 21, Under Secretary Woteki, Administrator Billy, and others will join Senator Kerrey in Omaha for the Food Safety Inspection Service Technical Service Center dedication.
- On May 22, Under Secretary Long Thompson will deliver the keynote US response at the Rural Policy Research Institute international conference: "Issues in Rural Development & Agriculture: Values, Program in St. Louis.
- On May 24, Under Secretary Watkins and Representative Sanders will hold a roundtable discussion on nutrition assistance programs, in Burlington, VT.
- On May 24, Under Secretary Lyons will address the National Ski Areas Association Conference in San Francisco, CA.
- On May 25, Under Secretary Lyons will address the San Juan Mountains Association 90th Annual Wilderness Ranger Training Workshop in Durango, CO.
- On May 25, Under Secretary Watkins will host a listening session on aging, in St. Louis, MO.
- On May 25, Under Secretary Long Thompson will attend the 5th Annual White House Community Empowerment Conference and MOA signing, in Edinburg, TX.
- From May 26-28, Under Secretary Watkins and other Federal, State and local officials are planning a hunger tour through MS, TN, and AR, to see the problems involved in fighting hunger and poverty.

V. PRESS INQUIRIES

- The *Washington Post* requested figures on the consumption and cost of infant formula in the WIC Program for a story on the national infant formula market.
- National Public Radio is preparing a feature on the WIC Program's 25th anniversary.
- NBC's *Today Show* is working on a story about civil rights at USDA
- CNN is continuing its series on a year in the life of a farmer.

VI. FOIA REQUESTS

Nothing of significance to report this week.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **Livestock, Dairy, and Poultry Report:** USDA's Economic Research Service (ERS) will release *The Livestock, Dairy, and Poultry Report* May 25; the report will present forecasts of red meat, poultry, dairy production, and prices for the next year.
- **US Agricultural Trade Update:** The *US Agricultural Trade Update* is scheduled for electronic release May 25, with trade data for March 1999, and cumulative data for the first 6 months of fiscal 1999.
- **Report on the Food Guide Pyramid:** *Moving Toward the Food Guide Pyramid: Implications for US Agriculture*, is scheduled for release May 26, showing changes in food consumption needed to meet Food Guide Pyramid serving recommendations, and resulting adjustments in US agricultural production, trade, nonfood uses, and prices.

VIII. WASTE FRAUD AND ABUSE

- **GAO Finishes Study of Egg Safety:** On May 12, USDA officials met with GAO reviewers who completed a study alleging several deficiencies in the joint USDA-HHS federal egg and egg product safety program; USDA is not aware of the date when GAO will release the report.
- **GAO Completing Review of WIC Program:** On May 17, USDA officials will meet with GAO investigators to evaluate the results of GAO's study of efforts to minimize fraud and abuse in the WIC program; USDA understands that GAO will release the report in June.

IX. CLIMATE CHANGE

- **Global Change Office Briefing of Congressional Staff and Constituents Draws on ERS Analysis:** On May 6, USDA's Chief Economist and Director of the Global Change Office briefed Congressional staff on the USDA report, *Economic Analysis of the Impacts of the Kyoto Protocol on US Agriculture*, which shows that earlier analyses overestimated the costs to US agriculture of the Administration's Kyoto policy.

X. DISASTER ASSISTANCE

- **Flood Compensation Program to Begin:** On May 17, USDA will begin the Flood Compensation Program, which will disburse up to \$42 million to farmers and livestock producers who lost production due to floods in 1998, at least \$12 million will be targeted to livestock producers.

XI. WEEKEND CONTACT INFORMATION

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May 19, 1999

Memorandum to The President

Through: The Honorable John Podesta

From: Secretary Dan Glickman

Subject: Report For Week of May 16, 1999

USDA Fact of the Week

Released May 17, USDA's latest report on milk production shows that fewer cows are producing more milk. The report showed that despite a marginal drop in the dairy herd from 1998, milk production rose 3.4% over last years' level --portending a weakening in dairy prices this year.

I. KEY DEPARTMENT NEWS

- **Secretary to Urge Approval of Price Reporting and Country of Origin Legislation:** On May 26, Secretary Glickman is scheduled to testify before the Senate agriculture committee on the Administration's legislative proposal to require livestock purchasers to report their transactions to USDA for public dissemination, and on requiring country of origin labeling on certain meat products.
- **Secretary to Address World Agricultural Forum:** On May 24, Secretary Glickman will address the World Agricultural Forum in St. Louis, MO, speaking about the need for action to address the farm crisis in the US, as well as several agricultural trade-related issues, including the EU ban on hormone fed beef, and the growth of trade in genetically modified organisms.
- **Secretary to Address Empowerment Zone Conference:** On May 24 and 25, Secretary Glickman, as well as several other USDA rural and community development officials, will participate your EZ/EC conference.
- **Secretary Urges Resolution of EU Beef Ban:** In a May 20th meeting with his EU counterpart, and in a May 19th address to the World Meat Congress in Dublin, Secretary Glickman called on the EU to lift its illegal ban on US beef produced with growth hormones. In early June, the US will formally present a request to the WTO's Dispute

Settlement Body for \$202 million in compensation for the EU's actions. This issue continues to attract considerable attention from the public, media, and Congress.

- **USDA Funding Advances in Congress:** On May 20, the House Appropriations Committee marked up the FY00 agricultural appropriations bill, which, as reported by the Subcommittee, fails to fund sufficiently several of the Administration's priorities, including the WIC program, several USDA conservation and environmental programs, USDA's outreach program to limited resource and socially disadvantaged farmers, and USDA's initiative to upgrade its field office agencies' computer systems -- concerns noted in a letter to the chairman from the OMB director, in addition to concerns Secretary Glickman expressed to the Committee separately about the lack of information technology and outreach program funding.

Separately, on May 18, the House gave final approval to your request for additional FY99 USDA farm lending funds. USDA expects Senate action May 19 or 20, at which time Secretary Glickman will release a statement commending the Congress for finally approving your request.

In a separate but related development, on May 18 USDA began to redistribute unused funds for its direct operating and guaranteed operating loans, from states who have not used their FY99 allocation, to states where demand is highest. That this pooling of funds occurred at this date, as opposed to in August or September as is normally the case, reflects the tremendous demand for USDA financing this year, and is another in the series of extraordinary steps USDA has taken to respond to the farm crisis-induced surge in credit demand.

- **New Research Questions Genetically Modified Corn:** On May 19, *Nature* is scheduled to publish findings of Cornell University researchers associating *Bt* corn -- an increasingly popular variety of biotechnology-engineered corn -- with elevated mortality, slow growth, and stunted development in monarch butterfly larvae. The findings, which USDA scientists are still reviewing, could add fuel to the increasing controversy over the spread of genetically modified organisms.
- **USDA Releases Disease-Resistant Wheat:** On May 19, USDA released a new variety of wheat that is resistant to wheat scab, a disease which cost wheat farmers in the Northern Plains approximately \$2.6 billion between 1991 and 1997, and which has attracted considerable public, media, and congressional attention. The new variety, named McVey after the scientist who developed it, results from an accelerated USDA research initiative.
- **USDA China Offices Reopen:** On May 17, USDA's Foreign Agricultural service (FAS) offices in Beijing and Guangzhou finally reopened, following demonstrations protesting the accidental bombing of the Chinese Embassy in Belgrade.

- **Tongass Plan Challenged:** On May 11, the Alaska Forestry Association filed suit challenging the Forest Service's final land management plan for the Tongass National Forest; the suit was not unexpected but it fuels controversy surrounding management of the forest generally, and the specific management plan, 11 years in the making.
- **Agricultural Trade Developments:** On May 20, USDA issued a proposal to ease the restrictions on imports of poultry and poultry products from Sinaloa and Sonora, Mexico.

On May 17, Secretary Glickman joined Secretary Albright in announcing that USDA will donate 400,000 tons of food to North Korea through the World Food Programme.

On May 12, USDA announced that it will make additional subsidies sufficient to export approximately 53,000 tons of dairy products through its Dairy Export Incentive Program through June 30, 2000; the subsidies represent volumes USDA has not used since the Uruguay Round limits came into effect.

On May 11, USDA authorized \$10 million in supplier credit guarantees for export of US agricultural commodities to the Andean Region.

During the week of May 10, Australia's Quarantine and Inspection Service began a study of US lumber to check its level of bark and insect infestation; if the study demonstrates a risk to its domestic industry, the Australian authorities may limit or ban US shipments, worth about \$20 million annually.

- **Commodity Markets in Review:** Excellent conditions for winter wheat in the U.S. Southern Plains kept wheat prices down last week. Corn cash prices were unchanged, but futures rose in reaction to planting delays in the western Corn Belt. A sharp decline in soybean oil prices led to a drop in soybean cash and futures prices. Prospects for a large 1999/2000 crop pushed rice prices generally down. Bearish prospects for 1999/2000 cotton supply and demand produced a plunge in cotton prices. Hog and broiler prices rose while prices for cattle fell; retailers are expected to begin featuring pork and poultry instead of beef. Cheese prices weakened as buyers anticipate increased milk production and further price declines. Butter prices moved higher as the demand for milkfat increases with the coming ice cream season.

Average Prices for the week ending May 14, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.78	-0.01	-0.51
Corn \$/bu	2.16	0.00	-0.39
Soybeans \$/bu	4.65	-0.08	-1.86
Rice \$/cwt	7.81	-0.19	-2.47
Cotton c/lb	55.78	-1.42	-7.93
Steers \$/cwt	63.89	-0.35	-2.58
Hogs \$/cwt	38.36	1.72	-4.68
Broilers c/lb	58.71	0.46	1.49
Cheese \$/lb	1.22	-0.04	-0.01
Butter \$/lb	1.12	0.08	-0.37
Milk \$/cwt	10.78	-0.21	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Food Safety Initiative:

- **USDA Readying Further Action Against Bil Mar:** On May 19, USDA will likely notify Bil Mar Foods of Zeeland, MI that it has 3 days to correct flaws in its inspection program to avoid USDA shut-down of the plant, which has been linked to the high visibility outbreak of listeria contamination in December, 1998 and January 1999 that lead to over 100 illnesses in 22 states, and 21 deaths.
- **USDA Action Leads to Recalls:** On May 14, White Packing Company of Williamston, NC recalled 16,000 pounds of lunch meats due to possible listeria contamination, and on May 13, Hi-Grade Meats of Salt Lake City, UT recalled 300 pounds of ham for possible salmonella contamination.

President's Initiative on Race:

- **USDA Participates in National Black Farmer Conference:** On May 21 and 22, several high level USDA officials will attend and address the second annual National Black Farmer Conference in New Orleans, LA.

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

- **USDA Approves SD Waivers:** During the week that ended May 18, USDA approved a request from SD to waive the work requirements of the welfare reform bill to permit residents of 18 counties to continue to receive food stamps.

III. SECRETARY'S SCHEDULE

- On May 24, Secretary Glickman will address the World Ag Forum, in St. Louis, MO.
- On May 25, Secretary Glickman will attend the EZ/EC Conference, in Edinburg, TX.
- On May 26, Secretary Glickman will testify before the Senate agriculture committee on livestock price reporting and country of origin labeling.
- On May 27, Secretary Glickman will testify before the Senate agriculture committee on bio-based fuels.
- On June 2, Secretary Glickman will address the 1890's Task Force, in Dover, DE. While in DE, Secretary Glickman will also announce a Conservation Reserve Enhancement Program agreement with the state.
- On June 7, Secretary Glickman will address the Keeping America Growing Conference, in Philadelphia, PA.
- On June 9, Secretary Glickman will testify before a House hearing on sanctions policy.
- On June 14, Secretary Glickman will address the Independent Bankers Association.

IV. SUB-CABINET SCHEDULE

- On May 24, Deputy Secretary Rominger will address the 10th International Soil Conservation Organization conference, in West Lafayette, IN.
- On May 25, Deputy Secretary Rominger will attend the University of California Agricultural Issue Center public conference on exotic pests diseases, in Sacramento, CA.
- From June 2-5, Deputy Secretary Rominger will attend the Agricultural Working Group of the US-Mexico Binational Commission, in Mexico City, Mexico.

- From June 6-9, Deputy Secretary Rominger will attend the Keep America Growing Conference in Philadelphia, PA.
- From June 9-13, Deputy Secretary Rominger will attend the International Grains Council Conference, in London, the United Kingdom.
- From May 15-19, Under Secretary Schumacher will attend the Africa-America Summit in Accra, Ghana.
- On May 20, Under Secretary Watkins will address the Child and Adult Care Food Program annual conference in Atlanta, GA.
- On May 20, Deputy Under Secretary Wilcox will participate in a National Research Council workshop on "Public Participation in Environmental and Health Assessment and Decision Making."
- On May 20, Under Secretary Woteki, Deputy Under Secretary Wilcox, industry trade association leaders, and John Koskinen, chairman of the President's Council on Year 2000 Conversion, will attend a White House Y2K event at USDA; they will discuss the food and agriculture's sector's Y2K preparedness.
- On May 21, Under Secretary Woteki, Administrator Billy, and Senator Kerrey will dedicate a new Food Safety Inspection Service technical service center, in Omaha, NE.
- On May 21, Under Secretary Long Thompson will attend the National Black Farmers Conference, in New Orleans, LA.
- On May 22, Under Secretary Long Thompson will deliver the keynote US address on issues in rural development and agriculture, at the Rural Policy Research Institute international conference, in St. Louis, MO.
- On May 24, Under Secretary Watkins and Representative Sanders will hold a roundtable discussion on nutrition assistance programs, in Burlington, VT.
- On May 24, Under Secretary Lyons will address the National Ski Areas Association Conference, in San Francisco, CA.
- On May 25, Under Secretary Lyons will address the San Juan Mountains Association 90th Annual Wilderness Ranger Training Workshop, in Durango, CO.
- On May 25, Under Secretary Watkins will host a listening session with the Administration on Aging, in St. Louis, MO.

- On May 25, Under Secretary Gonzalez will attend a Parker High School FFA Parent/Student Dinner, in Parker, AZ, .
- On May 25, Under Secretary Long Thompson will attend the 5th Annual White House Community Empowerment Conference, in Edinburg, TX.
- From May 26-28, Under Secretary Watkins and other Federal, State and local officials will tour MS, TN, and AR to inspect state problems in fighting hunger and poverty.
- On May 28, Under Secretary Schumacher will attend a Town Hall Meeting held by Representative Nick Smith, in Lansing, MI.
- From June 1-3, Under Secretary Watkins will attend the 1890 Task Force Meeting at Delaware State University.
- On June 2, Under Secretary Schumacher will attend the US-Mexico Binational Commission Meeting, in Mexico City, Mexico.
- On June 2, Under Secretary Lyons will address the Hancock Natural Resource Group Timber Meeting, in Boston, MA.
- On June 3, Under Secretary Long Thompson will attend an EZ/EC Memorandum of Agreement (MOA) signing in MT.
- On June 5, Under Secretary Woteki will address the 1999 meeting of the Association of Food and Drug Officials, in San Antonio, TX.
- On June 5, Under Secretary Lyons will address the Save the Sound Conference in Long Island, NY.
- On June 9, Under Secretary Watkins will address the 100 Black Men of America, Inc. Childhood Obesity Conference, in Detroit, MI.
- On June 9, Under Secretary Lyons will address the Keep America Growing Conference, in Philadelphia, PA.
- On June 9, Under Secretary Long Thompson will address the 25th Annual Silver Celebration of the Federal Women's Program Seminar, in Indianapolis, IN.
- On June 10, Under Secretary Dunn will address the Cotton Incorporated Board of Directors.
- On June 10, Under Secretary Dunn will address the National Cattlemen's Beef

Association's annual Young Cattlemen's Conference.

- On June 11, Under Secretary Dunn will address the National Association of State Aquaculture Coordinators, in San Juan, Puerto Rico.
- From June 13-15, Under Secretary Lyons will attend the Western Governors Association Meeting, in Jackson Hole, WY.
- On June 15, Under Secretary Watkins will address the National Association Food Distribution Program on Indian Reservations Conference, in Knoxville, TN.
- From June 15-16, Under Secretary Dunn will address the National Association of State Departments of Agriculture, in Salt Lake City, UT.

V. PRESS INQUIRIES

- On May 19, ABC affiliate WJLA Channel 7 is scheduled to air a taped interview with an FSIS District Manager on chicken inspection.
- On May 12, an ERS economist was interviewed for an article on the farm economy to appear in the next issue of *U.S. News and World Report*. The interview focused on the material and analysis presented in an April 1999 *Agricultural Outlook* article.
- *Washington Post* reporter Judith Havemann will interview Under Secretary Watkins later this week on her vision for the nutrition programs.
- The *Los Angeles Times* is working on an article about horse slaughter. FSIS provided slaughter statistics, a list of federal plants approved for equine inspection, and a backgrounder on horsemeat.
- *Consumer Reports* is working on a brief article about beef safety and the HACCP inspection system.

VI. FOIA REQUESTS

Nothing of significance to report this week.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **USDA Releases Supply and Demand Forecasts:** The May 12 *Crop Production* report

contains USDA's first survey-based forecasts for 1999 winter wheat production. The *World Agricultural Supply and Demand Estimates (WASDE)* report contains USDA's initial forecasts for 1999/2000 US supply and use estimates for major field crops, and global 1999/2000 supply and use forecasts for wheat, corn, coarse grains, rice, cotton, soybeans, and soybean products. The report includes, in addition, initial projections of supply, use, and prices for 2000 US livestock products, and fiscal 2000 dairy. Highlights of these two reports include:

- **All Wheat.** The 1999/2000 outlook for US wheat is for a smaller crop, increased exports, lower ending stocks, and slightly higher prices. Total production is projected down 12% from 1998/99, to 2.245 billion bushels, because of lower area and yield. In addition to a smaller winter wheat crop, reduced spring (including durum) wheat crop is projected, based on the March *Prospective Plantings*, and average yields.
- **Rice.** US rice production in 1999/2000 is projected at a record 207 million hundredweight (cwt), up nearly 10% from 1998/99. Planted area, is estimated at 3.58 million acres, up 7% from 1998, but down from the 1981 record of 3.81 million acres. US prices in 1999/2000 are projected to average between \$6.00 and \$7.00 per cwt, compared to a revised \$8.55 to \$8.75 per cwt for 1998/99.
- **Corn.** Total US 1999/2000 corn supplies are up by 1%, as large carrying stocks more than offset a projected smaller crop (9.445 billion bushels). Domestic feed and residual use is unchanged from 1998/99. Also, US corn exports are projected to increase only slightly from 1998/99, because of slow growth in world corn imports, and continued strong competition from Argentina and China.
- **Soybeans and Products.** US soybean production is forecast to rise 4.4% from 1998/99, to a record 2.880 billion bushels. Record production and the third largest carrying stocks in history combine for a soybean supply of 3.315 billion bushels, up almost 12% from 1998/99. Exports of both soybeans and soybean meal will expand sharply, helped by stagnation in foreign oilseed supplies, and a likely significant drop in foreign soybean production in several major producing countries.
- **Cotton.** The US outlook for 1999/2000 includes sharply higher production (18.0 million bales), exports, and ending stocks, relative to 1998/99. Production is raised nearly 30% based on planting intentions of 13.94 million acres.
- **Livestock.** US total red meat and poultry production is projected to decline slightly from the record level expected in 1999. Fewer farrowings in the first part of 1999 point to smaller inventories going into 2000. Poultry production is forecast to increase in 2000, largely offsetting the decline in red meat production. Meat exports are projected to decline slightly in 2000.

- **Dairy.** Recent high milk prices and moderate feed costs are expected to result in continued growth in dairy production through 1998/99 and into 1999/2000. Continued growth in milk per cow is expected to drive milk production higher. Demand is forecast to remain firm, but prices are forecast to decline.

VIII. WASTE FRAUD AND ABUSE

- **GAO Investigating Food Stamp Trafficking:** On May 26, USDA officials will meet with GAO investigators conducting a new study on state efforts to fight food stamp trafficking.

IX. CLIMATE CHANGE

Nothing of significance to report this week.

X. DISASTER ASSISTANCE

- **USDA Starting On Disaster Program, Ending Another:** During the week of May 17, USDA will announce the beginning of the flood land compensation program, a \$41 million program included in the FY99 omnibus appropriations bill to compensate farmers and ranchers suffering economic losses from land under water – the program will primarily assist farmers and ranchers in the Dakotas and MN.

On May 21, sign up for the dairy income loss assistance program ends; the program, also included in the FY omnibus bill, provides \$200 million in payments to dairy farmers to compensate them for low milk prices.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

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May 26, 1999

Memorandum to The President

Through: The Honorable John Podesta

From: Secretary Dan Glickman

Subject: Report For Week of May 23, 1999

USDA Fact of the Week

US agricultural exports in May are down 14% from their FY98 pace; when coupled with static imports, the export slump has caused a 36% reduction in the agricultural trade balance since the beginning of FY99. These most recent figures, released by USDA May 25, indicate that much of the lackluster export performance can be traced to the collapse of bulk commodity exports, off a total of 21% from the 1998 level, with cotton exports leading the decline by dropping 40%, soybeans falling 35%, and overseas sales of wheat off 12%.

I. KEY DEPARTMENT NEWS

- **USDA to Launch Conservation Initiative to Protect Chesapeake Bay and Delaware River:** On June 2, Secretary Glickman will sign an agreement in Dover, DE with DE state officials implementing a Conservation Reserve Enhancement Program (CREP) to reduce sediment and nutrient run off into the Chesapeake Bay and Delaware River, by creating conservation buffers along nearly 600 miles of waterways. Under the agreement, USDA will contribute \$8 million and the state will provide \$2 million.
- **USDA Makes Disaster Payments:** On June 1, USDA will begin making the first of 267,302 payments to compensate farmers for losses from natural disasters in 1998 and over 3 of the previous 5 years, as provided for in the FY99 omnibus appropriations bill. 197,172 farmers will receive an average of \$6,581 for 1998 losses, and 70,130 will get an average of \$8,092 from the multi-year loss compensation program. The average payment from both will total \$6,977.

Having experienced considerable public, media, and congressional criticism for the length of time it has taken to begin these payments, USDA is bettering by 2 weeks the previously announced timetable for program implementation. This is the most recent

distribution of emergency farm assistance from that legislation, being preceded by USDA's payment of income loss assistance, crop insurance premium discounts, emergency livestock assistance, honey, wool, and mohair loans, an opening of the sign up for dairy income loss assistance, and compensation for damage for flooded land.

In a separate but related development, on May 24, a group of NM dairy farmers filed suit against USDA in federal district court seeking to block USDA's implementation of the dairy income loss assistance program, contending that the limitations the Department placed on the assistance were made arbitrarily and capriciously. The centerpiece of the suit is the limit USDA imposed to target the program to family-sized farms. Under this limit, USDA will make payments based on a farm's dairy production, only up to the first 26,000 hundredweight (cwt) of production.

