

September 8, 1999

Memorandum to The President

Through: The Honorable John Podesta

From: Secretary Dan Glickman

Subject: Report For Week of September 5, 1999

USDA Fact of the Week

Commodity prices are testing records, with USDA's benchmark dairy price, the basic formula price (BFP), climbing 16% in August, the second largest month-to-month increase, and largest 2-month increase in the series' history; meanwhile, cash cotton prices fell under 47 cents per pound on August 30, the lowest level in 10 years.

I. KEY DEPARTMENT NEWS

- **USDA Reaches Agreement on Baca Ranch Sale:** On September 7, USDA's Forest Service reached agreement with the owners on a letter of intent to proceed with the sale of the Baca Ranch in northern NM for \$101 million, subject to final congressional authorization and appropriation of the funds.
- **USDA to Participate in September 9 Year 2000 Rollover Exercise:** From September 8 through 10, USDA will test its Year 2000 preparedness by participating in a government-wide exercise to track the effect of the September 9 (9-9-99) date rollover, monitoring 52 priority mission critical systems.
- **USDA Plans Sheep Industry Relief:** On September 8, USDA personnel will facilitate a second public meeting for the sheep industry in Aurora, CO, to continue discussing a potential to stimulate the development of a domestic promotion program financed with an assessment on the industry.
- **Asian Long-horned Beetle Infestation Spreads:** During the week of September 5, Forest Service tree climbers will continue an intensive search for Asian long-horned beetles at a site near Chicago's O'Hare Airport, following the discovery by state agriculture inspectors of two beetle-infested trees bordering Chevalier Forest Preserve.

- **Hog Industry Poised for Further Concentration:** On September 3, Smithfield Foods, Inc., the nation's largest hog processor, said it would buy hog producer Murphy Farms Inc., in a deal that would allow Smithfield to double its hog production capacity, meaning that Smithfield would own 14-16% of all slaughter hogs in the Nation; USDA is examining the transaction.
- **Demand for USDA Farm Loans Hits 15 Year High:** Through August 30, USDA had made 77% more loans than at the same time one year ago, the highest since FY86, while emergency lending alone, for farmers and ranchers affected by natural disasters, climbed 222%, to the highest level since FY85. This fiscal year, USDA has provided 21,029 direct loans worth more than \$1.273 billion to America's farmers, including \$303 million in emergency loans to 3,743 family farmers nationwide. USDA has also made 15,283 guaranteed loans worth more than \$2.5 billion.
- **Commodity Markets in Review:** Wheat cash and futures prices were supported by higher corn and soybean prices, plus positive export news. Corn and soybean prices were up as traders anticipate smaller U.S. crops to be forecast by USDA on September 10. Harvest pressure led to a decline in rice cash prices, but futures received a boost from good export news and ideas that quality has deteriorated in the Delta. Large world supplies and uncertainty over China's stock policies sent cotton prices down. Cattle prices followed descending wholesale prices. Declining pork prices helped drive hog prices lower. Broiler prices rose slightly. Cheese prices fell sharply, as buyers bought only to cover current needs. Butter prices also dropped in anticipation of larger cream supplies.

Average prices for the week ending September 3, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.66	0.02	0.07
Corn \$/bu	1.78	0.01	-0.07
Soybeans \$/bu	4.66	0.10	-0.68
Rice \$/cwt	7.19	-0.06	-2.06
Cotton ¢/lb	47.27	-0.96	-25.54
Steers \$/cwt	64.64	-0.62	7.03
Hogs \$/cwt	37.10	-2.24	1.24
Broilers ¢/lb	60.23	0.08	-9.95
Cheese \$/lb	1.77	-0.15	0.11

Butter	\$/lb	1.34	-0.04	-1.47
Milk	\$/cwt	15.66	-0.85	NA

- **Farm Weather Outlook:** The National Weather Service 6-10 day outlook for September 12-16 calls for warm, dry weather in the West, favoring fieldwork and crop maturation. Cool, wet weather will further slow crop development and small grain harvesting on the northern Plains. Wet conditions may disrupt summer crop harvesting and winter wheat planting on the central and southern High Plains. In the Northeast, wet weather will bring additional long-term drought relief. Cool, mostly dry conditions will promote fieldwork in the Southeast.