- **Secretary Endorses Biobased Fuels and Products:** On May 27, in testimony before the Senate agriculture committee, Secretary Glickman endorsed legislation proposed by Chairman Lugar to coordinate research on advancing the development and commercialization of bio-based fuels and products.
- **Secretary Makes Key Congressional Visits:** On May 27, Secretary Glickman will meet with a bipartisan and bicameral group hosted by Senator Baucus, to discuss renewal of China's normal trade relations status, and accession to the WTO.

Also on May 27, Secretary Glickman, at the request of Senator Durbin, will meet with the entire IL delegation to discuss agricultural issues and problems in that state.

On May 26, at the request of Senator Baucus, Secretary Glickman met with the entire MT delegation, and representatives of the state's farm community, about the severity of the farm crisis in the northern plains.

- **Secretary Calls for Mandatory Livestock Price Reporting:** On May 26, during testimony before the Senate agriculture committee, Secretary Glickman renewed his call for Congress to pass legislation requiring mandatory reporting of livestock prices, and endorsed the concept of country-of-origin labeling for certain imported meat products.
- **USDA FY00 Funding Stalls:** On May 26, following 2 days of contentious debate, largely on matters only tangentially related to the legislation, and marked by an amendathon led by Representative Coburn, the House of Representatives set aside the bill without having completed action on it. As reported by the Appropriations Committee, the legislation fails to support adequately a number of key priorities, including your lands legacy, several key USDA conservation programs, the WIC program, and USDA outreach for socially disadvantaged farmers. Following resolution of the Coburn-clutch of amendments, USDA expects amendments blocking USDA from implementing its reformed milk marketing order plan, and cutting funding from its Wildlife Services

program, which will generate considerable controversy when the House resumes consideration of the bill.

In a separate but related development, the Senate Appropriations Committee's FY00 budget allocations, announced May 25, cut some \$1 billion from agriculture spending, raising the likely possibility of unacceptably large cuts in that bill as well; USDA expects subcommittee action on it during the week of June 14.

- **USDA Resumes Making Farm Loans:** On May 24, following your signing of the FY99 emergency supplemental appropriations bill, USDA resumed making emergency farm loans with funds included in that legislation; 2000 family farms with pending applications will be the first beneficiaries. On May 26, USDA began making direct and guaranteed loans as a result of the bill's enactment. Thus far this fiscal year, USDA has made or guaranteed 28,000 farm loans, worth about \$2.8 billion.
- **GAO Critical of Forest Service Activities:** On May 24, Senator Murkowski and Representative Young released a GAO report concluding that certain Forest Service employees may have violated restrictions against advocating the passage of legislation; simultaneously, Secretary Glickman issued a statement that USDA will comply with the report's recommendations, and will issue new guidelines for compliance with the statute's requirements. The study's sponsors later endorsed the Secretary's action.
- **Dairy Purchases Accelerating:** As of May 14 of this fiscal year, USDA has purchased 87 million pounds of nonfat dry milk under the USDA dairy price support program, 18% over the pace of purchases last year, an indicator of the weakness in this year's dairy market.
- **Agricultural Trade Developments:** On May 19, USDA authorized \$2 million in export credit guarantees to facilitate the sale of breeder livestock, animal genetics, and feeder cattle to Cote d'Ivoire.

During the week that ended May 20, USDA approved subsidies under the Dairy Export Incentive Program (DEIP) to facilitate the sale of 5000 metric tons (MT) of dairy products to customers in Africa, Latin America, and the Middle East.

- **Commodity Markets in Review:** Good conditions for the US winter wheat crop depressed cash and futures prices for wheat last week, with futures hitting contract lows. Corn cash and futures fell slightly on rapid planting progress, but soggy fields in Iowa and Nebraska are causing concern and limiting downward movement. Large supplies and weak exports pulled down soybean prices, also buffeted by falling vegetable oil prices. An upcoming tender for U.S. rice by Russia sent cash and nearby futures prices up. Cotton prices remain depressed by generally good crop progress. The approach of the summer grilling season gave a slight boost to cattle prices last week. Steady marketings

in the Midwest and falling wholesale pork prices led hog prices down. Seasonal demand continues to support broiler prices, despite a 6 percent increase in production over last year. Cheese prices fell slightly as production remains heavy. Competition for butterfat supplies helped force butter prices higher despite adequate supplies on hand.

Average Prices for the week ending May 21, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.74	-0.04	-0.49
Corn \$/bu	2.14	-0.02	-0.33
Soybeans \$/bu	4.59	-0.06	-1.87
Rice \$/cwt	7.75	-0.06	-2.53
Cotton c/lb	54.94	-0.84	-9.79
Steers \$/cwt	63.91	+0.02	-1.49
Hogs \$/cwt	37.04	-1.32	-7.42
Broilers c/lb	58.86	+0.15	0.72
Cheese \$/lb	1.21	-0.01	-0.04
Butter \$/lb	1.25	+0.13	-0.40
Milk \$/cwt	11.03	+0.25	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Food Safety Initiative:

- USDA Announces New Strategy to Fight Listeria:** On May 25, USDA announced a new strategy to combat listeria, requiring plants producing ready to eat meat and poultry products to re-evaluate their plans complying with USDA's new meat and poultry inspection system, HACCP, to determine whether they are appropriately controlling against the possibility of listeria contamination. The announcement received considerable public and media attention, having come in the wake of last winter's highly publicized outbreak of listeriosis, which was linked to over 20 deaths in 22 states.

In a separate but related development, Bil Mar Foods of Zeeland, MI, the plant implicated in the above-referenced listeria outbreak, had until May 25 to respond

to deficiencies USDA found in its HACCP plan, that if not satisfactorily corrected, will result in USDA's closure of the facility. USDA food safety officials are reviewing the company's reply.

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

- **New York City Petitions for Food Stamp Changes:** On May 26, the City of New York petitioned USDA to revise food stamp regulations to conform to the block grant approach Congress adopted in welfare reform for the TANF program.

III. SECRETARY'S SCHEDULE

- On June 2, Secretary Glickman will address the 1890's Task Force, in Dover, DE. While in DE, Secretary Glickman will also announce a Conservation Reserve Enhancement Program agreement with the state.
- On June 9, Secretary Glickman will testify before a House hearing on sanctions policy.
- On June 14, Secretary Glickman will address the Independent Bankers Association.
- On June 23, Secretary Glickman will testify before the House Agriculture Committee on Chinese accession to the WTO.

IV. SUB-CABINET SCHEDULE

- From June 2-5, Deputy Secretary Rominger will attend the Agricultural Working Group of the US-Mexico Binational Commission, in Mexico City.
- From June 6-9, Deputy Secretary Rominger will attend the Keep America Growing Conference in Philadelphia, PA.
- From June 9-13, Deputy Secretary Rominger will attend the International Grains Council Conference, in London.
- From May 26-28, Under Secretary Watkins and other Federal, State and local officials will tour MS, TN, and AR to inspect problems involved in fighting hunger and poverty.
- On May 28, Under Secretary Schumacher will attend a town hall meeting with Representative Nick Smith, in Lansing, MI.
- On May 28, Under Secretary Woteki and Deputy Under Secretary Wilcox will host an

interagency meeting of the Food Emergency Rapid Response and Evaluation Team (FERRET), where they will analyze the recent multi-state listeriosis outbreak.

- On May 28, Chief Economist Collins will address the American Cotton Shippers Association Convention in Colorado Springs, CO.
- From June 1-3, Under Secretary Watkins will attend the 1890 Task Force Meeting at Delaware State University.
- From June 2-5, Under Secretaries Schumacher, Gonzalez, and Dunn will attend the US/Mexico Binational Commission Meeting in Mexico City.
- On June 2, Under Secretary Lyons will address the Hancock Natural Resource Group Timber Meeting in Boston, MA.
- On June 3, Under Secretary Woteki will address members of the Partnership for Food Safety Education.
- On June 3, Under Secretary Long Thompson will attend EZ/EC MOA signing in MT.
- On June 5, Under Secretary Lyons will address the "Save the Sound" Conference in Long Island, NY.
- On June 5, Under Secretary Woteki will address the 1999 Association of Food and Drug Officials (AFDO) Annual Educational Conference in San Antonio, TX.
- On June 8, Under Secretary Schumacher will address the Tobacco Advisory Board Meeting in Atlanta, GA.
- On June 9, Under Secretary Watkins will address the 100 Black Men of America, Inc. Childhood Obesity Conference in Detroit, MI.
- On June 9, Under Secretary Watkins will address the annual Food Research and Action Center Dinner in Washington, DC.
- On June 9, Under Secretary Lyons will address the Keep America Growing Conference in Philadelphia, PA.
- On June 9, Under Secretary Long Thompson will address the 25th annual celebration of the Federal Women's Program Seminar in Indianapolis, IN.
- On June 10, Under Secretary Dunn will address the Cotton Incorporated Board of Directors in Washington, DC.

- On June 10, Under Secretary Woteki plans to give the keynote address at the joint American Dietetic Association and Dietitians of Canada meeting in Vancouver.
- On June 10, Under Secretary Dunn will address the National Cattlemen's Beef Association's Annual Young Cattlemen's Conference in Washington, DC.
- On June 11, Under Secretary Dunn will address the National Association of State Aquaculture Coordinators in San Juan, Puerto Rico.
- On June 12, Under Secretary Long Thompson will attend an event for Homeownership Week with Representative Murtha in PA.
- From June 13-15, Under Secretary Lyons will attend the Western Governors Association Meeting in Jackson Hole, WY.
- On June 14, Under Secretary Woteki will attend World Health Organization meetings in Geneva.
- From June 14-15, Under Secretary Gonzalez will attend and address the Hispanic Association of Colleges and Universities Conference in San Francisco, CA.
- On June 15, Under Secretary Watkins will speak before the National Association Food Distribution Program on Indian Reservations Conference in Knoxville, TN.
- On June 17, Under Secretary Gonzalez will address the National Organization of Professional Hispanic Employees Conference in Las Vegas, NV.
- On June 19, Under Secretary Watkins will address the Dannon Leadership Institute in Queenstown, MD.
- On June 21, Under Secretary Dunn will address the Southern Association of State Departments of Agriculture in Charleston, WV.

V. PRESS INQUIRIES

- *Redbook* magazine requested information for an article about the Children's Food Guide Pyramid.
- A *Los Angeles Times* reporter is working on an article about horse slaughter, and USDA has provided slaughter statistics, a list of federal plants approved for equine inspection, and a backgrounder on horse meat.

- *Consumer Reports* is working on an article about beef safety and HACCP, and USDA has provided it with information about the new system, the farm-to-fork approach to food safety, thermometer use, and testing programs.
- The *Richmond Times Dispatch* will interview several USDA officials next week for a follow up to the story about Civil Rights at USDA.

VI. FOIA REQUESTS

Nothing of significance to report this week.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **USDA Readies Conservation Initiative:** On June 2, Secretary Glickman, while in Dover, DE, will sign a \$10 million agreement with the state creating a Conservation Reserve Enhancement Program (CREP) to protect the Chesapeake Bay and Delaware River; USDA will contribute \$8 million to the program over the next 15 years and the state will provide the balance – see Key Department News.

VIII. WASTE FRAUD AND ABUSE

Nothing of significance to report this week.

IX. CLIMATE CHANGE

- **USDA Participates in UN Climate Change Meeting:** From May 31 to June 11, USDA officials will join representatives from 150 countries at the 10th meeting of the subsidiary bodies of the UN framework convention on climate change in Bonn, in preparation for the 5th session of the Conference of the Parties to the Convention.

X. DISASTER ASSISTANCE

- **USDA Makes Disaster Payments:** On June 1, USDA will begin making the first of 267,302 payments to compensate farmers for losses from natural disasters in 1998 and over 3 of the previous 5 years, as provided for in the FY99 omnibus appropriations bill. 197,172 farmers will receive an average of \$6,581 for 1998 losses, and 70,130 will get an average of \$8,092 from the multi-year loss compensation program. The average payment

from both will total \$6,977.

Having experienced considerable public, media, and congressional criticism for the length of time it has taken to begin these payments, USDA is bettering by 2 weeks the previously announced timetable for program implementation. This is the most recent distribution of emergency farm assistance from that legislation, being preceded by USDA's payment of income loss assistance, crop insurance premium discounts, emergency livestock assistance, honey, wool, and mohair loans, an opening of the sign up for dairy income loss assistance, and compensation for damage for flooded land.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

June 2, 1999

Memorandum to The President

Through: The Honorable John Podesta

From: Secretary Dan Glickman

Subject: Report For Week of May 30, 1999

USDA Fact of the Week

Farmers received slightly better prices in May than in the previous month, and April, 1998, due largely to seasonal sales of stronger priced fruits and vegetables, and fewer marketings of cattle, cotton, and milk. Livestock prices strengthened in May, but not enough to erase the drop from their year-earlier levels, while major crop prices continued their slump as soybeans led the decline, hitting their lowest monthly average since March, 1976. Corn dropped 4 cents in May, down 16% from 1998's average, and wheat fell another 48 cents, off 14% from May, 1998.

I. KEY DEPARTMENT NEWS

- **USDA Representatives Attend US-Mexico Binational Committee:** On June 4, several USDA officials, led by Deputy Secretary Rominger, will be in Mexico City for the US-Mexico Binational Commission meeting, conducting bilateral discussions on a range of agricultural issues, and concluding several joint agreements for mutual cooperation, including one on fire prevention and management – an outgrowth of last year's highly publicized Mexican forest fires, and US efforts to help contain them.
- **Secretary to Address Farm Crisis, Welfare Reform's Effects, and Related Issues:** On June 3, Secretary Glickman will address the continuing crisis in the farm economy, the dropping food stamp case load, food safety, and biotechnology issues when he meets with representatives of several major, national news magazines and newspapers, during a breakfast hosted by the Washington bureau of the *Christian Science Monitor*.
- **Secretary Announces Conservation Initiative, Dedicates New Center for Excellence:** On June 2, Secretary Glickman signed a conservation reserve enhancement program (CREP) agreement with DE Governor Carper, whereby over the next 10 years USDA will contribute \$8 million, and the state \$2 million, to provide incentives for farmers to install

conservation practices for reducing run-off from flowing into the Delaware River and Chesapeake Bay.

While in Dover, and speaking to USDA's task force of 1890's colleges, Secretary Glickman dedicated the new seafood safety laboratory and center of excellence at Delaware State University.

During his keynote address to the task force, Secretary Glickman also announced that he intends to name USDA's new Beltsville, MD agricultural research center in honor of George Washington Carver.

- **USDA Food Aid Shipments to Arrive:** On June 2, 2 vessels are scheduled to arrive in Thessaloniki, Greece, loaded with almost 4000 metric tons (MT) of USDA-purchased foodstuffs for distribution to Kosovar refugees. The shipment includes 2,250 MT of rice, 230 of corn soy blend, 750 MT of vegetable oil, and 660 MT of pinto beans.
- **USDA Approves Australian Meat Inspection Program:** On June 1, USDA approved Australia's new Meat Safety Enhancement Program as equivalent to the US system, thus opening the way for Australian companies who comply with their system to export product to the US market. Consideration of the Australian request, and subsequent review of whether it met US conditions, has been the subject of considerable attention from the media, consumer groups, and some in Congress.
- **Secretary Promotes Food Recovery and Gleaning:** On June 1, Secretary Glickman taped a message promoting food recovery and gleaning for the Society of St. Andrew, which will use the message in a video commemorating its 20th anniversary.
- **USDA Works on Promoting Sheep Demand:** On May 25, USDA officials met with representatives of 4 national sheep grower groups, as well as representatives of the processing industry, to develop plans to implement a national sheep promotion program designed to boost demand for mutton and wool. The program will be financed with proceeds from the sale of sheep and wool, similar to programs for cattle, hogs, soybeans, and other commodities. The promotion program, which was once defeated by a referendum of growers and industry, has attracted renewed attention in the wake of increasing imports from Australia and New Zealand.
- **USDA Organic Rule Wins Harvard's Recognition:** Out of over 1600 applicants, USDA's Agricultural Marketing Service (AMS) has been selected as one of 25 finalists for Harvard University's John F. Kennedy School of Government and Ford Foundation Innovations in American Government Award, for its rulemaking for organic foods standards. This first-ever fully electronic, large-scale federal rulemaking effort, previously won the 1998 Government Technology Leadership Award, was selected for inclusion in the Smithsonian Institution's permanent research collection, and received a

1998 USDA Honor Award.

- **Agricultural Trade Developments:** On July 9, farmers and ranchers from several northern-tier states plan to rally at Sweetgrass, MT. Some observers may reprise last summer's highly publicized blockade of Canadian shipments of agricultural commodities and products into the US.

During the week that ended May 28, US exporters shipped 105,000 MT of corn and 100,000 MT of wheat under the USDA-Russian food aid agreement. In a separate but related development -- due to unacceptably high prices, USDA rejected all bids on its tender for 18,000 MT of pork, to be provided under the agreement; USDA intends to re-offer the tender.

During the week that ended May 24, USDA provided subsidies under its Dairy Export Incentive Program (DEIP), to facilitate the sale of 8,900 metric tons (MT) of dairy products to customers in Africa, Latin America, and the Middle East.

- **Commodity Markets in Review:** Harvest pressure and slow exports led wheat cash and futures prices down last week. Corn prices dropped on favorable growing conditions. Soybean prices fell on good planting progress. Cotton prices moved lower in light trading on good weather and lackluster demand. Higher cutout values helped support cattle prices. Hog prices dropped due to reduced holiday slaughter schedules and falling carcass values. Cheese prices were up despite seasonally heavy production. Strong summer demand for ice cream and milk fat drove butter prices up.

Sugar Prices Plummet: Following 5 months of weakness on May 31, the gap between US and world prices widened to its largest value since 1987 with world prices falling 50% from 1998 levels to a 13-year low.

Weak Crop Prices Fueling USDA Loan Activity: As of May 24, USDA has made 216,146 loans worth \$7.8 billion to farmers pledging the 1999 crops as collateral and 2.1 million loan deficiency payments -- payments farmers may receive in lieu of placing the crop under loan and which they generally elect when market prices dip below the statutorily-set loan rate -- worth \$2.6 billion.

Dairy Purchases Climb: As of May 22, USDA's purchase of dairy products were running 14% above the level one year ago, indicative of the spreading weakness in the milk market; in that week, USDA bought another 7.2 million pounds to support dairy prices, bringing FY99's purchases to 94 million pounds.

Average Prices for the week ending May 28, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.67	-0.07	-0.56
Corn \$/bu	2.07	-0.07	-0.41
Soybeans \$/bu	4.48	-0.11	-1.85
Rice \$/cwt	7.75	0.00	-2.53
Cotton ¢/lb	54.18	-0.76	-11.24
Steers \$/cwt	64.50	0.65	0.39
Hogs \$/cwt	35.34	-1.70	-12.38
Broilers ¢/lb	59.19	0.33	0.07
Cheese \$/lb	1.26	0.06	-0.09
Butter \$/lb	1.45	0.20	-0.25
Milk \$/cwt	11.86	+0.83	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

- **President's Food Safety Initiative:**
 - **USDA Enforces New Meat Inspection Requirements:** On May 26, USDA suspended operations at Denison, IA's Purity Farms, for unsanitary working conditions.
 - **USDA Actions Prompt Meat Recall:** On May 28, Alpine *Wurst* and Meat House of Honesdale, PA recalled 60 pounds of sausage, after USDA officials detected possible listeria contamination in the product.
 - **Private Sector Stepping Up to Food Safety Challenge:** On May 26, IBP, Inc., the nation's largest meat packer, announced a \$150,000 donation to the Food Marketing Institute Foundation, for a consumer education campaign. The "Safeguarding Our Last Link," campaign compliments similar USDA-sponsored and joint USDA-private sector education programs on safe food handling.
- **President's Initiative on Race:**

- **USDA Field Station Wins Hammer Award:** For its work with South Carolina State University in establishing the Savannah river Environmental Sciences Field Station – unique for its role in recruiting and training minority graduates in environmental sciences – USDA’s Natural Conservation Resources Service (NRCS) SC state office won a Hammer Award.
- **President’s Initiative on Welfare Reform:**
 - **USDA Approves Welfare Reform Waivers:** During the week that ended May 25, USDA approved waivers from the work requirements of the welfare reform bill to permit residents of 4 NB Indian reservations to continue to receive food stamps and added Conway County, AR to the state’s current waiver.

III. SECRETARY’S SCHEDULE

- On June 9, Secretary Glickman will testify before a House Agriculture Committee hearing on sanctions policy.
- On June 14, Secretary Glickman will address the Independent Bankers Association.
- On June 16, Secretary Glickman will address the Center for Strategic and International Studies.
- On June 20, Secretary Glickman will address Bread for the World.
- On June 23, Secretary Glickman will testify before the House Agriculture Committee on Chinese accession to the WTO.
- On June 25, Secretary Glickman will address the National Calcium Summit.
- On June 25, Secretary Glickman will address the African American Institute board meeting.

IV. SUB-CABINET SCHEDULE

- From June 2-5, Deputy Secretary Rominger will attend the Agricultural Working Group of the US-Mexico Binational Commission, in Mexico City.
- From June 6-9, Deputy Secretary Rominger will attend the Keep America Growing Conference in Philadelphia, PA.

- From June 9-13, Deputy Secretary Rominger will attend the International Grains Council Conference, in London.
- On June 14, Deputy Secretary Rominger will address the California Poultry Industry Federation.
- From June 2-4, Under Secretaries Schumacher and Dunn will attend the US-Mexico Binational Commission Meeting, in Mexico City.
- On June 3, Under Secretary Woteki will address members of the Partnership for Food Safety Education.
- On June 3, Under Secretary Long Thompson will attend the signing of an EZ/EC MOA, in MT.
- On June 5, Under Secretary Lyons will address the "Save the Sound" Conference in Long Island, NY.
- On June 7, Under Secretary Schumacher will participate in the WTO Forum, in St. Paul, MN.
- On June 7, Under Secretary Woteki will address the 103rd annual education conference of the Association of Food and Drug Officials (AFDO), in San Antonio, TX.
- On June 8, Under Secretary Schumacher will address the Tobacco Advisory Board Meeting in Atlanta, GA.
- On June 9, Under Secretary Watkins will address the 100 Black Men of America, Inc. Childhood Obesity Conference, in Detroit, MI.
- On June 9, Under Secretary Watkins will address the annual Food Research and Action Committee dinner.
- On June 9, Under Secretary Lyons will address the "Keep America Growing" Conference in Philadelphia, PA.
- On June 9, Under Secretary Long Thompson will address the 25th Annual Silver Celebration of the Federal Women's Program Seminar, in Indianapolis, IN.
- On June 10, Under Secretary Woteki will address at the joint American Dietetic Association and Dietitians of Canada meeting in Vancouver.
- On June 10, Under Secretary Dunn will address the Cotton Incorporated Board of

Directors.

- On June 11, Under Secretary Dunn will address the National Association of State Aquaculture Coordinators, in San Juan, Puerto Rico.
- On June 12, Under Secretary Long Thompson will attend an event for Homeownership Week with Representative Murtha, in PA.
- From June 13-15, Under Secretary Lyons will attend the Western Governors Association Meeting, in Jackson Hole, WY.
- On June 14, Under Secretary Woteki will attend a WHO meeting, in Geneva.
- On June 15, Under Secretary Schumacher will address the Tennessee Bankers Association, in Memphis, TN.
- On June 15, Under Secretary Watkins will address the National Association Food Distribution Program on Indian Reservations Conference, in Knoxville, TN.
- On June 19, Under Secretary Watkins will address the Dannon Leadership Institute in Queenstown, MD.
- On June 21, Under Secretary Dunn will address the Southern Association of State Departments of Agriculture, in Charleston, WV.
- On June 29, Under Secretary Long Thompson will address the National Association of Credit Specialists' Annual Convention, in Wilmington, NC.

V. PRESS INQUIRIES

- On June 13, Under Secretary Watkins may be interviewed live by C-Span on the food stamp program.
- On June 3, the *New York Times* will interview USDA's Director of Civil Rights for a series on race relations in America.
- On May 26, the *Chicago Tribune* asked USDA's Economic Research Service (ERS) about farm areas of declining population in the Great Plains; the *Tribune* is preparing a story on this topic, and the future of such areas.
- The *Washington Post* plans to run a "Federal Page" story about Under Secretary Watkins in the near future.

- American Urban Radio plans to interview Under Secretary Watkins about her support for the "100 Black Men" initiative.
- The *Omaha World-Herald* interviewed 2 USDA food safety officials about the agency policy on *E. coli* O157:H7 and non-intact beef; an article is expected to run soon.
- An investigative reporter for the *Salt Lake Tribune* is working on a story about the Forest Service's involvement with the World Alpine Championships ski races at Vail, CO, and the US Alpine Championships at Snowbasin, UT.

VI. FOIA REQUESTS

Nothing of significance to report this week.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **USDA Strengthens Samoan Farm Credit Program:** During the week of June 7, USDA's Farm Service Agency (FSA) will complete and sign an agreement with American Samoa and the Samoan Development Bank that will, for the first time ever, permit FSA to make direct loans to Samoan farmers.
- **Upcoming Crop Production Report:** On June 11, USDA will release its next *Crop Production* report, providing an updated winter and durum wheat production forecast; an orange production forecast; the first production forecasts for sweet cherries, dried prunes, apricots, and bartlett pears; and the first forecast of peach production for the Southeast.
- **Cotton and Wool Outlook:** The June 14 *Cotton and Wool Outlook* will provide an update of the latest estimates for 1998/99 US and foreign cotton supply and demand, in addition to the 1999/2000 estimates, which were first released in May.
- **Oil Crops Outlook:** The June 14 *Oil Crops Outlook* will assess spring weather conditions that may expand 1999 US soybean planting, which USDA already forecasts at a record high 73.1 million acres. The report will also highlight foreign demand and export competition affecting US trade.
- **Rice Outlook:** The June 14 *Rice Outlook* report will contain total world and US supply and use projections for market years 1998/99 and 1999/2000, and an aggregate season-average price range projection as well. The report will discuss major factors affecting the 1999/2000 US rice; extremely large plantings, much lower prices, weaker world trade, and very large ending stocks.

- **Feed Outlook:** The June 15 *Feed Outlook* will update progress of 1999 feed grain crops. By its release, corn planting should be nearly done, price estimates will be updated, and the report will compare emergence with prior years, as an indication of crop progress.
- **Wheat Outlook:** The June 15, *Wheat Outlook* will analyze June revisions in USDA's official projections for US and world wheat supply and use in the 1999/2000 marketing year.

VIII. WASTE FRAUD AND ABUSE

- **GAO Studying EBT:** On May 26, USDA officials met with investigators from the General Accounting Office (GAO) on a study it has begun to determine how the new electronic benefit transfer (EBT) system is being used to identify and prosecute food stamp trafficking.

IX. CLIMATE CHANGE

Nothing of significance to report this week.

X. DISASTER ASSISTANCE

- **USDA Combating FL Fire:** As of June 2, USDA fire fighters were working with state and local officials to contain the 54,000 acre Friendly Fire in the Okefenokee swamp on the GA-FL border. Fire conditions in AZ, GA, and NM remain extreme due to high winds and low humidity.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

Home: 703.525.4186

Pager: 800.710.5528

June 9, 1999

Memorandum to The President

Through: The Honorable John Podesta
From: Secretary Dan Glickman
Subject: Report For Week of June 6, 1999

USDA Fact of the Week

USDA's latest export projections for FY99 document the toll weak farm prices are having across the sector, dragging this year's agricultural trade balance down some 30% from 1998's. While overall volume will pick up 8.5% over last year – with the volume of corn shipments up 23% and wheat up 12% – lower prices will lower the dollar value of US farm exports by 8.5%.

I. KEY DEPARTMENT NEWS

- **Secretary, USDA Mark Home Ownership Week:** On June 11, Secretary Glickman will travel to Orlando, FL to help prospective homeowners participating in USDA's mutual self-help housing assistance program build their homes. Other USDA officials will attend comparable celebrations around the country, marking the fact that rural home ownership has exceeded the urban rate by hitting 73%.
- **Secretary Amplifies Sanctions Policy:** On June 9, Secretary Glickman testified before the House Agriculture Committee on the sanctions policy you announced exempting food and agricultural products from unilateral sanctions.
- **USDA Honors Employees:** On June 9, Secretary Glickman presided over USDA's annual honor awards ceremony, commemorating the most remarkable achievements of USDA employees over the last year.
- **USDA Funding Bill Clears House:** On June 8, the House completed action on the FY00 agricultural appropriations bill. On a basically party-line vote, the House leadership proposed and passed an amendment that cut \$102 million from the bill, scaling it back to this year's level. The amendment was forced after the bill was pulled from the floor before the Memorial Day recess due to interminable delays working through the 100 plus

amendation of conservative Republicans, who were protesting the Appropriations Committee's allocation of FY00 budget authority and outlays. In other significant action prior to passage: the House agreed to an amendment offered by Representative Kaptur, permitting the Secretary to transfer up to \$7 million into USDA's outreach program for socially disadvantaged farmers --a key USDA priority; rejected an amendment by Representative De Fazio aiming to cut funding for USDA's Wildlife Services program--the amendment received extensive media attention; and Representative Walsh agreed to shelve an amendment that would have prevented USDA from proceeding with its March 31, 1999 revision to the federal milk marketing order system--Agriculture Chairman Combest assured the House that the Committee would take up free-standing legislation on the same subject in late June.

In a separate but related development, USDA expects the Senate agricultural appropriations subcommittee to mark up its version of the FY00 appropriations bill on June 15. Full Committee action could come as early as June 17. USDA has no official word from either body on when they will take up the FY00 interior appropriations bill.

- **Weak Farm Economy Plus Heavy Demand Exhausts USDA Credit Funds:** On June 7, USDA made the last of 3,256 emergency loans for farmers recovering from natural disasters, from the funding included in the FY99 supplemental appropriations bill you signed May 21.
- **Commodity Markets in Review:** Prolonged wet weather in wheat areas caused traders to worry about disease (Southern Plains) and planting delays (Northern Plains), driving wheat prices up. Hot, dry weather and relatively strong exports lifted corn prices. Soybean prices rose on weather concerns. Lackluster exports led cash rice prices down, but futures were boosted by forecasts for hot, dry weather across the South. Cotton prices averaged slightly higher, but trading remained in a narrow range all last week. Rising cutout values helped strengthen cattle prices. The average hog price declined, despite higher slaughter and better cutout values. Good Memorial Day sales helped move chicken prices higher. Increased seasonal food service demand is leading cheese prices up. Butter prices rose in light trading.

Cotton Imports Triggered: On June 10, USDA will let domestic mills import 196,000 bales of upland cotton, about one week's consumption. The imports were triggered because the price of domestic cotton, in the absence of cotton export funding which was exhausted in December, 1998, exceeds the comparable Northern European price.

Weak Commodity Prices Driving Higher Loan Activity: As of June 1, USDA had made 218,000 loans on 1998 crops, worth about \$7.85 billion, and paid out another 2.1 million loan deficiency payments, worth \$2.66 billion, to farmers who agreed to take the payments and forego placing the crops under loan. Meanwhile, in a further indication of price weakness, as of May 27 this fiscal year, farmers had forfeited 30.5 million bushels

of wheat to USDA, rather than repay their loans.

USDA Sets 1999 Peanut Price Support Level: On June 2, USDA announced the average national price support level for 1999 crop peanuts: \$610 per ton as required by the 1996 farm bill, however, some varieties will be eligible for loans as high \$613 per ton, with values ranging down to \$572 per ton.

USDA Increasing Dairy Purchase in the Face of Weak Prices: During the week ending May 28, USDA bought another \$8.9 million worth of dairy products. Weaker dairy markets have increased the pace of USDA's price-supporting purchases of dairy products some 27% above the comparable FY98 level.

Average prices for the week ending June 4, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.75	+0.07	-0.38
Corn \$/bu	2.12	+0.04	-0.28
Soybeans \$/bu	4.54	+0.05	-1.67
Rice \$/cwt	7.63	-0.12	-2.65
Cotton ¢/lb	55.32	+1.05	-12.39
Steers \$/cwt	65.31	+0.68	1.85
Hogs \$/cwt	34.33	-0.78	-10.37
Broilers ¢/lb	59.83	+0.64	-0.46
Cheese \$/lb	1.30	+0.03	-0.20
Butter \$/lb	1.50	+0.05	-0.24
Milk \$/cwt	11.87	+0.01	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Food Safety Initiative:

- USDA Actions Prompt Meat Recalls:** On June 4, USDA testing prompted Real Sausage Company of Chicago to recall 1285 pounds franks for possible listeria contamination, and on June 1, Valley Meat Supply of Valley City, ND recalled 150 pounds of similar product for the same reason.

- **USDA Holds EU Pork and Poultry Imports:** On June 3, USDA's Food Safety and Inspection Service (FSIS) began blocking further distribution of all shipments of pork and poultry from the EU, as a precaution against potential dioxin contamination traced to Belgium-produced animal feed.
- **Most Meat Manufacturers Meet Modern Mandates:** USDA's most recent quarterly enforcement report shows that 92% of the meat and poultry plants operating under USDA's science based inspection system – HACCP, for Hazard Analysis and Critical Control Point – are complying with the new system; in the course of enforcing the rules this quarter, USDA detained nearly 10 million pounds of product in 252 actions, and suspended inspection at 72 plants.
- **President's Initiative on Welfare Reform:**
 - **USDA Approves Welfare Waivers:** During the week that ended June 8, USDA approved a NV request for a waiver of the welfare reform bill's work requirements, to allow certain able-bodied food stamp recipients in 6 counties, 2 cities, and 17 reservations to continue receiving benefits.

III. SECRETARY'S SCHEDULE

- On June 11, Secretary Glickman will attend a Nation Homeownership event, in Orlando, FL.
- On June 14, Secretary Glickman will address the GA Farm Bureau.
- On June 16, Secretary Glickman will address the Center for Strategic and International Studies.
- On June 21, Secretary Glickman will address Bread for the World.
- On June 23, Secretary Glickman will testify before the House Agriculture Committee on WTO issues.
- On June 24, Secretary Glickman will meet with the NY Congressional delegation on various issues.
- On June 25, Secretary Glickman will address the National Calcium Summit.
- On June 25, Secretary Glickman will address the African American Institute board meeting.

- On June 25, Secretary Glickman will open the first USDA farmers' market of the summer.

IV. SUB-CABINET SCHEDULE

- From June 9-13, Deputy Secretary Rominger will attend the International Grains Council Conference, in London.
- On June 14, Deputy Secretary Rominger will address the CA Poultry Industry Federation.
- On June 29, Deputy Secretary Rominger will attend a WTO listening session in Sacramento, CA.
- On June 30, Deputy Secretary Rominger will attend a WTO listening session in Pullman, WA.
- On June 9, Under Secretary Watkins will address the 100 Black Men of America, Inc. Childhood Obesity Conference, in Detroit, MI.
- On June 10, Under Secretary Woteki will address at the joint American Dietetic Association and Dietitians of Canada meeting, in Vancouver.
- On June 10, Under Secretary Dunn will address Cotton Incorporated's Board of Directors.
- On June 11, Under Secretary Dunn will address the National Association of State Aquaculture Coordinators, in San Juan, Puerto Rico.
- On June 11, Under Secretary Long Thompson will attend National Homeownership Week event, in Orlando, FL.
- On June 12, Under Secretary Long Thompson will attend an event for Homeownership Week with Representative Murtha, in Somerset, PA.
- From June 13-15, Under Secretary Lyons will attend the Western Governors Association Meeting, in Jackson Hole, WY.
- On June 14, Under Secretary Woteki will attend a WHO meeting, in Geneva.
- On June 14-15, Under Secretary Gonzalez will attend and address meetings of the Hispanic Association of Colleges and Universities (HACU), in San Francisco and Fresno,

CA.

- On June 15, Under Secretary Schumacher will address the Tennessee Bankers Association, in Memphis, TN.
- On June 15, Under Secretary Watkins will address the National Association Food Distribution Program on Indian Reservations Conference, in Knoxville, TN.
- On June 16, Under Secretary Watkins will address the National Scholars Orientation, in Atlanta, GA.
- On June 17, Under Secretary Gonzalez will address the National Organization of Professional Hispanic Employees Conference, in Las Vegas, NV.
- On June 19, Under Secretary Watkins will address the Dannon Leadership Institute, in Queenstown, MD.
- On June 21, Under Secretary Dunn will address the Southern Association of State Departments of Agriculture, in Charleston, WV.
- From June 22-23, Chief Information Officer Reed will address the Association of Government Accountants' Annual Professional Development Conference and Exposition, in New Orleans, LA.
- On June 26, Under Secretary Watkins will address the 103rd Annual National PTA Convention, in Portland, OR.
- On June 28, Under Secretary Watkins will address the American Association of Family and Consumer Sciences, in Seattle, WA.
- On June 29, Under Secretary Long Thompson will address the National Association of Credit Specialists' Annual Convention, in Wilmington, NC.

V. PRESS INQUIRIES

- The *Milwaukee Journal Sentinel* requested background on WI's request to privatize its Food Stamp Program.
- A reporter from *Government Executive* is reviewing the FY98 travel costs for USDA, along with those for all other Federal agencies.

VI. FOIA REQUESTS

Nothing of significance to report this week.

VII. GRANTS AND ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **USDA to Release Supply and Demand Forecasts:** USDA's latest projections of U.S. supply, use, and prices of major crops for 1999/2000 will be published on June 11 in the *World Agricultural Supply and Demand Estimates (WASDE)* report. Area, yield and production of U.S. winter wheat will be the only survey-based 1999/2000 forecasts released on June 11, and will appear in *Crop Production*. Projections for 1999/2000 production of other U.S. crops (published in *WASDE*) will be based on intended plantings 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. Country-specific 1999/2000 forecasts will be made only for wheat and coarse grains. The report includes projections of supply, use, and prices for 2000 U.S. livestock products, and FY00 dairy.

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 Churns Out Dairy Payments:** On June 16, USDA will begin paying out \$200 million in dairy income loss payments included in the FY99 omnibus appropriations bill. In a separate and related development, on June 10, the Federal district court for NM will hear oral arguments on a temporary restraining order requested by a group of large NM dairy farmers who are seeking to prevent USDA from proceeding with the payments until resolution of their law suit challenging USDA's payment targeting formula, which was set up to prevent farmers with more than 150 cows, the average dairy herd in the upper Midwest, from receiving excessive payments.
- **Fire Season Heats Up:** As of June 9, USDA firefighters made up a sizeable share of the 700 firefighters attacking the 70,000 acre Friendly fire on FL's Osceola National

Forest; the Forest Service expects to contain the fire by June 15. Also in FL, the Forest Service is fighting a 17,000 acre fire in the Everglades.

This year has seen 20% more fires than the comparably timed 10-year average, and the fires have burned 23% more acreage than at the same time last fire season.

- **Secretary Meets with USDA Disaster Payment Team:** On June 8, Secretary Glickman traveled to USDA's Kansas City, MO offices to meet with more the than 2000 employees there who processed applications for the additional income and crop loss disaster assistance programs included in the FY99 omnibus appropriations bill; as of June 9, approximately \$1.6 billion of the \$2.3 billion in natural disaster payments had been made.

XI. WEEKEND CONTACT INFORMATION

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June 16, 1999

Memorandum to The President

Through: The Honorable John Podesta
From: Secretary Dan Glickman
Subject: Report For Week of June 13, 1999

USDA Fact of the Week

The next, and likely record-soybean crop, will also produce a record surplus; USDA's latest projections predict carryover from the 1999 crop at 595 million bushels, 20% of the crop and 45% of the total soybean surplus in the world.

I. KEY DEPARTMENT NEWS

- **USDA Seeking to Settle Hog Fleecing Case:** On June 21, USDA officials will meet with representatives of Excel Corporation on USDA's offer to settle its claim that the company unfairly denied hog farmers some \$1.8 million for hogs they sold the company, after it changed its method for valuing the hogs without telling the farmers. USDA has proposed that the company pay a civil penalty of \$5 million, as well as fully reimburse farmers for the underpayments.
- **USDA Money Bill Advances:** On June 17, USDA expects the Senate Appropriations Committee to mark up its version of the FY00 agricultural appropriations bill, following the subcommittee's June 15 rejection of a plan by Senator Harkin to add \$6 billion in emergency farm aid. USDA expects that when the bill comes to the Senate floor, several similar amendments may be offered, but still has no word on when either body will take up the FY00 interior spending bill, which finances the Forest Service.
- **USDA Airs Loan Program Proposal:** On June 16, Secretary Glickman testified before the House Agriculture Committee on USDA's proposal to reform the loan deficiency payment program, by which farmers can receive payments equal to the difference between their local cash price, and the loan rate set by law for the commodity. Although unused for the first 2 years of the 1996 farm bill, this year, USDA expects to make more than 2 million such payments, for about \$3 billion, a total that could double for 1999 crops. Under USDA's proposal, the system would be reformed to establish a national

rate for wheat, feed grains, and oilseeds, replacing the county-by-county system, and making it comparable to the way the program operates for cotton and rice, and ending the numerous complaints farmers and Members of Congress lodged last year about widespread and significant disparities in rates between adjoining counties and across state lines.

- **USDA Starts Work on New Dietary Guidelines:** On June 16, USDA's advisory committee on dietary guidelines will conduct a public hearing on the next version of the guidelines, scheduled for release in 2000. The guidelines, released every 5 years, always generate considerable congressional, media, and public attention.
- **USDA Evicts Permit Violators:** On June 15, Forest Service law enforcement personnel and US marshals notified residents of the Boulder Oaks resort area of the Cleveland National Forest (CA) that they must vacate the area by June 30, having had their special use area permit revoked 6 years ago; the eviction may attract local public and media attention.
- **US Beef Shipments to EU Proceed:** On June 11, the EU delayed until December 15 plans to stop all US beef shipments, in a dispute arising from EU discovery of growth promoting hormones in shipments sent under the EU's hormone-free beef certification program; however, the EU will continue to subject US beef to residue testing until its auditors complete a review of the US verification system, during the week of June 28.
- **USDA Releases Proposed Forest Pilot Project Plan:** On June 11, the Forest Service released a draft environmental impact statement implementing the Herger-Feinstein Quincy Library Group bill; which seeks to codify the work of local environmentalists and timber interests meeting in Quincy, CA to arrive at a consensus for managing the local national forests. Notwithstanding the local attempt at consensus, the bill and underlying forest plan have generated some controversy and criticism from national environmental groups. USDA expects that the comment gathering phase and final plan will continue to attract considerable congressional and public attention.
- **Weak Dairy Prices Continue to Accelerate USDA Purchases:** During the week of June 4, USDA purchased another \$12 million worth of dairy products to support dairy prices, pushing the level of this fiscal year's price support activities 26% ahead of the 1998 pace.
- **Agricultural Trade Developments:**

North Korean Aid Lands: On June 18, USDA expects that 10,000 metric tons (MT) of corn-soy blend purchased and donated to the World Food Programme will arrive at port in Wonson. This is the first of weekly 2000 MT shipments USDA will make under an \$8.2 million, 30,000 MT program.

USDA Boosts Dairy Exports: During the week that ended June 7, USDA awarded subsidies under its dairy export incentive program (DEIP) to facilitate the sale of more than 1700 MT of dairy products to buyers in Africa, Latin America, and the Middle East.

USDA Finances Russian Rice Buy: On June 4, Russia purchased 48,000 tons of US rice with financing through USDA's PL 480 program.

- **Commodity Markets in Review:** Heavy rain in the Southern Plains delayed the harvest and increased disease threats, driving wheat prices higher last week. Favorable growing conditions led corn prices lower. Soybean prices were up early last week, as dry conditions persisted in the Midwest. Lackluster demand and prospects for a record crop pressured rice prices lower. Beneficial rain in West Texas forced cotton prices down, with futures reaching life-of-contract lows. Cattle prices rose, following higher cutout values. Active slaughter schedules supported cash hog prices, but futures fell. Increased retail featuring helped support broiler prices. Cheese prices rose slightly amid seasonally heavy production. Butter prices remained unchanged, but heavy demand and lower cream production looms over the market.

Average prices for the week ending June 11, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.79	+0.04	-0.28
Corn \$/bu	2.10	-0.02	-0.29
Soybeans \$/bu	4.59	+0.05	-1.64
Rice \$/cwt	7.56	-0.07	-2.72
Cotton ¢/lb	54.72	-0.60	-17.20
Steers \$/cwt	65.85	+0.39	2.39
Hogs \$/cwt	36.73	+2.40	-7.58
Broilers ¢/lb	60.01	+0.18	-0.66
Cheese\$/lb	1.33	+0.03	-0.21
Butter \$/lb	1.50	0.00	-0.40
Milk \$/cwt	11.77	-0.11	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

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

- **USDA Prompts Recalls:** On June 11, Durham Meat Company of San Jose, CA recalled 4000 pounds of ground beef after USDA tests revealed possible *E. coli* contamination.
- **USDA Enforces New Meat and Poultry Inspection Regulations:** On June 14, USDA closed Redi-Serv Foods of Fort Atkinson, WI for product contamination; On June 11, USDA suspended operations at Marcelo's Food Service of Pacomia, CA, because the management intimidated the inspectors. Also on June 11, USDA closed Belmont Packing Company of Detroit, MI, for repeated sanitation problems. On June 9, USDA closed Fil-Am Speciality Foods of Los Angeles, CA, for failing to maintain adequate sanitary standards.
- **USDA Readies to Take Over AK Meat Inspection Program:** During the week of June 11, AK state officials notified USDA's Food Safety and Inspection Service that, because of state budget problems, the state will end its meat inspection program; USDA inspectors will take over the program, which includes 13 plants, on July 30.

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

- **USDA Teams Responding to Class Action Settlement:** Starting June 14, 62 USDA employees, organized into 4-member teams, will begin analyzing the 3840 files requested by the facilitator handling the procedure agreed to in the settlement USDA reached in the civil rights class action lawsuit involving African American farmers alleging discrimination in USDA's farm lending program.