II. USDA WORK ON PRESIDENTIAL INITIATIVES

- **President's Initiative on Welfare Reform**
 - **GAO Looks at USDA's Justification for Waiving Food Stamp Work Requirements:** This week, USDA is reviewing GAO's forthcoming report examining how the Department justifies waiving the food stamp work requirements for able-bodied adults without dependents. Commissioned by the chairman of the House Budget Committee, the study examines whether USDA is using the claim of job insufficiency to exempt able-bodied adults from having to comply with the work requirements in the county where they reside, without considering the availability of work in neighboring counties.
- **President's Initiative on Food Safety**
 - **USDA Warns Large IA Meat Packer:** On September 2, USDA officials warned IBP, Inc.'s Waterloo, IA plant that it must immediately take corrective actions to reduce the hazards associated with repeated findings of listeria in cooked ready-to-eat products, or USDA may suspend operations at the facility.

III. SECRETARY'S SCHEDULE

- On September 13, Secretary Glickman will address the National Farmers' Union.
- On September 13, Secretary Glickman will hold a distance learning and telemedicine announcement as a Back to School Event.
- On September 14, Secretary Glickman will attend a NC Congressional Delegation conference.

- On September 15, Secretary Glickman will address USDA's Hispanic Heritage Month.
- On September 15, Secretary Glickman will hold USDA's 25th Anniversary of WIC celebration.
- On September 22, Secretary Glickman will address the Midwest Governor's Conference.
- On September 22, Secretary Glickman will address the National Pork Producers.
- On September 22, Secretary Glickman will address the National Drought Policy Commission.

IV. SUB-CABINET SCHEDULE

- From September 7-9, Chief Information Officer Reed will attend the Interagency Resources Management Conference (IRMCO) in Williamsburg, VA.
- On September 9, Under Secretary Watkins will address a hunger briefing at the Kellogg Foundation in Battle Creek, MI.
- On Sept. 9, Under Secretary Woteki will attend a meeting of the President's Interagency Council on Women.
- On September 10, Under Secretary Schumacher will attend an Agriculture Roundtable on the Farm Crisis at the Hubert H. Humphry Institute of International Affairs of the University of Minnesota, in Minneapolis.
- On September 13, Under Secretary Schumacher will address the National Center for Food and Agriculture, in Washington, DC.
- On September 13, Under Secretary Dunn will address the National Farmers Union in Washington, D.C.
- On September 13, Chief Information Officer Reed will address the Government Computer News Forum Luncheon in Washington, D.C.
- On Sept. 14, Under Secretary Woteki will address the Grocery Manufacturers of America's Fall Scientific and Regulatory Policy Conference in Washington.
- On Sept. 16, Under Secretary Woteki will participate in a Codex Steering Committees' public meeting on U.S. Codex positions for the upcoming FAO meeting in Melbourne.

- On September 16, Under Secretary Watkins will address the CACFP Sponsor's Association Conference in Waltham, MA.
- On September 16, Under Secretary Long Thompson will address the 3rd Annual Rural Development National Training Conference.
- On September 16, Under Secretary Dunn will address the Secretary's Advisory Committee on Foreign Animal and Poultry Diseases in Riverdale, MD.
- From September 20-21, Under Secretary Woteki will attend meetings of the Planetary Protection Task Force, Space Science Advisory Committee, NASA, of which she is a member.
- On September 22, Under Secretary Schumacher will participate in the Fall Outlook Conference hosted by Sparks Companies, Inc., to be held in Memphis, TN.
- On September 22, Under Secretary Watkins will address the National Child Care Management Improvement Meeting in Kansas City, MO.
- On September 28, Under Secretary Schumacher will attend farm meetings with former Secretary of Agriculture Mike Espy, in Jackson, MS.

V. PRESS INQUIRIES

- On September 8, Secretary Glickman was interviewed by *The Los Angeles Times* on genetically-modified organisms, the most recent inquiry following on the heels of stories in the current issues of *Consumer Reports*, *Time*, and *Newsweek*.
- USDA has received several inquiries from several news outlets for information about the possible implication of USDA's food aid and donation programs with reports that The Bank of New York may have been involved with laundering of money from Russian organized crime groups.

VI. FOIA REQUESTS

- The Physicians' Committee for Responsible Medicine, requested documents containing information on the eleven members of the 1990, 1995 and 1999 Dietary Guidelines Advisory Committee (DGAC), including financial disclosure reports of DGAC members; potential conflicts of interest, and correspondence between the members.