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

- **USDA Approves Welfare Bill Waiver:** During the week that ended June 11, USDA approved PA's request for a waiver of work requirement provisions of the welfare reform bill, so food stamp recipients in 33 counties and 6 cities can continue receiving benefits.

III. SECRETARY'S SCHEDULE

- On June 16, Secretary Glickman addressed the Center for Strategic and International Studies on international trade and food aid issues.

- On June 16, Secretary Glickman testified before the House Agriculture Committee, on Loan Deficiency Payments (LDPs).
- On June 21, Secretary Glickman will address Bread for the World on hunger issues.
- On June 23, Secretary Glickman will testify before the House Agriculture Committee, on the next round of WTO negotiations.
- On June 23, Secretary Glickman will attend a caucus of the CA House Democrats.
- On June 24, Secretary Glickman will attend a NY Congressional delegation caucus.
- On June 25, Secretary Glickman will open the season's first USDA Farmers' Market.
- On June 25, Secretary Glickman will address the African American Institute Board Meeting.
- From June 28–30, Secretary Glickman will meet, in Paris, with the French Agriculture Minister on U.S. -- EU agriculture trade.

IV. SUB-CABINET SCHEDULE

- On June 29, Deputy Secretary Rominger will attend a WTO listening session in Sacramento, CA.
- On June 30, Deputy Secretary Rominger will attend a WTO listening session in Pullman, WA.
- On June 16, Under Secretary Schumacher will attend the WTO listening session in Memphis, TN.
- On June 16, Under Secretary Watkins will address the National Scholars Orientation in Atlanta, GA.
- On June 16, CFO Thompson will address a meeting of your Task Force on Federal Training.
- On June 17, CFO Thompson will address the National Academy of Public Administration's Performance Summit meeting.
- On June 18, Under Secretary Long Thompson will address the Training Summit on "Grassroots Community Building for the 21st Century," in Fresno, CA.

- On June 19, Under Secretary Watkins will address the Dannon Leadership Institute, in Queenstown, MD.
- On June 21, Under Secretary Dunn will address the Southern Association of State Departments of Agriculture, in Charleston, WV.
- On June 24, Deputy Under Secretary Wilcox will attend a Food Forum meeting with FDA on functional foods.
- On June 26, Under Secretary Watkins will address the 103rd Annual National PTA Convention, in Portland, OR.
- On June 29, Under Secretary Long Thompson will address the National Association of Credit Specialists annual convention, in Wilmington, NC.
- From June 30-July 1, Under Secretary Dunn will attend Leafy Spurgefest in Medora, ND.
- On July 7, Under Secretary Dunn will attend the Border Beagle Brigade Graduation Ceremony, in Hidalgo, TX.
- On July 8, Under Secretary Long Thompson will attend an MOA signing for the Southernmost Illinois Delta Empowerment Zone.

V. PRESS INQUIRIES

- During the week ending June 16, USDA received requests for interviews and information about biotechnology from the following news outlets: *ABC News*, *The Wall Street Journal*, *The Economist*, and *Candy Industry*.
- WAMU radio has requested an USDA official for a live broadcast on the new dietary guidelines – see Key Department News.

VI. FOIA REQUESTS

- The *Herald & Review*, of Decatur, IL, requested a copy of the compliance agreement between the Commodity Credit Corporation and Archer Daniels Midland Company.
- The Center for Science in the Public Interest requested a copy of the 1996 retail survey on voluntary labeling of single-ingredient raw meat and poultry products.

- The Physicians Committee for Responsible Medicine (PCRM) requested records on members of the Dietary Guidelines Advisory Committee, regarding potential conflicts of interest; specifically, records on past or current affiliations with food manufacturers, food industry groups, non-profit organizations, consumer groups and special interest groups.
- *Consumer Reports* requested the data base of violations pertaining to the release of genetically modified organisms.
- *The Salt Lake Tribune* asked for information on Under Secretary Lyons, including time and attendance records, appointment calendars, travel vouchers, personnel actions.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **USDA Releases Supply and Demand Forecasts:** The June 11 *Crop Production* report contains USDA's survey-based forecasts for 1999 winter wheat production. The *World Agricultural Supply and Demand Estimates* report contains USDA's forecasts for 1999/2000 U.S. supply and use estimates for major field crops, and global 1999/2000 supply and use forecasts for wheat, corn, coarse grains, rice, cotton, soybeans, and soybean products. The report includes, in addition, projections of supply, use, and prices for calendar 2000 U.S. livestock products, and fiscal 2000 dairy. Highlights of these two lockup reports include:

Winter wheat. Winter wheat production is forecast at 1.61 billion bushels, down 3 million bushels from last month, 14% below 1998. Area harvested is forecast to be 36.0 million acres, a drop of 300,000 from the May forecast.

All Wheat. Projected U.S. 1999/2000 ending stocks are down slightly from last month, due to the 3-million bushel reduction in forecast winter wheat production.

Rice. Except for a slight rise in projected imports and stocks, no other changes are made to U.S. supply and use for 1999/2000.

Corn. U.S. 1999/2000 supply and use projections for corn and the other feed grains are little changed from last month. Forecast 1998/1999 ending stocks of corn are down 47 million bushels from last month, as exports are up 50 million, and imports up 3 million.

Soybeans and products. Prospects point to a large 1999/2000 carryover of soybeans, which, at 595 million bushels, is 38% above the estimate for 1998/1999 ending stocks. The most significant changes anticipated in the soybean complex for 1999/2000 include a sharply lower soybean oil export forecast, and the resulting sizable buildup in soybean oil carryover stocks. Malaysian palm oil production for 1998/1999, and prospects for large gains in 1999/2000, are expected to offer stiff competition for soybean oil exports in the

months ahead.

Cotton. There are no changes in this month's U.S. balance sheets for 1998/99 and 1999/2000.

Sugar. Projected 1999/2000 beginning stocks are reduced 162,000 tons, compared to last month, due to a number of changes in the 1998/99 balance sheet. U.S. sugar production in FY98/99 was estimated at a raw value of 8.1 million short tons, up slightly from May, and 1% above 1997/98. Cancellation of the May tranche of Tariff Rate Quota sugar reduced estimated imports by 165,000 tons. Domestic consumption was increased 50,000 tons, to 10.025 million tons, based on larger-than-expected deliveries in April.

Livestock. Forecast U.S. red meat production for 1999 is up fractionally from last month. Higher-than-expected cattle slaughter in the second quarter is more than offsetting lower-than-expected hog slaughter.

Dairy. Strong dairy product prices, and a fractionally slower forecast growth in milk production, leads to an increase in milk price forecasts for 1998/1999 and 1999/2000.

VIII. WASTE FRAUD AND ABUSE

Nothing of significance to report.

IX. CLIMATE CHANGE

Nothing of significance to report.

X. DISASTER ASSISTANCE

- **USDA Helps Rebuild Hurricane Mitch's Damage:** On June 21, USDA will dispatch 2 teams to aid in Nicaraguan recovery from watershed damage made by hurricane Mitch.
- **Dakota Counties Sign Up for Flood Compensation Program:** As of June 12, 20 of 53 ND counties and 30 of 67 SD counties have signed up to participate in USDA's \$40 million flood land compensation program, that pays farmers and ranchers for losses from persistent inundation.
- **USDA Writes Dairy Checks, Wins in Court:** On June 14, USDA began making \$200 million in dairy income loss payments, as provided for in the FY99 omnibus appropriations bill.

In a related development, on June 10, a Federal district judge in NM denied plaintiffs a request for a temporary restraining order seeking to stop USDA from proceeding with the payments; plaintiffs allege that USDA's plan to target the program to small and medium sized dairy farmers will adversely affect them.

- **USDA Makes Emergency Food Stamps Available to Reservation:** On June 8, USDA had made \$131,000 in emergency food stamps available to nearly 400 households hit by the tornadoes that struck Pine Ridge Reservation (SD) on June 4.

XI. WEEKEND CONTACT INFORMATION

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June 23, 1999

Memorandum to The President

Through: The Honorable John Podesta

From: Secretary Dan Glickman

Subject: Report For Week of June 20, 1999

USDA Fact of the Week

Pork and Chicken stocks set records last month, portending further farm price weakness over the coming months --as a result of increased pork production, and a fall off of poultry exports following the disappearance of Russian purchases. For the 6th straight month pork supplies in cold storage have exceeded 500 million pounds, up some 23% from the previous May. Meanwhile, chicken stocks reached their record high of 816 million pounds, up 19% from last year.

I. KEY DEPARTMENT NEWS

- **Secretary to Discuss EU Trade Frictions:** On June 28, Secretary Glickman will attend Paris meetings with the French agricultural minister and other officials, for private discussions on ways to resolve some outstanding US-EU food and agricultural related trade tensions.
- **Secretary Opens Farmers Market:** On June 25, Secretary Glickman will open USDA's farmers market for another year; held at USDA's Whitten Building, these markets have proven increasingly popular, indicative of the success and marketing opportunities they provide for farmers, particularly small farmers, across the country.
- **Secretary Discusses WTO Goals:** On June 24, Secretary Glickman will testify before the Senate agriculture committee on US goals for improving agricultural trade in the upcoming WTO negotiations; he testified on the same subject before the House Agriculture Committee, on June 23.
- **Secretary Discusses Farm and Food Agenda with Key Delegations:** On June 24, Secretary Glickman will meet with the NY congressional delegation's regular meeting, and will discuss food and agriculture issues, likely to include dairy policy, the problems

of apple and onion growers, and the recent controversy over access to food stamp participation in New York City.

On June 23, the Secretary attended a similar meeting of the CA congressional delegation.

- **USDA Money Bill Stalls:** As of June 23, the Senate had not yet resolved how to proceed with an amendment on patients' bill of rights offered to the FY00 agricultural appropriations bill, stalling further consideration of the appropriations bill. When the Senate resumes consideration, USDA expects 2 high profile amendments will be considered: one by Senator Harkin which would provide more than \$6 billion in emergency farm assistance; and the other by Senators Jeffords and Leahy to prevent USDA from implementing its plan for reforming the federal milk marketing order system, extending the Northeast Interstate Dairy Compact, and granting congressional approval of a similar compact for southern states.

In a related development, the House Agriculture Committee plans to mark up two bills on June 24 that would accomplish the same objectives. The bill preventing USDA from proceeding with its milk marketing order reform plan has a more than a majority of the Members of the House as cosponsors, and USDA believes that the bill may be brought to the House floor during the week of June 28.

Meanwhile, on June 22, the Senate interior appropriations subcommittee completed mark up of the FY00 interior appropriations bill, without attaching any major, objectionable riders affecting the Forest Service – most notably, none dealing with the Tongass (AK) National Forest. The full committee is scheduled to take up the bill on June 24.

- **Secretary Promotes, Urges Safe Food Handling Practices:** On June 23, Secretary Glickman appeared live on the CBS *Morning News*, stressing the importance of safe handling of food, and conducting a live demonstration of tips for the summer picnic and grilling season.
- **New Administrator Takes Over:** On June 21, Charles Laughlin began his duties as the new administrator of USDA's Cooperative State Research, Education, and Extension Service. Before taking the helm of USDA's agency for working with the nation's land grant universities and local extension system, Laughlin was the dean of the College of Tropical Agriculture and Human Resources at the University of Hawaii.
- **USDA Intern Earns Public Recognition:** On June 20, *The Washington Post* featured the academic accomplishments of Erinda Kemoli, an intern in the Secretary's office as part of the office's efforts to support public schools and public school students in the District of Columbia; Miss Kemoli graduated 15th in her class from Eastern High School, and will be attending Depauw University on an academic scholarship this fall.

- USDA Releases Danish Pork:** On June 18, USDA's Food Safety and Inspection Service (FSIS) Administrator announced that FSIS was permitting Danish pork into commerce, after having been detained from distribution over concerns about possible dioxin contamination, the action came following evidence from the Daneš that none of the detained pork was unsafe. FSIS continues, however, to hold products from Belgium, France, and the Netherlands, pending the results of further testing.
- USDA Program Sends Teachers to South Africa:** On June 18, Secretary Glickman, joined by Mayor Williams, met with a group of public school teachers from the District of Columbia who will be traveling to South Africa under the auspices of a USDA-supported program to examine the country's agricultural resources.
- Agricultural Trade Developments:**

USDA To Donate Wheat to Bosnia: On June 24, USDA will announce plans to donate 16,500 MT of wheat to Partners for Development for resale in Bosnia and Herzegovina; the organization will use the proceeds for development efforts within the country.

Russian Tenders of US Products: On June 21 and 23, Russia tendered for, respectively, 101,500 tons of soybeans and 240,000 tons of corn, under the US-Russia food aid agreement USDA concluded last year.

USDA Boosts Dairy Exports: During the week that ended June 17, USDA awarded subsidies under its dairy export incentive program (DEIP) to facilitate the sale of 2800 tons of dairy products to customers in Africa, Latin America, and the Middle East.
- Commodity Markets in Review:** Favorable weather in the Great Plains and good-to-excellent yield prospects sent wheat prices down last week. Forecasts of extreme heat in the Midwest sent corn futures up, but cash prices did not respond until late in the week, and ended almost unchanged from the previous week's average. A strong rally late in the week sent soybean prices higher, also due to the hot weather forecast. Rice cash prices were unchanged, but futures rose on commodity fund short covering. Cotton prices fell sharply on aggressive export sales by China, and the rejection of Step 2 payments by the Senate Agriculture Appropriations Subcommittee. Cattle prices were up, following cutout values higher in anticipation of July 4 featuring. Declines in pork product prices sent hog prices down. Increased purchases by fast food restaurants helped support broiler prices. Good seasonal demand led cheese prices up modestly. Butter prices were unchanged, despite heavy cream demand.

Average prices for the week ending June 18, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.75	-0.04	-0.24
Corn \$/bu	2.09	-0.01	-0.23
Soybeans \$/bu	4.60	0.01	-1.53
Rice \$/cwt	7.56	0.00	-2.86
Cotton ¢/lb	53.41	-1.31	-18.70
Steers \$/cwt	66.32	0.47	2.30
Hogs \$/cwt	35.26	-1.47	-9.99
Broilers ¢/lb	60.07	0.06	-0.97
Cheese \$/lb	1.33	0.03	-0.21
Butter \$/lb	1.50	-0.00	-0.40
Milk \$/cwt	11.60	-0.17	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

- **President's Food Safety Initiative:**
 - **Secretary Urges Safe Food Handling Practices:** On June 23, Secretary Glickman appeared live on the CBS *Morning News*, stressing the importance of safe handling of food, and conducting a live demonstration of tips for the summer picnic and grilling season.
 - **USDA Test Prompts Meat Recall:** On June 18, Redondo's Inc. of Waipahu, HI recalled 9,600 pounds of sausage, after USDA tests detected possible listeria contamination.
 - **USDA Enforces Food Safety Rules, Closes Plant:** On June 14, USDA suspended operations at G&T Meat Company of Grand Rapids, MI, because of rodent infestation.
- **President's Initiative on Welfare Reform:**
 - **USDA Approves Welfare Reform Waiver:** During the week that ended June

22, USDA approved a request from WA to waive the work requirements of the welfare reform bill, permitting food stamp recipients in 23 Indian reservations in the state to continue receiving benefits.

III. SECRETARY'S SCHEDULE

- On June 25, Secretary Glickman will open the season's first USDA Farmers' Market.
- From June 28-30, Secretary Glickman will attend Paris meetings with the French Agriculture Minister on US--EU agriculture trade.

IV. SUB-CABINET SCHEDULE

- On June 29, Deputy Secretary Rominger will attend a WTO listening session in Sacramento, CA.
- On June 30, Deputy Secretary Rominger will attend a WTO listening session in Pullman, WA.
- On July 1, Deputy Secretary Rominger will address the Leafy Spurge Field Day in Medora, ND.
- From July 15-16, Deputy Secretary Rominger will attend the Pacific Rim Sustainable Resources Forum in Seattle, WA.
- From June 23-24, Under Secretary Schumacher will attend a WTO Listening Session in Indianapolis, IN.
- On June 26, Under Secretary Watkins will address the 103rd Annual National PTA Convention in Portland, OR.
- From June 27-July 2, Under Secretary Gonzalez will travel to Costa Rica and Honduras; discussing inter-American cooperation on agriculture issues, research, and education.
- On June 28, Under Secretary Watkins will address the American Association of Family and Consumer Sciences in Seattle, WA.
- From July 6-7, Under Secretary Gonzalez will address the Virginia Teacher's Conference in Blacksburg, VA.
- On July 7, Under Secretary Dunn will attend the Border Beagle Brigade Graduation

Ceremony in Hidalgo, TX.

- On July 8, Under Secretary Long Thompson will attend an MOA signing for the Southernmost Illinois Delta Empowerment Zone.
- On July 12, Under Secretary Watkins will address Penn. State University at University Park, PA.
- From July 13-14, Under Secretary Schumacher will attend a WTO Listening Session in Pullman, WA. While in WA, Under Secretary Schumacher may attend an Agricultural Forum held by Senator Murray.
- From July 15-16, Under Secretary Dunn will attend the National Association of State Departments of Agriculture meeting in Salt Lake City, UT.
- On July 21, Under Secretary Watkins will address the Food and Nutrition Summer Institute at Baltimore, MD.

V. PRESS INQUIRIES

- *Child* magazine has asked Secretary Glickman to join its editor on a morning network news program to promote USDA's food guide pyramid for young children, as well as USDA's initiatives to combat childhood obesity.
- The Discovery Channel is launching the Discovery Health Channel, and has asked Secretary Glickman to help launch the companion web site at a July 1, NY event.
- CBS, National Public Radio, *Science*, *The Philadelphia Inquirer*, and *The New York Times* inquired about various aspects of USDA's involvement with biotechnology.
- NBC *Nightly News* asked how many days the National School Lunch Program could operate on \$250 million, for perspective on a figure they plan to use in a story about another government agency; the answer: roughly nine days.
- On June 17, a reporter for Jack Anderson's *Washington Merry-go-Round* column interviewed an FSIS official about that agency's approval for Australia's experimental Meat Safety Enhancement Program to export product to the US.
- On June 15, a reporter for *Business Week* inquired about the federal crop insurance program, for background information on what is covered by crop yield and revenue insurance policies, guarantee levels, program participation, premium subsidies, and Government costs of the program.

- The *Washington Post* is planning an article focusing on the Mutual Self-Help Single family Housing Program as recently highlighted by USDA staff participation in a National Homeownership Week event in Bryan's Road, MD. USDA staff assisted with the construction work at the "Self-Help" site in Maryland.

VI. FOIA REQUESTS

- Nothing of significance to report.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **USDA to Announce Food Stamp Errors; Prepares Administrative Improvements:** On June 28, USDA is scheduled to announce state food stamp program error rates -- the amount by which states have either exceeded USDA's tolerance level for food stamp program errors, for which they are sanctioned, or by which states have bettered the national level and improved their accuracy. Additionally, USDA officials are nearing completion of a set of administrative changes to enhance state food stamp programs reach more eligible clients; USDA expects to announce these changes within the near future, in conjunction with a study examining a drop in food stamp participation larger than a corresponding decline in poverty and the eligible population.

VIII. WASTE FRAUD AND ABUSE

- **GAO Examining North Korean Food Aid:** On June 17, USDA officials met with GAO investigators reviewing US food aid shipments to North Korea, at the request of the House Committee on International Relations.

IX. CLIMATE CHANGE

Nothing of significance to report.

X. DISASTER ASSISTANCE

- **USDA Sets Wheat Disease Pay Out:** On June 24, Secretary Glickman announced that wheat growers whose 1997 and 1998 crops were infected with Karnal bunt -- a wheat fungus -- will be eligible for payments from a \$2 million pool USDA made available to compensate them for the losses they suffered from being unable to market their crops.

The first outbreak ever of the disease in the US, USDA officials detected Karnal bunt in 1996 in a limited area in AZ and CA; but controlling and limiting spread of the fungus involved extensive efforts, and generated significant interest in the farm community.

- **USDA Expands Crop Insurance:** On June 17, USDA's Risk Management Agency expanded its coverage of strawberries, and increased benefits for its FL fruit tree coverage.

In a separate development on June 17, following a review prompted by grower concerns, USDA also announced it will lower rates for cotton insurance for the 2000 crop.

- **USDA Helps CA Migrant Farm Workers:** During the week of June 16, USDA completed the purchase of 90 truck loads of dairy products, peanut butter, and pasta for migrant farm workers out of work due to the effects of severe weather on crops; the food will be distributed beginning in July in Bakersfield and Sacramento.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

June 29, 1999

Memorandum to The President

Through: The Honorable John Podesta
From: Secretary Dan Glickman
Subject: Report For Week of June 27, 1999

USDA Fact of the Week

Record crops and growing stockpiles are pushing prices down again. On June 30, USDA reported that, compared with their 1998 levels: corn stocks climbed 19%, wheat stocks were up 31%, and soybean surpluses climbed 43%. When coupled with another record harvest that USDA projected on June 30, up some 4% above last year's record, June soybean prices fell 40% from the June, 1998 monthly level, reaching the lowest such level since December, 1975. Meanwhile, June prices for wheat were off 10% from 1998, and corn prices dropped another 7 cents in May, to hit 15% below the level a year ago.

I. KEY DEPARTMENT NEWS

- **USDA Transfers Loan Funds to Meet Continuing Demand:** On June 30, USDA reallocated balances in its FY99 farm lending accounts to provide an additional \$300 million in guaranteed farm operating financing, and \$33 million more in emergency loans in response to this year's extremely heavy demand for USDA-provided farm financing.
- **House Committee Rejects USDA Dairy Price Reform Plan:** On June 30, by a 2 to 1 margin, the House Agriculture Committee approved a bill that would prevent USDA from implementing its reforms of the federal milk marketing order system, as required by the 1996 farm bill, and would retain the current pricing plan. During mark up, along with other amendments adopted, the Committee approved extending the dairy price support program for 1 additional year. Were it not for the amendment, provisions of the 1996 farm bill would have ended the dairy support program this year, 2 years earlier than all other commodity programs. The bill has more than 220 cosponsors; however, some observers question whether the leadership will bring the bill in its current form to the floor for House consideration, thus opening a full-fledged debate on dairy policy.

USDA expects that when the Senate resumes consideration of the FY00 agricultural appropriations bill, Senators Leahy and Jeffords will offer an amendment mirroring the bill approved by the House committee, as well as extending the Northeast Interstate Dairy Compact, and approving a regional interstate dairy compact of southern states.

Meanwhile, USDA purchased another \$7.2 million worth of nonfat dry milk to support dairy prices in the week that ended June 18, pushing FY99 dairy price support activities 30% ahead of last year's pace.

- **USDA Announces Crop Insurance Settlement:** On June 30, USDA announced terms of a settlement with Acceptance Insurance Companies – the successor to American Agrisurance, which made last minute changes to its *CRCPlus* crop insurance policy last spring, leading to your signing emergency legislation permitting (mostly cotton and rice) farmers to change their crop insurance for 1999 – by which the successor company will reimburse USDA for certain costs related to last year's incident, and will establish a \$1 million research and development program for rice farmers in the affected areas.
- **Secretary Returns from Paris Meetings on US-EU Food Trade Frictions:** On June 29, Secretary Glickman returned from 2 days of meetings with his French counterpart and other French officials, on how to resolve simmering US-EU agriculture-related trade frictions, particularly those concerning the sale of genetically modified organisms (GMO), and the EU beef hormone ban. During the meetings, an agreement was made to establish an US-French working group of agricultural officials to address these and related international food safety issues.

In separate and related developments, on June 30, Secretary Glickman was interviewed by the CBS Evening News on biotechnology, for airing in July; and on July 13, he will give a major address to the National Press Club, *New Crops, New Century, New Challenges: How Will Scientists, Farmers, and Consumers Learn to Love Biotechnology, and What Happens If They Don't?*

- **Forest Service to Announce Demonstration Area in the Blue Mountains:** On June 30, in Portland, OR, Forest Service Chief Dombeck, USDA Under Secretary Lyons, and OR Governor Kitzhaber will jointly announce the Blue Mountain Demonstration Area, to accelerate watershed restoration activities in the region. This is one of several demonstration areas nationwide the Forest Service will undertake in FY00 to address the 40 million acres at risk to catastrophic wildfires, and to meet priorities established in the Clean Water Action Plan.

In separate and related developments, on June 29 Forest Service officials testified before the Senate Forests and Public Lands Management Subcommittee on fire preparedness, and the House Forests and Forest Health Subcommittee on the same subject.

- **Some USDA Money Bills Advance, Others Stall:** On June 29, the House interior appropriations subcommittee marked up the FY00 interior spending bill, cutting over \$200 million from the budget request for the Forest Service; the full Committee plans to consider the bill on July 2.
- **USDA Official Elected Chair of Codex Alimentarius Commission:** On June 29, USDA Food Safety and Inspection Service (FSIS) Administrator Tom Billy was elected chairman of the Codex Alimentarius Commission, commonly referred to as Codex, which is supported by the United Nations' Food and Agriculture and World Health Organizations; Codex sets international standards and codes of practice to protect consumers and promote fair trade, and serves as an official scientific reference for trade disputes involving questions of food safety.
- **Food Stamp 1998 Error Rates Released:** On June 28, USDA notified 22 States they face sanctions due to unacceptably high food stamp payment error rates. MI had the nation's highest error rate, over 17%, and now faces a sanction of nearly \$27 million. Five States—TX, MN, HI, SD and WY--are celebrating low error rates, and will receive enhanced funding. TX was awarded nearly \$20 million in enhanced funding at a ceremony in Houston.

For 1998, the national overpayment error rate—for errors that led to more benefits being paid to recipients than they were entitled to receive--was 7.63%. The national underissuance rate, for errors that resulted in fewer benefits being paid to recipients than they were entitled to receive, was 3.07%, the highest ever.

- **New Administrator Takes Over:** On June 25, Secretary Glickman announced the appointment of Kathleen Ann Merrigan as new administrator of USDA's Agricultural Marketing Service.
- **Promoting Healthy Eating Behaviors: The Role of School Environments Forum:** On June 24, Secretary Glickman addressed a USDA-sponsored forum examining how the school environment affects the establishment of healthy nutrition and behavioral patterns among children
- **USDA Dispatches Additional Monitors for Russia:** On June 24, USDA sent 2 additional monitors to Russia to help meet the demands of a heavy commodity delivery schedule in July and August, bringing the American monitoring presence to 9.
- **USDA Continues Consultation on Mandatory Price Reporting Legislation:** On June 22, USDA officials met with staff of the Senate agriculture committee on draft legislation the Committee is preparing to require the mandatory reporting of livestock prices, informing the staff that while the Administration backs the concept, the final bill must meet certain conditions before it will secure the Secretary's support.

In a separate and related development, on June 24, the American Meat Institute (AMI) filed a lawsuit in US District Court of SD seeking to enjoin the state from implementing, on July 1, its state livestock price reporting bill. Federal preemption of state reporting bills remains a significant matter of controversy for resolution in the above-mentioned discussions.

- **USDA Signs Wheat Deal with Vietnam:** On June 22, USDA signed an agreement to donate 25,000 metric tons (MT) of wheat to the Government of Vietnam -- the largest US government-to-government agreement with the Government of Vietnam since the end of the Vietnam War. The wheat will in turn be sold within Vietnam, with the proceeds from the sale being used for rural infrastructure construction, agricultural production facility improvement, reforestation, and emergency housing for those displaced by disasters.

- **Commodity Markets in Review:**

Hog Prices Tumble on USDA Report: Although USDA's June 25 quarterly Hogs and Pigs report showed a 3% decline in national hogs and pigs inventory from 1998 levels, and a drop in breeding stock, the figures were above market expectations, and imply much larger hog supplies than those implied in the March, 1999 report. Hog futures have traded down the limit since the report's issuance, with some contracts hitting lifetime lows, and on June 30, USDA reported that cash hog prices for the month of June was 20% lower than the June, 1998 level.

Low Prices Prompt Forfeitures, Boost Demand for USDA Loan Programs: Because of low prices, farmers continue to find it more profitable to forfeit the grain USDA is holding as collateral on commodity loans, than to redeem the grain. As of June 17, USDA had acquired 33.4 million bushels of wheat, 17.0 million bushels were from the 1997 crop and 16.4 million bushels were from the 1998 crop. Meanwhile, for all 1998 crops, as of June 21, USDA has made 2,131,651 loan deficiency payments, worth 2.7 billion -- these are payments farmers receive instead of putting their crops under loan when cash prices fall below the loan rate -- and USDA expects the figure to increase.

Southwest Wheat Harvest: Wet weather continues to delay the winter wheat harvest, which is progressing slowly in TX and NM; while in OK and KS, only 10% and 2% of the crops have been cut, respectively.

Commodity Price Trends: Cash wheat prices dropped on harvest progress early in the week, but futures ended up on winter wheat quality concerns. Favorable growing conditions sent corn and soybean prices down. Rice cash prices were unchanged, but futures moved lower on favorable growing conditions for the 1999 crop. The generally good condition of the U.S. cotton crop led to price declines; nonetheless, low prices are beginning to attract buyers. Declining cutout values sent cattle prices lower. Hogs and

broilers moved up, however, as increased featuring is expected following July 4. Seasonal declines in production boosted cheese prices. Ample butter stocks helped send prices down slightly in the face of good demand for cream.

Average prices for the week ending June 25, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.70	-0.05	-0.33
Corn \$/bu	2.07	-0.02	-0.31
Soybeans \$/bu	4.54	-0.06	-1.71
Rice \$/cwt	7.56	0.00	-2.86
Cotton ¢/lb	53.11	-0.30	-19.93
Steers \$/cwt	65.05	-1.25	1.63
Hogs \$/cwt	36.36	1.10	-8.31
Broilers ¢/lb	60.24	0.17	-2.03
Cheese \$/lb	1.48	0.09	-0.07
Butter \$/lb	1.49	-0.01	-0.49
Milk \$/cwt	11.58	-0.02	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Food Safety:

- USDA Assisting with Planned Announcement on Egg Safety:** USDA is working to prepare public information materials supporting your planned announcement of new egg safety initiatives on egg temperatures at retail; temperature requirements in transportation and storage; and the egg repackaging restrictions.

In a separate but related development, On July 1, the Senate Governmental Affairs Subcommittee on Oversight of Government Management, Restructuring and the District of Columbia will hold a hearing on egg safety at which USDA's associate administrator for food safety will testify.

III. SECRETARY'S SCHEDULE

- On July 5, Secretary Glickman will join you at a New Markets Initiative event in KY.
- On July 6, Secretary Glickman will join you at a New Markets Initiative event in Clarksdale, MS.
- On July 5, Secretary Glickman will join you at a New Markets Initiative event in Pine Ridge, SD.
- On July 12, Secretary Glickman will make a Water 2000 Announcement.
- On July 13, Secretary Glickman will address the National Press Club on the future of biotechnology -- see Key Department News.
- On July 14, Secretary Glickman will meet with the FL Congressional delegation to discuss agricultural and other issues.
- From July 15-16 Secretary Glickman will attend the Quint Meeting in Vancouver, Canada.
- On July 20, Secretary Glickman will address the National Turkey Federation.
- On July 20, Secretary Glickman will address the USTR Intergovernmental Policy Advisory Meeting.
- On July 22, Secretary Glickman will attend an Invasive Species Council Meeting.

IV. SUB-CABINET SCHEDULE

- On July 1, Deputy Secretary Rominger will attend the Leafy Spurge Field Day in Medora, ND.
- On July 13, Deputy Secretary Rominger will attend the Successful Small Farms Workshop in Chicago, IL.
- On July 14, Deputy Secretary Rominger will attend the Employment and Training Technology Conference.
- From July 15-16, Deputy Secretary Rominger will attend the 1999 Pacific Rim Sustainable Resources Forum in Seattle, WA.

- On June 30, Under Secretary Lyons will join Governor Kitzhaber and Forest Service Chief Dombek in announcing a collaborative effort to implement watershed restoration activities in the Blue Mountains of eastern OR.
- On July 1, Under Secretary Dunn will attend the "Empowering Producers' Organizations" conference field trip to the Chesapeake Bay Demonstration Farm.
- On July 7, Under Secretary Dunn will attend the Border Beagle Brigade Graduation Ceremony in Hidalgo, TX.
- On July 8, Under Secretary Long Thompson will attend an MOA signing for the Southernmost Illinois Delta Empowerment Zone (EZ).
- On July 9, Under Secretary Schumacher will visit farms near Richmond, VA.
- On July 12, Under Secretary Watkins will address Penn. State University at University Park, PA.
- From July 13-14, Under Secretary Schumacher will attend an agricultural forum held by Senator Murray, in WA.
- On July 14, Chief Financial Officer Thompson will address JETT CON '99, a joint employment and training technology conference.
- From July 15-16, Under Secretary Dunn will attend the National Association of State Departments of Agriculture meeting in Salt Lake City, UT.
- From July 15-18, Under Secretary Schumacher will accompany the Secretary to the Quint Meetings, in Vancouver, Canada.
- On July 15, Under Secretary Woteki will address the public meeting of the President's Food Safety Council on the on the preparation of the Council's strategic plan.
- On July 19, Under Secretary Schumacher will attend the WTO Listening Session in Burlington, VT.
- On July 20, Under Secretary Dunn will address the Cattlemen's Beef Promotion and Research Board in Denver, CO.
- On July 21, Under Secretary Watkins will address the Food and Nutrition Summer Institute at Baltimore, MD.
- On July 23, Under Secretary Schumacher will attend the WTO Listening Session in

Newark, DE.

- On July 23, Under Secretary Long Thompson will address the Minnesota Rural Electric Association in St. Cloud, MN.

V. PRESS INQUIRIES

- The CBS *Evening News* interviewed Secretary Glickman for a story on biotechnology that USDA expects will air in July – see Key Department News.
- ABC News requested documents about USDA research on so-called terminator technology, related to genetically engineered seeds that are unable to reproduce itself.
- *The New York Times* interviewed Under Secretary Watkins for a story to appear the week of June 28 on whether the *Dietary Guidelines for Americans* are racially insensitive for advocating milk and dairy products. The *Times* inquiry followed a June 19 story on the subject by the *Boston Globe*.
- CBS' *48 Hours* is investigating the extent to which a polygamous Mormon family on the AZ-UT border is receiving public benefits, including WIC.
- *The New York Times* is researching an article for its Science section, on USDA's Plum Island Animal Disease Center.
- *The Wall Street Journal* requested a listing of the number of consumer complaints that have been filed from 1997 to the present concerning foreign object contamination with regard to the following companies: Armour, Swift-Eckrich, Bar-S Foods Co., Oscar Mayer, and Hebrew National Foods, for a story that may run as soon as July 2.

VI. FOIA REQUESTS

- The Government Accountability Project (GAP) has requested copies of all noncompliance records from January 27 - April 14, 1998 in any federally inspected plant under HACCP, that refer to fecal material and ingesta on product or product contact surfaces, and any appeal of these records.
- *The New York Times* submitted a Freedom of Information Act request for information on biotechnology petitions.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **USDA Announces Export Promotion Funds:** On June 25, Secretary Glickman announced 1999 allocations of \$90 million to 65 US trade organizations, for export promotion activities in international markets under the Market Access Program (MAP), a high profile and frequently controversial program.
- **Food Cost Review, 1997:** On July 12, USDA's Economic Research Service (ERS) will release its most recent survey of food prices, that as measured by the Consumer Price Index (CPI), increased 2.6% in 1997, greater than the overall increase in the CPI for the 3rd consecutive year, primarily due to higher charges for processing and distributing food. The report will also show that the prices farmers received for commodities, as measured by the farm value of USDA's market basket of foods, dropped 4.4%, and that the farm value share of the food dollar spent in grocery stores in 1997 was 23%, a decrease of 2 percent from 1996.
- **Commodity Outlooks Set for Release:** On July 13, ERS will release its next and revised outlooks for the following crops: cotton, feed., oil crops, rice, wheat,
- **Consumer Use of Information: Implications for Food Policy:** On July 15, ERS will release a study about government programs designed to improve health by changing eating habits focus on information, including education, public information campaigns, and regulation of advertising and labeling

VIII. WASTE FRAUD AND ABUSE

- **Samoa Food Stamp Workers Charged with Forgery, Embezzlement:** On June 21, the US Attorney filed felony charges against 8 food stamp program workers, including the brother of Rep. Eni Faleomavaega (D-AS) who is facing nearly 2 dozen class C felony charges related to forgery and embezzlement.

IX. CLIMATE CHANGE

Nothing of significance to report.

X. DISASTER ASSISTANCE

- **USDA Makes Livestock Indemnities:** On June 29, Secretary Glickman announced that USDA is distributing an additional \$70 million to farmers and ranchers under the Livestock Assistance Program (LAP) for 1998 grazing losses, because of droughts and other natural disasters, and as provided for in the FY99 emergency supplemental appropriations bill.

- **USDA Crop Insurance Reform Down Payment Working:** Although USDA has only very preliminary reports, it seems higher levels of crop insurance participation and coverage are resulting from the \$400 million Secretary Glickman used as incentive from the FY99 omnibus appropriations bill for farm disaster assistance. USDA has identified 91,000 farmers who have increased their coverage from the basic, catastrophic level to higher levels, which now cover some 48 million acres.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

July 7, 1999

Memorandum to The President

Through: The Honorable John Podesta
From: Secretary Dan Glickman
Subject: Report For Week of July 4, 1999

USDA Fact of The Week

USDA's benchmark dairy price indicator, the basic formula price (BFP), moved up at an annualized rate of 17% in June over the May level, but still was some 13% below the June, 1998 level; however, current indicators suggest that the July, 1999 BFP may increase as much as 20% over May's.

I. KEY DEPARTMENT NEWS

- **Secretary to Give Major Biotech Speech:** On July 13, Secretary Glickman will deliver a major address on biotechnology to the National Press Club: *New Crops, New Century, New Challenges: How Will Scientists, Farmers, and Consumers Learn to Love Biotechnology, and What Happens If They Don't?*
- **Secretary to Hear Trade Negotiation Concerns:** On July 12, Secretary Glickman will be in Des Moines, IA for one of the 14 joint USDA-USTR listening sessions being conducted to solicit public comment on the upcoming round of WTO negotiations.

In a separate and related development, on July 15 and 16, Secretary Glickman will be in Vancouver, British Columbia for a Quint Meeting – so-called because attendees include agriculture ministers of the 5 leading grain exporting countries – for consultations in preparation for the WTO talks.

- **Forest Service to Air Sierra Nevada Environmental Review:** The Forest Service expects public demonstrations when it holds a July 7 public forum in Sacramento, CA on its work to draft a comprehensive management plan for 11 national forests in CA; one of the key elements of controversy over this high profile plan continues to be the selection of an alternative to protect the California spotted owl, while continuing to permit timbering

in the area.

- **Demonstrators Continue to Protest Vail Ski Area Expansion:** Throughout July, 50 or more protestors plan to demonstrate against the Vail Ski Area on the White River National Forest (CO), the proposal generated considerable local controversy and even national attention when protestors burned some of the ski facilities last winter.
- **USDA Monitoring Packers Response to SD Livestock Price Reporting Bill:** Officials from USDA's Grain Inspection and Packers and Stockyards Administration (GIPSA) will travel to SD to monitor the livestock packing industry's response to the state's new livestock price reporting bill, which became effective July 1, and is comparable to the proposal USDA has recommended that Congress approve on a federal level. To avoid coming within the jurisdiction of the new law, packers have significantly changed the manner in which they do business. For example, packers have suspended purchasing livestock on a cash basis in SD, and will now only purchase livestock on a carcass merit basis, meaning that the packers do not pay the farmers for the livestock until after the animals are slaughtered, then basing the payment on the quality of the meat. One of the state's, and nation's, largest hog processors has announced that it will pay only one price each day for hogs that it will set each morning, notwithstanding variations in the quality of the animals presented to it later in the day.

In a separate but related development, state officials in MN have suspended implementation their own state law, similar to SD's and which was also to have gone into effect on July 1, to see whether Congress approves federal legislation.

- **Congress Considering Advancing Farm Payments:** On June 30, Chairman Combest and 19 Members introduced a bill to grant farmers early receipt of the income support payments they will receive for FY00, 01, and 02 under the 1996 farm bill; the measure is comparable to one you signed last year that advanced FY99 payments one year.
- **USDA Unit Wins ADR Award:** On July 27, USDA's National Finance Center (NFC) will receive an honorable mention award as part of OPM's 1999 recognition of outstanding alternative dispute resolution programs; NFC is being recognized for its morale improvement program, and the innovative concepts the program uses.
- **Commodity Markets in Review:** High reported harvest yields and pressure from corn helped force wheat prices down last week. Corn and soybean prices moved lower on excellent growing conditions in the Corn Belt. Rice cash prices held steady, but futures fell in anticipation of a record harvest this fall. Aggressive selling by China and Australia cotton exporters helped push cotton prices down. Cattle prices fell, following lower cutout values. Hog prices plummeted following release of a very bearish USDA Hogs and Pigs report. Broilers moved higher on heavy demand by restaurants and resorts. Continued stockpiling helped support cheese prices. Butter prices dropped on still-ample

stocks.

Average prices for the week ending July 2, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.67	-0.03	-0.46
Corn \$/bu	1.98	-0.09	-0.48
Soybeans \$/bu	4.38	-0.16	-2.13
Rice \$/cwt	7.56	0.00	-2.86
Cotton ¢/lb	51.45	-1.66	-24.10
Steers \$/cwt	63.82	-1.23	1.72
Hogs \$/cwt	32.92	-3.44	-10.93
Broilers ¢/lb	61.11*	+0.87	-2.67
Cheese \$/lb	1.50	+0.02	-0.11
Butter \$/lb	1.39	-0.10	-0.60
Milk \$/cwt	13.60	-0.09	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Food Safety

- **USDA Announces Egg Safety Measures:** On July 1, USDA's Food Safety and Inspection Service (FSIS) announced procedures FSIS will follow to enforce new regulations for the refrigeration and labeling of shell eggs that become effective August 27. By November 1, your Council on Food Safety will develop a strategic plan to improve further the safety of shell eggs and processed egg products, including further steps to coordinate better egg safety from the farm to the table.
- **USDA Releases More EU Products from Dioxin/PCB Hold:** On July 2, FSIS released meat and poultry products from Finland, Ireland, Sweden, and the United Kingdom it had detained and prevented from entering domestic commercial channels following evidence of possible dioxin and PCB contamination; the action came only after the 3 countries provided USDA sufficient evidence to document that their products were not, in fact, contaminated.

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

- **USDA Approves Welfare Waivers:** During the period that ended July 6, USDA approved a request from ME to extend its waiver of the work requirement of the welfare reform bill, permitting residents of the Penobscot Indian Reservation to continue receiving food stamps.
- **USDA Exceeds Welfare-to-Work Goal:** As of July 7, USDA has hired 486 former welfare recipients since the welfare-to-work program began in March, 1997; this is 130% USDA's total 4-year commitment to hire 375 individuals before the end of next fiscal year.

III. SECRETARY'S SCHEDULE

- On July 12, Secretary Glickman will announce FY99 funding awards for USDA's Water 2000 initiative, whose goal is to bring safe clean drinking water to unserved and under served rural communities by 2000 -- during his trip to Des Moines, IA for an WTO listening session.
- On July 13, Secretary Glickman will address the National Press Club on the future of biotechnology -- See Key Department News.
- On July 14, Secretary Glickman will meet with the FL Congressional delegation to discuss agricultural and other issues.
- From July 15-16 Secretary Glickman will attend the Quint Meeting in Vancouver, Canada -- See Key Department News.
- On July 22, Secretary Glickman will attend an Invasive Species Council Meeting.

IV. SUB-CABINET SCHEDULE

- On July 13, Deputy Secretary Rominger will attend a Successful Small Farms Workshop in Chicago, IL.
- From July 15-16, Deputy Secretary Rominger will attend a 1999 Pacific Rim Sustainable Resources Forum in Seattle, WA.
- On July 8, Under Secretary Long Thompson will attend the MOA signing for the Southernmost Illinois Delta Empowerment Zone.

- On July 12, Under Secretary Watkins will address Pennsylvania State University at University Park, PA.
- On July 15, Under Secretary Schumacher will participate in an Agricultural Forum being held with Senator Murray.
- On July 15-16, Under Secretary Dunn will attend the National Association of State Departments of Agriculture meeting in Salt Lake City, UT.
- On July 15-18, Under Secretary Schumacher will attend the Quint meetings, Vancouver, Canada.
- On July 19, Under Secretary Schumacher will attend an WTO listening session in Burlington, VT.
- On July 19-21, Under Secretary Dunn will attend the European Union Council Signing of Veterinary Equivalency Agreement in Brussels.
- On July 20, Under Secretary Dunn will address the Cattlemen's Beef Promotion and Research Board in Denver, CO.
- On July 21, Under Secretary Watkins will address the Food and Nutrition Summer Institute in Baltimore, MD.
- On July 23, Under Secretary Schumacher will attend an WTO listening session in Newark, DE.
- On July 23, Deputy Under Secretary Schroeder will attend an WTO listening session in Bozeman, MT.
- On July 23, Under Secretary Long Thompson will address the Minnesota Rural Electric Association in St. Cloud, MN.
- On July 25, Under Secretary Watkins will address the Society for Nutrition Education annual conference in Baltimore, MD.
- On July 27, Under Secretary Watkins will address the American School Food Service Association annual meeting in Denver, CO.

V. PRESS INQUIRIES

- On July 2, Under Secretary Watkins was interviewed by Wisconsin Public Radio

concerning a charge by the advocacy group Concerned Physicians for Responsible Medicine, that the *Dietary Guidelines for Americans* are racially insensitive because of their promotion of milk and dairy products.

- The *Philadelphia Inquirer* is preparing a story on what USDA is doing to clarify for consumers the difference between serving size and portion size, as used in USDA's Food Guide Pyramid.

VI. FOIA REQUESTS

- The Center for Science in the Public Interest has requested copies of all correspondence from Members of Congress concerning the development and issuance of the Food Guide Pyramid for Young Children.
- *The Los Angeles Times* and the *Tri-City Herald*, Tri-Cities, WA, have requested information on an IBP, Inc., plant in Wallula, WA., concerning consumer complaints filed in the last 5 years against the plant; USDA is investigating striking employees' allegations of unsanitary practices and inhumane treatment of livestock at the plant.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **USDA to Release Supply and Demand Forecasts:** USDA's latest projections of U.S. supply, use, and prices of major crops for 1999/2000, plus updated estimates for 1998/99, will be published on July 12 in the *World Agricultural Supply and Demand Estimates (WASDE)* report. Area, yield and production forecasts of U.S. winter wheat, spring wheat (including durum), barley, and oats will be survey-based for 1999/2000 and will appear in *Crop Production*. The July 12 *WASDE* will include the first forecasts for U.S. 1999/2000 supply and use of wheat by class. Projections for 1999/2000 production of other U.S. crops (published in *WASDE*) will be based on intended planting from the June 30 *Acreage* report and trend or average yields. The *WASDE* report will also contain global 1999/2000 supply and use forecasts for all wheat, corn, coarse grains, rice, cotton, soybeans, and soybean products. Country-specific 1999/2000 forecasts will be made for wheat, corn, coarse grains, rice, soybeans and products, and cotton. The report also includes projections of supply, use, and prices for calendar 2000 U.S. livestock products and fiscal 2000 dairy.

VIII. WASTE FRAUD AND ABUSE

Nothing of significance to report.

IX. CLIMATE CHANGE

Nothing of significance to report.

X. DISASTER ASSISTANCE

Nothing of significance to report.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

July 14, 1999

Memorandum to The President

Through: The Honorable John Podesta

From: Secretary Dan Glickman

Subject: Report For Week of July 11, 1999

USDA Fact of the Week

U.S. farmers have borrowed more from USDA this year than they have since the depth of the farm crisis of the 1980's; the \$3.4 billion in financing USDA has made and guaranteed thus far this fiscal year is the most in 13 years, since 1986.

I. KEY DEPARTMENT NEWS

- **USDA Announces Food Stamp Changes, Education Program:** On July 14, in response to your direction, USDA announced changes to improve access to the food stamp program for individuals participating in the TANF program, and to make the program simpler and more flexible for states to administer, also to improve access to the program. At the same time, USDA announced the beginning of an educational program to ensure that eligible individuals and families who are not participating in the program are aware of its benefits

These actions coincide with the simultaneous release of a new report, *Household Food Security in the United States 1995-1998*, showing that despite a strong economy, the level of "food security" among American households has changed little since 1995; in 1998, nearly 10 million people lived in households that experienced hunger.

- **Secretary Strengthens Biotech Oversight:** In remarks delivered to the National Press Club on July 13, Secretary Glickman announced steps to strengthen USDA's oversight and regulation of the development and release of genetically-modified agricultural products, including: an independent review of USDA's current regulatory process; the creation of 12 regional centers to monitor the use of biotechnology products; a review to ensure the independence of USDA offices charged with regulating biotechnology products, making certain they remain distinct from offices that promote the products; and the creation of a 25 person advisory committee on biotechnology. In addition, in the

speech, which generated considerable attention, the Secretary laid out 5 principles on ensuring arm's length regulation, consumer acceptance, fairness to farmers, corporate responsibility, and free and fair trade for guiding the development of the industry.

- **USDA to Announce New Beetle Test:** On July 22, at the first meeting of your Council on Invasive Species, Secretary Glickman will announce that USDA researchers have developed a new instant test for the presence of the Asian long-horned beetle. The pest, that USDA has tracked to raw wood packaging materials from China, has led to the high profile destruction of several hundred trees in suburban New York City and Chicago, and the imposition of USDA restrictions on importing such packing materials.
- **USDA-EU Set to Agree to Veterinary Equivalency Standards:** On July 21, US and EU officials are scheduled to sign an agreement that will implement the USDA-negotiated veterinary equivalency agreement, by which both sides will recognize each others agricultural sanitary regulations, thus removing potential impediments to some \$1.5 billion in trade.
- **WTO Affirms U.S. Position on EU Beef Ban:** On July 13, the WTO affirmed the U.S. position that the EU lift its ban on U.S. beef produced with growth hormones, and set damages to the U.S. industry at \$116.8 million, which USDA believes underestimates the actual amount of damages. Nonetheless, as a result of the ruling, USDA is preparing to press its WTO rights, and is finishing plans to withdraw access to the U.S. market for a list of EU products whose amount will equal that determined by the WTO. This long-simmering trade dispute continues to generate considerable public, media, and congressional attention.

Meanwhile, during the week of July 5, the Government of Vietnam notified USDA that it has rescinded plans to impose a similar ban on U.S. beef, after having been advised of strong U.S. opposition to such a move—including our citing the successful action in the WTO against the EU ban.

- **USDA Funding Bill Advances:** On July 13, the House took up consideration of the FY00 interior appropriations bill, about which Secretary Glickman, in a letter to Chairman Young on July 13, voiced concerns about underfunding a number of your key budget requests, including the lands legacy initiative and clean water action plan.
- **House to Consider Bill Overturning USDA Dairy Plan:** USDA expects the House to take up a bill overturning USDA's planned reforms of the federal milk marketing order system during the week of July 12; the bill has over 220 cosponsors, and Senators Leahy and Jeffords are readying a similar measure as an amendment to the Senate version of the FY00 agricultural appropriations bill.
- **Agricultural Trade Developments:** On July 6, USDA doubled the value of rice Jamaica

can purchase under USDA's PL-480 program to \$10 million, which will buy about 31,000 tons.

During the week of July 6, USDA awarded export subsidies under its Dairy Export Incentive Program (DEIP) facilitating the sale of approximately 7,200 tons of dairy products to Africa, Asia, Latin America, the Middle East, and former Soviet Union.

- **USDA Releases Supply and Demand Forecasts:** The July 12 *Crop Production* report contains USDA's survey-based forecasts for 1999 wheat (winter, durum, and other spring), barley, and oats production. The *World Agricultural Supply and Demand Estimates (WASDE)* report contains USDA's forecasts for 1999/2000 U.S. supply and use estimates for major field crops, and global 1999/2000 supply and use forecasts for wheat, corn, coarse grains, rice, cotton, soybeans, and soybean products. The report includes, in addition, projections of supply, use, and prices for 2000 U.S. livestock products and fiscal 2000 dairy. Highlights of these two lockup reports include:

Winter wheat. Winter wheat production is forecast at 1.67 billion bushels, up 4% from June, but down 11% from last year. Acres for harvest are forecast to be 35.6 million, down 11% from 1998. Yield is forecast to be a record 47.0 bushels per acre, up 2.3 bushels from last month.

Spring wheat. Durum production is forecast at 132 million bushels, down 6% from 1998, despite a projected 9% increase in harvested area, as yields are down 5.1 bushels per acre to 32.7 bushels. Other spring wheat production is forecast at 527 million bushels, down less than 1% from 1998.

All Wheat. Projected U.S. 1999/2000 ending stocks of wheat are up 48 million bushels from last month, as a larger crop and increased imports more than offset lower beginning stocks and larger domestic use. Forecast wheat production is up 91 million bushels from last month, as higher yields more than offset lower harvested area. The 1999/2000 projected price range is down 15 cents from June, to \$2.45 to \$2.95 a bushel, compared to \$2.65 in 1998/99.

Rice. U.S. production in 1999/2000 is projected at a record 211 million hundredweight (cwt), up 4 million cwt from last month, and an increase of 23 million cwt from 1998/99. Combined medium/short-grain production is raised 5 million cwt from last month, while long-grain rice production is down 1 million cwt. Ending stocks in 1999/2000 are projected at 55.6 million cwt, up 4.5 million cwt from last month and an increase of nearly 25 million cwt from 1998/99. The 1999/2000 season-average price range is lowered \$0.50 per cwt on each end to \$5.50-\$6.50 per cwt.

Corn. Projected 1999/2000 ending stocks of corn have risen 212 million bushels this month to 1,994 million bushels. If realized, this would be the highest carryout since

1992/93, reported as 2,113 million bushels on September 1, 1993. Projected corn production is raised 205 million bushels from last month to 9.65 billion. Also, forecast carryin stocks are up 17 million bushels. Total use for 1999/2000 is up only 10 million bushels, as a 75-million-bushel increase in exports is largely offset by lower domestic use. The projected price range for corn is down 15 cents on each end to \$1.65 to \$2.05 per bushel.

Soybeans and products. Soybean production is projected at a record 2,935 million bushels, more than 6% above last year. Despite larger production than indicated last month, ending stocks of soybeans are little changed, with projected soybean stocks of 590 million bushels slightly below a month ago. Improved U.S. soybean crush and export prospects, mainly for 1998/99, cut carryin stocks by 35 million bushels to 395 million bushels. Domestic meal use prospects are raised for 1998/99 and 1999/2000 because of stronger than anticipated feed demand. U.S. soybean and soybean meal exports in 1998/99 are increased to reflect dwindling soybean export supplies in South America. Lower new-crop supply prospects for that region bode well for U.S. exports in 1999/2000. The U.S. soybean season-average producer price for 1999/2000 is lowered slightly this month to \$3.90 to \$4.70 per bushel, the lowest since the early 1970's. The soybean meal price range is projected at \$125 to \$145 per short ton, sharply below last year but slightly improved from last month. Soybean oil, projected at 15.0 to 18.0 cents per pound, is off sharply from last month and last year and would be the lowest since 1986/87.

Cotton. U.S. cotton projections for 1999/2000 include larger production, exports, and ending stocks relative to last month. Ending stocks are now projected at 6.0 million bales, nearly 37% of total use, and the largest since 1988/89.

Sugar. Projected FY99/00 U.S. sugar production is increased 60,000 short tons, raw value, to 8.46 million this month, based on higher sugarbeet area. Projected deliveries are increased 100,000 tons to 10.25 million tons, based on revised trend increases. Sugar production in FY 98/99 is estimated at 8.23 million tons, up 1% from last month and 2.6% above 1997/98. Beet sugar production is increased 100,000 tons, based on larger than expected output in May. The ending stocks-to-use ratio is 14.5%, compared with last month's 14.3%.

Livestock. The beef production forecast for 1999 and 2000 are increased this month. Large supplies of meat are expected to pressure cattle prices; forecast cattle prices are lowered from last month.

Farrowings in the second quarter and farrowing intentions for remainder of the year as reported in the June 25 *Hogs and Pigs* report are lower than a year ago, but higher than anticipated, prompting increases in forecast pork production for 1999 and 2000. Stocks of pork are forecast to rise from their already high levels. Increased supplies will pressure

prices; consequently, forecasts for hog prices are reduced from last month.

Poultry supply and use estimates are little changed from last month.

Dairy. Demand for dairy products remains strong and the supply and use estimates are little changed from last month. Milk price forecasts are raised to reflect recent strength in product prices.

- **Commodity Markets in Review:** The rapidly advancing wheat harvest led prices sharply lower last week. Excellent crop conditions across the Midwest led to abrupt price declines for corn and soybeans. Rice cash prices held steady, but new-crop futures fell on prospects for a large 1999 crop. Good crop conditions in both the United States and overseas sent cotton prices down. Cattle prices moved lower on a seasonal slowdown in demand. Hog prices fell, pressured by large meat supplies. A lack of post-July 4th featuring sent broiler prices down. Cheese prices were up slightly, as buyers continue to build inventories. Butter prices fell, however, as adequately-stocked purchasers await lower prices.

Average prices for the week ending July 9, 1999

Commodity	Weekly price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.44	-0.21	-0.54
Corn \$/bu	1.74	-0.21	-0.63
Soybeans \$/bu	4.03	-0.32	-2.23
Rice \$/cwt	7.56	0.00	-2.86
Cotton ¢/lb	49.84	-1.45	-27.25
Steers \$/cwt	62.99	-0.66	1.08
Hogs \$/cwt	31.08	-1.32	-10.25
Broilers ¢/lb	60.21	-0.29	-4.99
Cheese \$/lb	1.53	+0.03	-0.08
Butter \$/lb	1.35	-0.04	-0.63
Milk \$/cwt	13.50	-0.10	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

- **President's Initiative on Welfare Reform:**
 - **USDA Improves Food Stamp Access:** On July 14, USDA announced steps it is taking at your direction to improve access to the food stamp program – see Key Department News.
- **President's Initiative on Food Safety:**
 - **President's Council on Food Safety:** Secretary Glickman will make introductory remarks at the July 15 meeting of your Council on Food Safety, which will focus on 5 draft strategic goals for the future of the council.
 - **USDA Investigating 2 *E. coli* Outbreaks:** USDA food safety experts are working with CA and TX officials to investigate the source of 2 recent, and separate, possible outbreaks. In the CA case, the 2 sick individuals reportedly ate ground beef purchased from the same retailer, and in the TX case, approximately 60 cheerleaders at a cheerleader camp all became sick.

III. SECRETARY'S SCHEDULE

- On July 15, Secretary Glickman will address the President's Council on Food Safety.
- On July 15, Secretary Glickman will hold a summer feeding program press conference with Mayor Williams, highlighting USDA's contribution to the DC program.
- On July 19, Secretary Glickman will address the State welfare commissioners conference.
- On July 21, Secretary Glickman will address the Congressional Economic Leadership Institution, about WTO.
- On July 22, Secretary Glickman will attend a National Drought Policy Commission Meeting.
- On July 22, Secretary Glickman will attend an Invasive Species Council meeting.
- On July 26, Secretary Glickman will address the Society for Nutrition Education conference in Baltimore, MD.
- On July 29, Secretary Glickman will meet with British Agriculture Minister Brown on U.S.– EU trade issues, and host the Minister at an event marking National Farmers'

Market Week.

IV. SUB-CABINET SCHEDULE

- From July 15-16, Deputy Secretary Rominger will attend the Pacific Rim Sustainable Resources Forum in Seattle, WA.
- On July 30, Deputy Secretary Rominger will attend the Agricultural Policy Advisory Council (APAC) conferences, in New Zealand.
- On July 15, Under Secretary Woteki and Deputy Secretary Wilcox will participate in an interagency public meeting to collect consumer and industry input on the President's Council on Food Safety's comprehensive strategic plan.
- From July 15-16, Under Secretary Dunn will attend the National Association of State Departments of Agriculture conference in Salt Lake City, UT.
- On July 16, Under Secretary Schumacher will attend an Agricultural Forum with Senator Murray on conditions in the agricultural economy, in WA.
- On July 19, Under Secretary Schumacher will attend a WTO Listening Session in Burlington, VT, and visit area farms.
- On July 19, Under Secretary Watkins will address the Congressional Black Caucus' 29th Legislative Conference in Ft. Valley, GA.
- From July 19-21, Under Secretary Dunn will attend the EU Council Signing of the Veterinary Equivalency Agreement, in Brussels.
- On July 21, Under Secretary Watkins will address the Food and Nutrition Summer Institute in Baltimore, MD.
- On July 23, Under Secretary Schumacher will attend a WTO Listening Session in Newark, DE.
- On July 23, Under Secretary Long Thompson will address the Minnesota Rural Electric Association membership in St. Cloud, MN.
- On July 24, Under Secretary Long Thompson will open the Summit on Housing and Wealth Accumulation in Charlotte, NC.
- On July 25, Under Secretary Watkins will address the Society for Nutrition Education

annual conference in Baltimore, MD.

- On July 25, Deputy Under Secretary Wilcox will address the Institute of Food Technologists' (IFT) Research Council about bioterrorism, in Chicago.
- On July 26, Under Secretary Lyons and Representative Boucher will address the Ninth District Conference on the American Heritage Rivers Designation for the New River, in Dublin, VA.
- On July 27, Under Secretary Watkins will address the American School Food Service Association annual meeting in Denver, CO.

V. PRESS INQUIRIES

- On July 14, FAS Administrator Galvin will be interviewed by NHK, the Japan Broadcasting Company, on agricultural issues in the upcoming WTO Round.
- The *Washington Post* continued its inquiry about line speeds at poultry plants, for a story USDA expects to focus on workers' conditions at 12 plants in the Delmarva.

VI. FOIA REQUESTS

- The attorney for Hudson Foods sent a subpoena for records relating to Hudson Foods, and to USDA policies, concerning issues relevant to the August, 1996 Hudson Foods recall and investigation; the US attorney on the case plans to file a motion to have the subpoena quashed pending the resolution of the investigation of the case.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **Additional Cash Payments for Hog Producers:** Secretary Glickman will soon announce that USDA intends to make funds from the FY99 emergency supplemental appropriations bill available in direct cash payments to hog producers, who are suffering the lowest prices in 50 years; this disbursement will be in addition to \$50 million already paid under the Small Hog Operation Payment (SHOP) program earlier in the year.

Under the draft regulations, eligible farmers will receive up to \$10 per hog for hogs marketed during the last six months of 1998, up to a limit of 500 market hogs, making the maximum payment \$5,000 per operation. USDA will begin sign up on August 2.

VIII. WASTE FRAUD AND ABUSE

Nothing of significance to report.

IX. CLIMATE CHANGE

- **USDA Keynotes International Symposium on Carbon Sequestration:** On July 19, the director of USDA's global change program office will deliver the keynote address at an international symposium on agricultural practices and policies for carbon sequestration in soil, being held in Columbus, OH, and sponsored by Ohio State University and USDA.

X. DISASTER ASSISTANCE

- **USDA Helps Town Recover from Tornado Damage:** On July 13, USDA gave \$2.8 million from its emergency watershed protection program to Beebe, AR, helping the town clean damage from a recent tornado; Senator Lincoln and representatives of Senator Hutchinson and Representatives Berry and Snyder attended the award ceremony, which was covered by approximately 20 media outlets.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

July 21, 1999

Memorandum to The President

Through: The Honorable John Podesta
From: Secretary Dan Glickman
Subject: Report For Week of July 18, 1999

USDA Fact of the Week

The farmer's share of consumer's food purchases declined in 1997, the latest year for which figures are available, according to the most recent version of USDA's *Food Cost Review*. The review shows that the farm value of USDA's market basket of food declined 4.4% in 1997 -- the first decrease since 1994, and the largest drop of the decade -- as the farm-to-retail price spread by a like amount, and the farm value of food averaged 23% of the retail cost, nearly one-third less than in 1980.

I. KEY DEPARTMENT NEWS

- **Secretary to Announce New Restrictions on Invasive Species, Beetle Trap:** During his remarks to the first meeting of your Invasive Species Council on July 22, Secretary Glickman will announce that USDA will no longer allow non-permitted movement of noxious weeds within the U.S., and that USDA researchers have developed an attractant effective in trapping the Asian long-horned beetle, infestations of which have caused the high profile destruction of hundreds of trees in sections of Chicago and New York, and led USDA to impose a ban on the use of wood packing materials from China.
- **Secretary Speaks Out on Farm Crisis:** In remarks to the National Turkey Federation on July 20, and the Congressional Economic Leadership Institute on July 21, Secretary Glickman recapped USDA's bearish outlook for farm prices over the next 12 to 18 months, reiterating his previously articulated support for modifications in the current farm bill, strengthening the farm safety net, and suggesting the need for additional emergency income assistance this year.
- **USDA Awards \$78 Million for Rural Economic Growth:** On July 21, Secretary Glickman announced that USDA is awarding \$78 million in direct and guaranteed loans to finance the start and expansion of rural businesses in 14 states; USDA's financing will

create and save about 2475 jobs in areas currently afflicted with higher than average unemployment.

- **Subcommittee Marks Up Crop Insurance Bill:** On July 21, the House Agriculture Subcommittee on Risk Management, Research, and Specialty Crops, chaired by Representative Ewing, marked up a crop insurance reform bill that, in several important respects, mimics the proposals and principles the Administration has enunciated. The bill increases subsidies so farmers can obtain higher levels of coverage, in a program patterned after the \$400 million premium subsidy USDA incorporated into the disaster assistance package implemented from the FY99 omnibus appropriations bill. The bill also establishes new price, revenue, and livestock policies, and improves the operation of the non-insured assistance program. The full Committee takes up the bill the week of July 26, with possible action by the full House before the August congressional recess.
- **Secretary Interviewed on GMOs and EU Beef Ban:** On July 20, ABC *World News Tonight* interviewed Secretary Glickman about the continuing dispute with the EU over its illegal ban on beef produced from cattle raised with growth hormones, for which the U.S. announced a list of EU products now subject to 100% tariffs in retaliation, and his views on genetically-modified organisms (GMO).
- **USDA Proposes Allowing More Soy Products in School Meals:** On July 20, USDA proposed allowing child nutrition program sponsors, including school lunch services, to use more soy-based products in their meals, by eliminating the existing limits on the amount that can be substituted for traditional proteins. While widely supported by school lunch administrators and some agricultural interests, the proposal may eventually develop some controversy, and thus attract more media and congressional attention.
- **USDA Funding Bill Moving:** On July 22, USDA expects the Senate to take up the FY00 interior appropriations bill, about which Secretary Glickman will express serious reservations, because it provides insufficient funding for a number of your key environmental initiatives and the operations of the Forest Service.

Meanwhile, further Senate action on the FY00 agricultural appropriations bill remains on hold pending resolution of a likely amendment blocking USDA's dairy reform plan, continuing the Northeast Interstate Dairy Compact, and consideration of an emergency farm aid package.

In a related development, in spite of securing more than 225 cosponsors, House Majority Leader Arney announced last week the House has likewise put on hold floor consideration of a bill that would, similar to the above-referenced amendment, overturn USDA's milk marketing order reform plan.

- **Forest Service Participates in Third Annual Water Festival in Anacostia:** On July

21, the Forest Service's Woodsy Owl will participate in the Third Annual Water Festival at the Anacostia Park Pavilion in Anacostia Park, Washington, DC – whose theme this year is the protection of natural resources.

- **U.S.-EU Veterinary Equivalency Agreement Signed:** On July 20, U.S. and EU officials signed an agreement recognizing the equivalency of each others' veterinary standards, eliminating a 6 year old barrier to trade in livestock, meats, and poultry.
- **USDA Suspends the Hormone-Free Cattle Program:** On July 16, USDA's Food Safety and Inspection Service (FSIS) advised domestic producers and the EU that USDA had suspended issuing export certificates for beef produced from hormone-free cattle, following repeated reports of failures to assure that the beef presented for certification is in fact free from synthetic growth hormones.
- **USDA Boosts Dairy Exports:** During the week of July 12, USDA facilitated the export of approximately 4,800 tons of dairy products to buyers in Asia, the former Soviet Union, and Latin America.
- **Commodity Markets in Review:** Wheat cash prices fell as the harvest wound down in the Southern Plains, although futures prices were little changed. Significant movement of old-crop corn into cash markets depressed cash prices, but futures edged higher on positive export news. Forecasts for hot and dry weather in major growing areas boosted soybean prices. Rice cash prices held steady as futures plunged in anticipation of a bumper crop. Large domestic and worldwide supplies sent cotton prices tumbling. Cattle prices rose slightly and hog prices moved up, following increases for most major cuts. Sharply higher slaughter forced broiler prices lower. Robust demand and declining production continue to lift cheese prices. Falling butter prices were largely the result of ample inventories on hand.

Average prices for the week ending July 16, 1999

Commodity	Weekly price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.39	-0.05	-0.58
Corn \$/bu	1.67	-0.07	-0.7
Soybeans \$/bu	4.1	0.07	-2.34
Rice \$/cwt	7.56	0	-2.86
Cotton ¢/lb	47.66	-2.18	-29.35
Steers \$/cwt	63.5	0.35	2.77
Hogs \$/cwt	32.95	1.87	-6.32
Broilers ¢/lb	59.56	-0.65	-6.61
Cheese \$/lb	1.51	-0.02	-0.1
Butter \$/lb	1.32	-0.04	-0.67
Milk \$/cwt	13.45	-0.05	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Food Safety:

- **USDA Suspends Unsafe Plant Operations:** On July 13, USDA suspended operations at Real Sausage, Inc. of Chicago, after tests indicated the presence of listeria.

On July 15, USDA halted operations at La Spaiga D'Oro Co., Inc., in San Rafael, CA, because of unsanitary operating procedures.

III. SECRETARY'S SCHEDULE

- On July 22, Secretary Glickman will attend a meeting of the Invasive Species Council.
- On July 22, Secretary Glickman will attend a National Drought Policy Commission Meeting.
- On July 23-25, Secretary Glickman will attend the DNC retreat in Aspen, CO.

- On July 29, Secretary Glickman will meet with British Agriculture Minister Brown on U.S.– EU trade issues.

IV. SUB-CABINET SCHEDULE

- On July 30, Deputy Secretary Rominger will attend the Agricultural Policy Advisory Council (APAC) conferences, in New Zealand.
- On August 12, Deputy Secretary Rominger will attend a Public Listening Session of the 21st Century Commission on Production Agriculture, in Fresno, CA.
- On July 23, Under Secretary Schumacher will attend the WTO Listening Session in Newark, DE.
- On July 23, Under Secretary Long Thompson will address the Minnesota Rural Electric Association membership in St. Cloud, MN.
- On July 24, Under Secretary Long Thompson will open the Summit on Housing and Wealth Accumulation hosted by the Congressional Black Caucus in Charlotte, NC.
- On July 25, Under Secretary Watkins will address the Society for Nutrition Education annual conference in Baltimore, MD.
- On July 26, Under Secretary Schumacher will meet with 16 State Departments of Agriculture Commissioners, and FSA State Executive Directors, to discuss USDA's role in assisting States implementing Phase II of the tobacco settlement.
- On July 26, Under Secretary Lyons will join Representative Boucher in addressing the Ninth District Conference on the American Heritage Rivers Designation for the New River in Dublin, VA.
- On July 27, Under Secretary Watkins will address the American School Food Service Association annual meeting in Denver, CO.
- On August 9, Under Secretary Lyons will address the Soil and Water Conservation Society Annual Conference in Biloxi, MS.
- On August 11, Under Secretary Lyons will participate in the 2nd Anniversary celebration of the Lake Tahoe Presidential Forum, with Senators Reid and Feinstein, in Incline Village, NV.

V. PRESS INQUIRIES

- The *Wall Street Journal* may publish an article next week on the IBP strike, and workers' allegations of unsanitary conditions and inhumane slaughter. *WSJ* has also interviewed USDA officials on issues associated with the strike, and has requested USDA documents pertinent to the Walla Walla, WA plant.
- The CBS *Evening News* is interested in doing a story about efforts to recover a young woman who drowned in the Chattooga River in the Sumter National Forest, SC. Forest Service personnel have been extensively involved with the family, Representative Holden of the family's district, the SC delegation, state, local, and other federal officials, including the Navy, on efforts to recover the body, which have been stymied because of the intense rapids where the accident occurred and her body is trapped.

VI. FOIA REQUESTS

Nothing of significance to report.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **Will Increased Highway Funding Help Rural Areas?** On August 3, USDA's Economic Research Service (ERS) will release a report on the effect of highway funding in rural areas indicating that rural areas stand to benefit from new highway funding legislation, especially in the South.
- **The Effect of Minimum Wage Increases on Food and Kindred Products Prices: An Analysis of Price Pass-Through:** On August 2, ERS will release a report on the effect of minimum wage increases on food prices, showing that a \$0.50-increase in the present minimum wage would increase food prices less than 1% for most of the 12 food and kindred products, and lead to a 1% increase at eating and drinking places.

VIII. WASTE FRAUD AND ABUSE

- **GAO Prepares Report on WIC Fraud:** On July 22, USDA staff will meet with GAO on a soon to be released report, "Food Assistance: Efforts to Control Fraud and Abuse in the WIC Program Can Be Strengthened" to discuss GAO's recommendations.

IX. CLIMATE CHANGE

Nothing of significance to report.

X. DISASTER ASSISTANCE

- **USDA Commits to Additional Kosovo Aid:** On July 19, USDA signed a new letter of commitment to the World Food Program (WFP), by which USDA will provide 40,000 tons of wheat and wheat flour for distribution in Kosovo.
- **Vice President Announces Additional Hog Payments:** On July 18, the Vice President announced that beginning August 9, hog farmers can begin applying at USDA field offices for payments under the USDA small hog farmer assistance program that will disburse approximately \$100 million from the FY99 emergency supplemental appropriations bill. This program will bring to \$150 million the amount in direct payments to hog farmers USDA has made this year to help them cope with low prices.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

July 28, 1999

Memorandum to The President

Through: The Honorable John Podesta

From: Secretary Dan Glickman

Subject: Report For Week of July 25, 1999

USDA Fact of the Week

USDA's current farm income forecasts reflect continuing pressure from low commodity prices, and the importance of government assistance to sustain income: 1999 farm income will decline another \$300 million from 1998's level, falling below the average for the decade in spite of government payments that, at \$16.6 billion, will be second only to the record payments of 1987.

I. KEY DEPARTMENT NEWS

- **Secretary to Review Drought Damage; Emergency Loan Funds Dry Up, Too:** On August 3, Secretary Glickman, joined by Senators Byrd and Rockefeller, will tour farm damage in WV from the drought affecting the Mid-Atlantic region, and will announce that USDA is making farmers in the entire state eligible for low interest emergency assistance. The tour will continue through VA and MD, for which USDA expects to request similar assistance.

In a related development, USDA has exhausted its emergency loan funds for FY99, so notwithstanding the WV and other likely drought relief announcements, absent supplemental funding for the program, USDA will not be able actually to fund the applications until the beginning of the next fiscal year – October 1.

Congress appropriated enough funds to enable USDA to provide \$79 million in emergency loans this fiscal year. Through emergency transfers of funds between lending programs, and as a result of the emergency supplemental request you made and Congress eventually passed, USDA has increased lending through this program to \$287 million, to over 3600 farmers, the highest level since FY86. However, USDA still has 2000 applications pending, and with additional requests likely due to the above-mentioned and other drought damage, the Department will likely begin FY00 with \$200 million in

approved but unfunded requests.

Finally, the CBS *Morning News* and *Face the Nation* have asked the Secretary to appear on July 29 and August 2, respectively, to discuss the drought, and Chairman Lugar has invited Secretary Glickman to testify before an August 4 Senate agriculture committee hearing on natural disaster and income loss assistance proposals.

- **House Agriculture Hearing on Food Stamps:** On August 5, USDA officials will testify before the House Agriculture Subcommittee on Government Operations, Nutrition, and Forestry on the operations of the food stamp program, with specific emphasis on the initiatives you announced July 14 eliminating some administrative complexities and reducing certain barriers to participation.
- **Secretary Represents Administration at Representative Brown's Funeral:** On July 28, Secretary Glickman read a letter of condolences from you during the funeral service for former Representative George Brown.
- **Secretary Promotes Trade Policies:** Prior to the House's July 27 approval of your request to extend normal trade relations status to China, Secretary Glickman, on July 26, sent a letter to every member of the House urging favorable action.

On August 4, Secretary Glickman and Ambassador Barchefsky will brief the Senate in executive session on the upcoming WTO negotiations.

- **USDA Signs Agreement on Research Cooperation with Sub-Saharan Africa:** On July 27, Secretary Glickman committed \$100,000 for research on biotechnology in sub-Saharan Africa; the funds will be disbursed through the 1890s universities -- Tuskegee Institute will lead the U.S. consortium -- and will include research assistance from the International Maize and Wheat Improvement Center in Mexico.
- **USDA Makes Awards for Nutrition Education:** On July 27, USDA awarded \$4.2 million to recipients in 16 states for nutrition training and demonstration projects carried out under the auspices of USDA's Team Nutrition initiative.
- **House Committee Delays Crop Insurance Session:** After CBO estimated the cost of the House Agriculture Committee's crop insurance reform bill exceeding \$8 billion, more than \$2 billion over the amount provided for in the budget resolution, the Committee postponed its July 27 mark up. In anticipation of the mark up, Secretary Glickman had sent a letter to the Committee detailing USDA's views on the bill in relation to the principles he released in February along with your FY00 budget.
- **Court Rules Against Livestock Price Reporting Law:** On July 26, the federal district court for SD ruled that part of the state's new mandatory livestock price reporting bill --

that forbids price discrimination by buyers -- is an illegal restraint on interstate trade.

In a separate but related development, on July 29, the Senate agriculture committee plans to mark up a bill establishing a federal mandatory price reporting system. USDA officials have met with Senate staff and industry representatives seeking to ensure that the committee bill conforms to the legislative proposal the Administration has endorsed.

- **USDA Alleges Meat Packer Acted Anti-competitively:** On July 21, USDA notified Farmland Industries that USDA is taking action against the cooperative for anti-competitive discriminatory actions it took against a KS feedlot in failing to purchase from the feedlot after its owner published an article critical of Farmland.
- **USDA Biodiesel Demonstration Project:** The Black Hills National Forest (SD) began using biodiesel in 15 vehicles this month; it is the first USDA location to begin using this type of alternative fuel. Next month, USDA's Beltsville, MD, Agricultural Research Center (BARC) will begin using biodiesel in 37 vehicles.
- **Commodity Markets in Review:** Support from corn and soybeans helped boost wheat prices last week, along with good export news. Hot, dry weather in the Midwest and Eastern Corn Belt drove soybean and corn prices up sharply, especially for new-crop futures. The rally in other grains also helped raise rice futures, but cash prices were unaffected. Cotton prices moved up on a round of speculator shortcovering and trade rumors suggesting future enactment of Step 2 payments. A shortage of Choice grade animals is helping support cattle prices. Hot weather and reduced marketings underpinned a slight improvement in hog prices. Broiler prices dropped under the pressure of large supplies. Firm demand led to higher cheese prices. Increased inventories pressured butter prices down.

Average prices for the week ending July 23, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.46	+0.07	-0.44
Corn \$/bu	1.72	0.05	-0.58
Soybeans \$/bu	4.29	0.19	-2.1
Rice \$/cwt	7.56	0	-2.86
Cotton ¢/lb	49.58	1.92	-24.08
Steers \$/cwt	63.9	0.4	4.21
Hogs \$/cwt	33.1	0.15	-3.47
Broilers ¢/lb	58.87	-0.69	-8.13
Cheese \$/lb	1.68	0.08	0.02
Butter \$/lb	1.27	-0.04	-0.8
Milk \$/cwt	13.57	0.12	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

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

- **USDA Funds Meat Inspection Outreach Activities:** On July 22, USDA awarded approximately \$100,000 to 5 colleges to serve as model plants as part of USDA's implementation of the new science-based meat and poultry inspection system, HACCP. This initiative will focus on the 3400 very small plants that will become subject to the new system on January 1, 2000 -- the last phase of implementing HACCP.
- **USDA Proposes Ban on Repackaged Eggs:** On July 27, USDA proposed forbidding shippers from re-shipping unsold eggs returned to them by retailers; the proposal applies, however, only to those businesses who participate in USDA's voluntary grading system.

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

- **USDA to Testify on Food Stamp Improvements:** On August 5, USDA will testify before a subcommittee on the House Agriculture Committee about the food

stamp program initiatives you announced on July 14 -- see Key Department News.

III. SECRETARY'S SCHEDULE

- On July 29, Secretary Glickman will be interviewed on C-Span concerning the drought crisis.
- On July 30, Secretary Glickman will be interviewed on CBS *Morning News* concerning the drought crisis.
- On August 2, Secretary Glickman will tour drought damage in WV, MD, and VA.
- On August 4, Secretary Glickman will brief the Senate in executive session about the upcoming WTO negotiations.
- On August 4, Secretary Glickman will testify before the Senate agriculture committee about natural disaster and income loss assistance proposals
- On August 5, Secretary Glickman will address the National Corn Growers Association.
- On August 9, Secretary Glickman will address the Share Our Strength annual conference.
- On August 10, Secretary Glickman will attend an event with Senator Schumer in NY.
- From August 27–29, Secretary Glickman will attend Cairns Group Meetings in Buenos Aires, Argentina. Secretary Glickman may also travel to Brazil on WTO issues.

IV. SUB-CABINET SCHEDULE

- On August 12, Deputy Secretary Rominger will attend a public listening session of the 21st Century Commission on Production Agriculture in Fresno, CA.
- On August 17, Deputy Secretary Rominger will attend a U.C. Davis town hall meeting on the environmental health of the agricultural and urban frontier, in Davis, CA.
- From August 3-4, Under Secretary Gonzalez will address the Hispanic Association of Colleges and Universities (HACU) Leadership Meeting.
- On August 4, Under Secretary Woteki will testify with FDA Commissioner Henney before the Senate Oversight Subcommittee on Government Affairs, about the single food safety agency concept.

- On August 5, Under Secretary Lyons will attend the Brownville Dam and Penobscot Watershed Restoration event, and Partnership Award Ceremony, in Bangor, ME.
- On August 9, Under Secretary Lyons will address the Soil and Water Conservation Society Annual Conference in Biloxi, MS.
- On August 11, Under Secretary Lyons will attend the 2nd Anniversary celebration of the Lake Tahoe Presidential Forum, with Senators Reid and Feinstein in Incline Village, NV.
- From August 11–12, Under Secretary Long Thompson will attend an MOA signing with the Northwoods Nijjii Enterprise Community, in Clare County, MI.
- From August 12-13, Under Secretary Gonzalez will address a joint USDA/NASA workshop on remote sensing and precision agriculture at Stennis Space Center, in MS.
- On August 16, Under Secretary Watkins will address the 21st Century Training Conference of Blacks in Government in New Orleans, LA.
- On August 18-20, Under Secretary Watkins will address Health Forum II in Martha's Vineyard, MA.
- On August 28, Under Secretary Watkins will attend New York City's WIC 25th Anniversary Celebration.

V. PRESS INQUIRIES

- CBS *Morning News* and *Face the Nation*, C-SPAN, and *USA Today* have all scheduled interviews with Secretary Glickman, or expressed interest in doing so, to discuss drought damage afflicting the Mid-Atlantic region.

VI. FOIA REQUESTS

Nothing of significance to report.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **Food Security Assessment: Why Countries Are at Risk:** On August 9, USDA will release an assessment on food security that evaluates availability and distribution of food, and analyzes trends through 2008 by projecting food gaps to maintain per capita

consumption, meet nutritional needs, and fulfill requirements stemming from unequal food distribution.

- **Price Determination for Corn and Wheat:** On August 9, USDA will release a report on the role of market factors and government programs on the price-setting process for corn and wheat.
- **Rural Conditions and Trends:** On August 9, USDA will release its next edition of *Rural Conditions and Trends*, with articles on transportation, emergency farm aid, public housing in rural communities and the effects of regulatory policies on rural development.

VIII. WASTE FRAUD AND ABUSE

Nothing of significance to report.

IX. CLIMATE CHANGE

Nothing of significance to report.

X. DISASTER ASSISTANCE

- **Secretary to Tour Drought Areas:** On August 3, Secretary Glickman will tour drought damage in MD, VA, and WV, and announce that all farmers in WV are eligible for low interest, emergency loans from USDA – see Key Department News.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

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Pager: 800.710.5528

August 4, 1999

Memorandum to The President

Through: The Honorable John Podesta

From: Secretary Dan Glickman

Subject: Report For Week of August 1, 1999

USDA Fact of the Week

All farm prices fell another 4% in July, down almost 8% from the levels of one year ago, with crop prices leading the way. Wheat dropped 35 cents in July, down 16% from July, 1998, hitting its lowest price since August, 1977; corn prices fell 21% off their July, 1998 level, down 32 cents last month, to their lowest since November, 1987; and soybean prices plunged another 40 cents in June, down to their the lowest since USDA's all farm products index was first calculated in 1975.

I. KEY DEPARTMENT NEWS

- **Secretary Presses for Emergency Assistance, Farm Bill Reforms:** Testifying before the Senate agriculture committee on August 3, Secretary Glickman called on Congress to approve immediate cash assistance to help farmers through the present economic crisis, and also reform the farm bill to ameliorate the underlying contributing causes, the same message he will deliver to a meeting of the National Corn Growers Association on August 5.

Meanwhile, on August 2, the Senate resumed consideration of the FY00 agricultural appropriations bill, with most debate focused on emergency spending for the economic crisis. The Senate also adopted by voice vote a \$7 billion amendment offered by Senator Cochran.

The Senate also set aside, having failed to invoke cloture, an amendment whose intent was to overturn USDA's milk marketing order reforms and extend the Northeast Interstate Dairy Compact. In a related development, on July 29, the House Judiciary Subcommittee on Commercial and Administrative Law approved for full committee action a bill to extend Northeast Dairy Compact and create a new Southern Dairy Compact.

In related developments, on August 2, Secretary Glickman declared the entire state of WV a disaster area, making farmers there and in contiguous counties eligible for low interest loans. The Secretary's announcement and tour of drought-affected areas in the mid-Atlantic generated considerable media attention, including from *The Today Show*, *ABC World News Tonight*, *The CBS Evening News*, and *NBC Evening News*, *The Lehrer News Hour*, CNN, *The New York Times*, *The Washington Post*, and local Washington television news outlets.

- **USDA Invests \$134 Million in Rural Jobs:** On August, 4 the Vice President will announce that USDA is investing \$132 million in loans, loan guarantees, and grants for rural businesses throughout the country; the financing will create or save more than 2300 jobs.

In a related announcement, also on August 4, Secretary Glickman awarded \$1.75 million to finance 7 regional centers that will help farmers develop cooperatives

- **USDA Reaches Agreement with KPC, AK Delegation:** In a meeting on August 4 between Senators Stevens and Murkowski, your chief of staff and legislative affairs director, USDA officials, and the acting chairman of Council on Environmental Quality, USDA agreed to extend for one year the time Ketchikan Pulp Company (KPC), a subsidiary of Louisiana-Pacific Corporation, can harvest timber under the agreement the government negotiated with the company in 1997 canceling its long-term contract for timber from the Tongass National Forest; the extension has been the subject of intense interest by the delegation and governor, and will likely attract considerable attention in the local media, and perhaps some national outlets.
- **USDA Revises Rice Program:** In response to dramatically changing market conditions, on August 3, USDA announced a recalculation of the average world price for rice -- which governs the rate at which farmers can repay their rice loans to USDA; the net effect of the change, which was extremely positively received by the rice industry and rice farmers, makes U.S. rice more competitively priced in the world market, while boosting the support rice farmers receive through the rice loan program.
- **House Agriculture to Review Food Stamp Hearing:** On August 5, USDA officials will testify on the food stamps program before the Subcommittee on Department Operations, Oversight, Nutrition, and Forestry of the House Committee on Agriculture. USDA will emphasize the reasons for the decline in food stamp participation, about which Secretary Glickman was interviewed by the *Wall Street Journal* for a story that appeared on August 2, and by *ABC's World News Tonight* for a report that aired August 3. Testimony will also be offered on the information and education program USDA has launched; and administrative changes you announced in your July 13 speech to the DLC.

- **Forest Service to Host 50th Anniversary of Mann Gulch Fire Incident:** On August 5, the Helena National Forest (MT) will mark the 50th anniversary of the Mann Gulch Fire, which burned 5,000 acres, killed 16 members of an 18-member crew, and was memorialized in Norman MacLean's *Young Men and Fire*. MT Governor Marc Racicot, the chief of the Forest Service, and the only living Mann Gulch fire survivor, will attend. The event is likely to draw local and regional media attention.
- **Secretary Briefs Senators on WTO Talks:** On August 4, Secretary Glickman, joined by Ambassador Barchefsky, briefed Senators on the upcoming Seattle Round of WTO negotiations.
- **House Committee Approves Crop Insurance Reform Plan:** On August 3, the House Agriculture Committee approved a \$6 billion plan to reform the federal crop insurance program; the bill, which USDA expects may come to the full House for a vote before the August congressional recess, incorporates many, but not all, of the principles Secretary Glickman and other USDA officials have advocated.
- **Federal Judge Rules Against Your Forest Plan:** On August 2, 1999, a federal district court judge in Seattle, WA, extended a preliminary injunction against 9 Forest Service and Bureau of Land Management (BLM) timber sales in the Pacific Northwest, and has required the Forest Service to provide the court 10 days notice before proceeding with future sales.
- **USDA Helps Stimulate Export Sales:** During the week of July 26, USDA approved subsidies through its Dairy Export Incentive Program (DEIP) to sell approximately 850 tons of dairy products to customers worldwide. Through its Export Enhancement Program (EEP), USDA has approved sale of 400 tons of frozen poultry to buyers in the Middle East.
- **Commodity Markets in Review:** Wheat prices moved up during the week, helped by improved export prospects and spillover support from corn. Hot, dry weather in the Eastern and Southern Corn Belt helped boost corn prices late in the week. Soybeans sank, however, as good weather persisted in virtually all major growing areas in the United States. Above-normal temperatures in the South helped boost rice futures, but cash prices were unaffected. Cotton cash prices fell slightly in thin trade, but futures gained, mainly due to speculators' large short positions and the anticipated return of Step 2 payments. Cattle prices followed wholesale beef prices higher. Hogs also moved up as packers struggled to meet harvest schedules. Good fast food demand offset slower retail movement to leave broiler prices almost unchanged. Butter prices jumped as some handlers worried about slow churning schedules and the future direction of prices. Cheese prices continued to move up amid reports that some plants are having difficulty filling orders.

Average prices for the week ending July 30, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.50	+0.04	-0.35
Corn \$/bu	1.74	+0.02	-0.51
Soybeans \$/bu	4.22	-0.07	-1.92
Rice \$/cwt	7.56	0.00	-2.86
Cotton ¢/lb	49.34	-0.24	-24.45
Steers \$/cwt	64.67	+0.77	5.19
Hogs \$/cwt	34.03	+0.93	-4.48
Broilers ¢/lb	58.86	-0.01	-8.77
Cheese \$/lb	1.76	+0.09	0.10
Butter \$/lb	1.38	+0.11	-0.74
Milk \$/cwt	13.49	-0.08	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

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

- **USDA Approves Welfare Reform Waivers:** During the period that ended August 3, USDA approved a request from the State of VA for a waiver of the welfare reform legislation's work requirements, permitting food stamp recipients in 19 counties and 3 cities to continue to be exempt from work requirements, based on insufficient jobs.

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

- **USDA Inspections Prompt Food Recalls:** On July 28, 29, and 30, respectively, after USDA inspections revealed potential listeria contamination in each case, the following companies recalled the following kinds and amounts of foods: On July 28, Marburger Packing Co., of Peru, IN, recalled 85,300 pounds of cooked bacon products; on July 29, Dearborn Sausage Co., of Dearborn, MI, recalled 200 pounds of sliced hams; and on July 30, Loeffler's Gourmet, Inc., a processing plant in Trenton, NJ, voluntarily recalled about 200 pounds of sausage, and

Gerrity's Supermarket of Kingston, PA recalled 200 pounds of hot dogs.

III. SECRETARY'S SCHEDULE

- On August 5, Secretary Glickman will address the National Corn Growers Association.
- On August 9, Secretary Glickman will address the "Share our Strength" annual conference.
- On August 10, Secretary Glickman will attend an event with Senator Schumer in NY.
- On August 12, Secretary Glickman will attend a meeting of the Community Food Security Advisory Board.
- On August 14, Secretary Glickman will attend a Wichita County Economic Development EZ/EC agreement signing, in Leoti, KS.
- On August 16, Secretary Glickman will attend events with Representatives Woolsey and Thompson in CA. These may include announcement of a Farmland Protection Program Easement Purchase signing in Yolo County, CA.
- From August 27 – 29, Secretary Glickman will attend meetings of the Cairns Group agricultural nations in Buenos Aires, Argentina.

IV. SUB-CABINET SCHEDULE

- On August 12, Deputy Secretary Rominger will attend a public listening session of the Commission on 21st Century Production Agriculture, in Fresno, CA.
- On August 17, Deputy Secretary Rominger will attend a town hall meeting on "Environmental Health of the Ag/Urban Frontier" at UC, Davis, in Davis, CA.
- On August 5, Under Secretary Lyons will attend the Brownville Dam and Penobscot Watershed Restoration event and Partnership Award Ceremony in Bangor, ME.
- On August 6, Chief Economist Collins will address the Corn Congress of the National Corn Growers Association.
- On August 8, Under Secretary Schumacher will address the 1999 Annual Agriculture Policy Forum, in Burlington, VT.

- On August 9, Under Secretary Lyons will address the Soil and Water Conservation Society Annual Conference in Biloxi, MS.
- On August 11, Under Secretary Lyons will attend the 2nd Anniversary celebration of the Lake Tahoe Presidential Forum with Senators Reid and Feinstein, in Incline Village, NV.
- On August 13, Under Secretary Schumacher will hold a farm tour with Representative James McGovern, MA.
- On August 16, Under Secretary Watkins will address the 21st Century Training Conference of Blacks in Government in New Orleans, LA.
- On August 18, Under Secretary Watkins will address Health Forum II in Martha's Vineyard, MA.
- From August 23-26, Under Secretaries Dunn and Watkins will attend Central CA Valley "Harvest in August" events.
- On August 29, Under Secretary Dunn will address the "Show Me Solutions to Saving Family Farms," group in Columbia, MO.
- On August 31, Under Secretary Lyons will attend a signing ceremony for acquiring the CUT Ranch and Gallatin exchange in MT.
- On August 31, Under Secretary Watkins will attend America Goes Back to School events in NH.
- On September 1, Under Secretary Watkins will attend VT's WIC 25th Anniversary celebration in Burlington, VT.
- On September 1, Under Secretary Schumacher will address the Virginia Peanut Growers Cooperative Marketing Association in Wakefield, VA.

V. PRESS INQUIRIES

- Several national, regional, and local news organizations covered Secretary Glickman's August 2 drought tour and related statements about the economic emergency facing farmers and the drought – see Key Department News.
- On August 2 a reporter from the *Washington Post* visited USDA's Center Centralized Excess Property Operations Division for a story about USDA's program of donating computers to local schools.

- On July 29, *Consumer Reports* interviewed a USDA food safety official for an upcoming story on the presence of pathogens in various foods.

VI. FOIA REQUESTS

Nothing of significance to report.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **USDA to Release Supply and Demand Forecasts:** USDA's latest projections of U.S. supply, use, and prices of major crops for 1999/2000 will be published on August 12 in the *World Agricultural Supply and Demand Estimates (WASDE)* report.

The National Agricultural Statistics Service's first survey-based 1999/2000 production forecasts for cotton, corn, sorghum, rice, soybeans, sugarcane, and sugar beets will be published in the August 12 *Crop Production* report. In addition, new survey-based production forecasts will be issued for winter wheat, durum, other spring wheat, barley, and oats.

The *WASDE* report will also contain global 1999/2000 supply and use forecasts for all wheat, wheat by class, corn, coarse grains, rice, cotton, soybeans, and soybean products. Country-specific 1999/2000 forecasts will be made for wheat, corn, coarse grains, rice, soybeans and products, and cotton. The report also includes projections of supply, use, and prices for calendar year 2000 U.S. livestock products, and fiscal 2000 dairy.

VIII. WASTE FRAUD AND ABUSE

Nothing of significance to report.

IX. CLIMATE CHANGE

Nothing of significance to report.

X. DISASTER ASSISTANCE

- **Secretary Makes WV Farmers Eligible for Aid:** On August 2, Secretary Glickman made farmers in WV and adjoining counties eligible for low interest emergency loans to

recover from the drought. The announcement and related statements generated considerable congressional and media attention – see Key Department News.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

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Pager: 800.710.5528

August 11, 1999

Memorandum to The President

Through: The Honorable John Podesta
From: Secretary Dan Glickman
Subject: Report For Week of August 08, 1999

USDA Fact of the Week

Despite damage caused by the Mid-Atlantic drought, farm prices remain at and near record lows, due to overproduction in non-affected areas of the country. Wheat, corn, and soybean **prices are actually down from last year**, respectively, by 5 cents a bushel, 24 cents a bushel, and \$1.39 a bushel; while hog and broiler prices are down from 1998, respectively, by \$2.51, and \$9.61. Retail prices will also likely remain unaffected, with the food CPI rising at last year's rate of only 2.2%. This combination of low prices and disaster has created the worst farm crisis since the 1930s.

I. KEY DEPARTMENT NEWS

- **Drought and Heat Hammer U.S. Farmers:** On August 11, Secretary Glickman, Secretary Daley, and Deputy Chief of Staff Echaveste conducted the most recent in a series of events highlighting the impact of the worst drought to hit the Middle Atlantic states in over a century, they also briefed the media on the August 9 meeting of your Interagency Drought Task Force (Task Force). The drought is causing serious harm to the 225,000 farmers of these states –up to 18% of all full-time farmers in the U.S. The Task Force and National Drought Commission are cataloging Federal efforts to mitigate the drought's impact, and is identifying additional responses we can take to help communities plan for and respond to future emergencies.

Secretary Glickman has declared drought disaster areas covering: all of WV, all of CT, 19 NJ counties; 66 OH counties, 19 MD counties, 17 NY counties, 5 VA counties, and 1 NM county. Farmers in designated and contiguous counties will be able to apply for emergency, low-interest loans of up to \$500,000 to help cover losses.

- **President Announces Bio-Mass Order:** On August 12, Secretary Glickman and Secretary Richardson will join you at USDA to announce an executive order on using

Bio-Mass and Bio-Based Products to boost our energy supply.

In a related story, on August 2 soydiesel fuel was delivered to USDA's Beltsville Agricultural Research Center (BARC) for use in approximately 37 of USDA vehicles.

- **Secretary Glickman to Announce Livestock Indemnity Program (LIP):** Secretary Glickman will soon announce a \$3 million program to aid livestock producers hurt by recent natural disasters. The Livestock Indemnity Program (LIP) will provide partial reimbursement to eligible farmers and ranchers who lost livestock due to natural disasters between May 2, 1998, and May 21, 1999.
- **Mexico Imposes Tariffs on U.S.:** On August 2, Mexico announced it was imposing duties that will prevent carcass and beef trade with the four companies (ConAgra, IBP, Excel, and Farmland), which comprise between 80% to 90% of U.S. beef exports. Mexico is the second largest market for U.S. beef exports, and the ruling will most severely impact the \$35 million per year U.S. export of frozen tongues and edible offals. There will be a smaller impact on the \$395 million per year beef and carcass trade. Mexico's final determination is due in February.
- **USDA Promotes Wheat Exports:** The week of August 2, USDA signed P.L. 480, Title I agreements providing Pakistan \$13 million (repayable over 20 years) to buy 100,000 tons of U.S. wheat; and providing Georgia \$5 million to buy 35,000 tons of U.S. wheat.

The same week, USDA signed a FY99 Section 416(b) donation agreement with Ethiopia providing \$10.8 million for purchase of 90,000 tons of wheat. Nearly 2.4 million people will receive USDA-provided wheat for a period of three months.
- **NE Heat Kills Livestock:** Since mid July, high temperatures and humidity have killed at least 5,100 head of livestock in NE. There is no assistance program for such losses at this time, highlighting USDA's position that insurance should be provided for livestock when farm bill reform is taken up. Producers are being advised to notify their county offices of loss, pending implementation of any applicable aid programs in the future.
- **USDA Helps Restore Atlantic Salmon Habitat:** On August 5, USDA helped breach the Brownville Dam on the Pleasant River in ME as part of a salmon restoration program in the Penobscot watershed. USDA's Wildlife Habitat Incentives Program funded 75% of the dam removal costs. More than 30 additional dam removals in ME are in various stages of planning. Local and state media were present at the Brownville event.
- **USDA Trains Youth to Expand Rural Medicare Access:** On August 5 and 6, USDA and HHS trained 4-H Technology Corp members from CA, WA, IA, FL, MD, VA, and CT to help senior citizens and their caregivers access the new government web site on Medicare. The pilot program is funded by HHS, and USDA's Healthy People-Healthy

Communities National Initiative.

- **Migrant Assistance Notice of Funding (NOFA) Due:** On August 15, applications for funds under the NOFA for Migrant Assistance are due. The program will evaluate proposals for emergency assistance to migrant workers impacted by loss of wages. A total of \$20 million in grants will be given to tax-exempt public agencies or private organizations that have experience in providing emergency services to low-income migrant and seasonal farm workers.
- **Commodity Markets in Review:** Wheat prices were boosted last week by rising corn and soybean prices and the winding down of the winter wheat harvest. Corn and soybean prices rose sharply as crop conditions deteriorated. Rice cash prices held firm, but futures dropped following USDA's sharp downward adjustment in its calculated World Market Price. Cotton prices remained flat much of the week, but concerns were raised over worsening crop conditions in the Mississippi Delta. Cattle prices dropped in thin trading, despite a rise in wholesale prices. Retail featuring helped support hog prices at the expense of broilers. Cheese prices advanced as offerings were reported short of needs. Butter prices firmed on brisk cream demand and slow churning schedules.

Average prices for the week ending August 6, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.67	+0.17	-0.05
Corn \$/bu	1.88	+0.14	-0.24
Soybeans \$/bu	4.53	+0.31	-1.39
Rice \$/cwt	7.56	0.00	-1.82
Cotton ¢/lb	49.98	+0.64	-21.03
Steers \$/cwt	64.32	-0.50	5.14
Hogs \$/cwt	36.56	+2.53	-2.51
Broilers ¢/lb	58.69	-0.17	-9.61
Cheese \$/lb	1.81	+0.05	0.15
Butter \$/lb	1.47	+0.09	-0.68
Milk \$/cwt	16.21	+0.21	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

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

- **Costs of Foodborne *Salmonella* Infections:** The week of August 2, USDA economists reported to several interested organizations that foodborne *Salmonella* infections cost \$2.3 billion, per year, based upon the incidence of illness, costs of medical care, and costs from loss of life. These figures were released to the annual meeting of the Society for Industrial Microbiology (SIM), and Third International Symposium on the Epidemiology and Control of *Salmonella* in Pork. Based on the new estimates, the annual costs of illness due to contaminated pork, specifically, are approximately \$100-200 million.
- **Egg Safety Public Meeting:** On August 26, your food safety council (Council) will hold a public meeting on developing a strategic plan for improving the safety of shell eggs and processed egg products. The Council has committed to producing a plan by November 1st that will (1) promote implementation of existing technologies to control pathogens such as *Salmonella Enteritidis* in shell eggs and egg products; (2) better coordinate the government's egg safety efforts from farm-to-table; (3) educate industry and the public about unsafe egg handling practices; and (4) identify and develop new technologies to ensure safer shell eggs and egg products through research.
- **USDA Suspends Operations at Unsafe Plants:** On August 2, USDA officials suspended operations at BT's Packing Co., Chickasha, OK, for using non-potable water, and general sanitation failures.

On August 4, USDA officials suspended operations at Meredith Farms Corporation, Vineland, NJ, and Marburger Packing, Inc., Peru, IN, respectively, for failing to adequately adhere to food safety plans, and for findings of *Listeria monocytogenes* in cooked bacon pieces, chips and bits labeled ready-to-eat.

- **President's Initiative on Rural Development:**

- **Rural AZ Towns Get Water 2000 Aid:** USDA has provided Congress, AZ \$1.34 million under your Water 2000 plan, to construct a new well, storage tanks, and line extensions. San Luis and Somerton, AZ, both Colorado River towns, also received funding for Water 2000 projects. The combined loans and grants total over \$6 million for AZ.
- **AZ Border Food Security Grant:** USDA has awarded \$180,000 to the Border Health Foundation for *Proyecto Jardin* (the Garden Project), a Nogales, AZ Community Food Project designed to increase food security. *Proyecto Jardin* targets low income, primarily Hispanic families in and around public housing

neighborhoods and local high school youth through a partnership between a local organic farm, a rural school-to-work project, and a coalition of neighborhood associations and food distribution organizations.

- **GA Town Will Receive Development Aid:** On August 30, Eastman, GA will receive a Rural Business Enterprise Grant of \$90,000 due to NAFTA impacts, for providing water and sewer system improvements to an aerospace and aircraft component manufacturing plant, and aircraft refurbishment center. This project will create 45 jobs.
- **USDA Funds MS Freedom School/Health Center:** USDA has provided a \$100,000 grant and \$50,000 loan to the Mayersville, MS, for constructing a Freedom School to house after school and summer youth programs for very low income children aged 5-16. The facility will also accommodate a medical facility, as the nearest health care is 15 miles away.
- **Development Grant for Cedar Paiute Tribe (UT):** On August 13, USDA's Rural Utilities Service will hold a groundbreaking ceremony with the Cedar Paiute Tribe of UT, for a community water project. The project will be funded by a \$49,000 loan and a \$221,900 grant from Rural Utilities Service.
- **President's Initiative on Race:**
 - **USDA Trains with Cherokee Nation:** From August 3-4, the Cherokee Nation held 2 training sessions with USDA staff to enhance delivery of USDA programs to the Cherokee Nation.
 - **Farm Credit Help for Native American Borrowers:** USDA recently distributed 2 notices to county offices reiterating guidelines on servicing delinquent loans, to provide consistent nationwide guidance for Native American borrowers whose real estate security is located within Federally Recognized Indian Reservations. Native American borrowers may choose to assign their loan to the Tribe or to the Secretary of Interior in lieu of facing foreclosure by FSA.

III. SECRETARY'S SCHEDULE

- On August 10, Secretary Glickman and Senator Schumer inspected drought damage to farms in Seneca Falls, NY.
- On August 11, Secretary Glickman and Senators Dodd and Lieberman inspected drought damage to farms near New Haven, CT.

- On August 11, Secretary Glickman, Secretary Daley, and Deputy Chief of Staff Echaveste held a press briefing on drought damage and mitigation.—See Key Department News.
- On August 12, Secretary Glickman will join Secretary Richardson and you at the announcement of an executive order on bio-mass products.—See Key Department News.
- On August 16, Secretary Glickman will attend an Erie Canal Corridor event with Secretary Cuomo in NY.
- From August 27–29, Secretary Glickman will attend meetings of the Cairns Group agricultural nations in Buenos Aires, Argentina.

IV. SUB-CABINET SCHEDULE

- On August 10, Deputy Secretary Rominger toured drought damage near Toledo and Columbus, OH.
- On August 12, Deputy Secretary Rominger will attend a public listening session of the Commission on 21st Century Production Agriculture, in Fresno, CA.
- On August 17, Deputy Secretary Rominger will attend a town hall meeting on “Environmental Health of the Ag/Urban Frontier” at UC, Davis, in Davis, CA.
- On August 10, Under Secretary Schumacher and Representative Klink held a farm drought inspection tour near in Pittsburgh, PA.
- On August 10, Under Secretary Dunn attended a drought inspection tour with Secretary Glickman and Senator Schumer in Seneca Falls, NY.
- On August 11, Under Secretary Lyons attended the 2nd Anniversary celebration of the Lake Tahoe Presidential Forum with Senators Reid and Feinstein, in Incline Village, NV.
- On August 11, Under Secretary Schumacher attended a drought inspection tour with Secretary Glickman and Senators Dodd and Lieberman near Hartford, CT.
- On August 12, Acting Assistant Secretary of Administration and Chief Financial Officer Thompson will address the 9th Annual Government Financial Management Conference sponsored by the Treasury Department’s Financial Management Service.
- On August 13, Under Secretary Schumacher will attend a drought inspection tour with Representative McGovern in MA.

- On August 13, Under Secretary Gonzalez will address a joint USDA/NASA workshop on remote sensing and precision agriculture at Stennis Space Center in MS.
- On August 16, Under Secretary Watkins will address the 21st Century Training Conference of Blacks in Government in New Orleans, LA.
- On August 17, Food Safety Inspection Service Associate Administrator Glavin will address the National Restaurant Association on food safety issues for FY00.
- On August 18, Under Secretary Watkins will address Health Forum II in Martha's Vineyard, MA.
- On August 19, Under Secretary Woteki and Deputy Under Secretary Wilcox will meet with Ambassador Loftus, special advisor to the director of the World Health Organization.
- From August 23-26, Under Secretaries Dunn, and Watkins will tour the Central CA Valley to attend harvest events.
- From August 23-28, Food Safety Inspection Service Administrator Billy will attend a seminar on the new U.S. HACCP food safety plant inspection system, in Thailand.
- On August 26, Under Secretary Woteki and Deputy Under Secretary Wilcox will attend a quarterly Food Emergency Rapid Response & Evaluation Team (FERRET) meeting.
- On August 27, Under Secretary Schumacher will meet with clam producers in Wellfleet, MA.
- On August 29, Under Secretary Dunn will address the Missouri Farmers Union at the Show Me Solutions to Saving Family Farms Forum in Columbia, MO.
- On August 31, Under Secretary Watkins will attend America Goes Back to School events in NH.
- On August 31, Under Secretary Lyons will attend signing ceremonies for acquiring the CUT Ranch and Gallatin exchange in MT.
- On September 1, Under Secretary Schumacher will address the Virginia Peanut Growers Cooperative Marketing Association in Wakefield, VA.
- On September 1, Under Secretary Watkins will attend VT's WIC 25th Anniversary celebration in Burlington, VT.

- On September 1, Under Secretary Woteki and Surgeon General Satcher will lead a live satellite teleconference on Healthy People 2000, a cooperative federal-state-private sector initiative to improve the health of all Americans through prevention.

V. PRESS INQUIRIES

- Under Secretary Watkins was interviewed before an *Associated Press* story on the dropping food stamp caseload, and an August 5 *Boston Globe* editorial on same subject.
- *CNN Medical News* is planning a "report card on school lunch" show to air late in August. The piece will focus on school compliance with the Dietary Guidelines.

VI. FOIA REQUESTS

Nothing of significance to report this week.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- ***NAFTA, International Agriculture, and Trade Report Shows Success:*** On August 26, USDA will release the *NAFTA International Agriculture and Trade Report*, showing an increasing positive influence of the NAFTA agreement on U.S. agriculture. U.S. agricultural exports to Canada and Mexico increased from \$9.0 billion in 1993 to a record \$13.2 billion in 1998. At the same time, U.S. agricultural imports from these countries grew from \$7.4 billion to \$12.5 billion.
- **USDA Gives \$5 Million Water Development Grant:** On August 6, USDA approved a \$5 million grant to the Rural Community Assistance Program (RCAP) to provide 47 States and Puerto Rico 50 full-time equivalents to assist small towns and rural areas with water and wastewater issues.

VIII. WASTE FRAUD AND ABUSE

- **Food Stamp Traffickers Indicted:** On August 2, an indictment charging multiple counts of food stamp trafficking was returned against two operators of a grocery store near Atlanta, GA. The subjects operated a store with less than \$1,000 in inventory, yet which redeemed over \$1 million worth of food stamps; and are part of a larger conspiracy to defraud the food stamp program involving 14 stores which redeemed over \$5 million in food stamps over a 5-year period. Additional indictments are expected at a later date.

IX. CLIMATE CHANGE

Nothing of significance to report this week.

X. DISASTER ASSISTANCE

- **Secretary Glickman Provides Drought Disaster Aid:** Secretary Glickman has declared drought disaster areas covering: all of WV, all of CT, 19 NJ counties; 66 OH counties, 19 MD counties, 17 NY counties, 5 VA counties, and 1 NM county. Farmers in designated and contiguous counties will be able to apply for emergency, low-interest loans of up to \$500,000 to help cover losses. – See Key Department News.
- **Emergency Conservation Program Drought Aid:** Secretary Glickman has made nearly \$5 million available to 11 states through the emergency conservation program, for digging wells, installing pipes, and restoring irrigation structures. For several counties in OH, PA, ND, MN, and MD Secretary Glickman has also approved emergency haying and grazing on conservation program lands.
- **\$3 million Livestock Indemnity Program:** Secretary Glickman will soon announce a \$3 million program to aid livestock producers hurt by natural disasters. The Livestock Indemnity Program (LIP) will provide partial reimbursement to farmers and ranchers who lost livestock due to natural disasters between May 2, 1998, and May 21, 1999.
- **USDA Offers Fire Relief:** USDA is providing restoration and cleanup aid in the aftermath of major fires in FL and CA. \$825,000 has been spent for cleanup of wildfire sites in Seminole, Flagler, and Volusia Counties in FL; and USDA is providing aid under the Emergency Watershed Program to property owners in Trinity County, CA, who suffered as a result of a Bureau of Land Management intended-controlled burn, which went out of control due to high winds. More than 1,900 acres and 24 homes were destroyed in the highly publicized fire.

XI. WEEKEND CONTACT INFORMATION

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Week of

August 13

Week of

August 28