- *The New York Times* requested records regarding Pete the elephant of Clyde Beatty Circus.
- Gannett News Service requested copies of all correspondence between members of DE's congressional delegation and USDA since January 1, 1998.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **USDA Research Highlights Obesity Prevention in Children:** On September 10, USDA will publish "Obesity Prevention in Children Linked to Healthy Diet, Activity," which tracks the relationship between obesity and early risk of associated diseases among children; the preliminary findings of the study indicate that interventions to reduce obesity in children are likely to be most effective when they promote healthy eating and increased exercise. The University of Alabama at Birmingham research is contributing to mounting scientific evidence that nutrition, physical activity, and lifestyle play central roles in long-term health.
- **Crop Production Report:** The September 10 Crop Production report will include area harvested, yield, and production as of September 1 for corn for grain, all wheat, durum wheat, other spring wheat, barley, cotton, rice, sorghum for grain, soybeans for beans, peanuts for nuts, summer potatoes, tobacco (by type and class), sugarbeets, sugarcane for sugar and seed; indicated cottonseed production; 1999-2000 production for CA Navel oranges; and U.S. production of wheat and rice by class.

VIII. WASTE FRAUD AND ABUSE

- **GAO Studying Country-of-Origin Labeling for Beef and Lamb:** On Sept. 16, USDA officials will have an entrance conference with GAO representatives on a study of country-of-origin for beef and lamb, examining the potential costs and benefits of requiring country-of-origin labeling at the retail level for fresh and processed beef and lamb, including potential costs of compliance and enforcement, potential trade issues, and potential benefits of such labeling.

IX. CLIMATE CHANGE

Nothing of significance to report.

X. DISASTER ASSISTANCE

- **USDA Starts Farm Crisis Web Site:** On August 31, USDA's Cooperative State

Extension, Education, and Economics Service launched a farm crisis website to provide information to the public about the various elements that constitute disaster for farmers, ranchers, and agribusinesses. USDA will change coverage of farm crises as the crises change, though the current emphasis is on the effects of heat and drought on Eastern states, and on the effects of hurricanes on southeastern US seashores.

- **USDA Assessing Hurricane Damage:** Preliminary reports indicate some damage to USDA- financed rural electric systems from Hurricane Dennis, while other USDA personnel are assessing the hurricane's crop damage.
- **USDA Makes Flood Compensation Payments:** On August 31, USDA began issuing \$42 million in Flood Compensation Program to farmers in northeastern SD and the Devil's Lake area of ND and in some MN, IA, and MO counties.
- **USDA Streamlines Disaster Application:** On August 27, USDA cut the number of forms farmers must complete to participate in USDA's non-insured assistance program (NAP) in half, by no longer requiring 2 separate forms.
- **USDA Makes Livestock Assistance Available:** As of August 25, USDA had paid out \$269,411,459 to ranchers in 31 states, and had just opened a sign-up for AK reindeer producers.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

September 15, 1999

Memorandum to The President

Through: The Honorable John Podesta

From: Secretary Dan Glickman

Subject: Report For Week of September 12, 1999

USDA Fact of the Week

A new USDA report on the drought impact, shows significantly higher damage to commodity prices and farmer net income than initially projected. Commodity receipts will be down \$1.29 billion from 1998, while net farm income falls \$1.35 billion from last year, more than doubling the share of farms unable to pay their debts from 8% in 1998, to 17% this year. –See Key Department News

I. KEY DEPARTMENT NEWS

- **Secretary Glickman Testifies on Emergency Farm Aid:** On September 15, Secretary Glickman testified before the House Agriculture Committee on the need to strengthen the safety net for farmers, and the Administration's proposals for emergency farm relief.
- **USDA Revises Drought Damage Estimates Upward:** The week of September 13, USDA's Economic Research Service (ERS) released a detailed analysis of the financial impact of the Mid-Atlantic drought showing, relative to 1998, damage to commodity receipts of \$1.29 billion, \$315 million worse than previously expected. Additionally, the report shows a damage to net farm income of \$1.35 billion, \$230 worse than preliminary estimates. The estimated impacts on net income for the *extreme* and *severe* drought areas totaled over \$840 million alone, while many farm businesses in these areas were already experiencing cash flow problems resulting from unusually low commodity prices. In *severe* drought areas, the share of farms that generate insufficient income to repay debt is expected to more than double, from 8% in 1998, to 17% in 1999. The comprehensive analysis accounts for a broader area under drought, distinguishes between regions based on the severity of drought, and incorporates new information on crop insurance coverage and crop irrigation.
- **WIC Program 25th Anniversary Celebration:** On September 15th, Secretary Glickman

celebrated the 25th Anniversary of the Women and Infant Children's nutrition Program, honoring the program's early political supporters, and publicly thanking the many groups and organizations that have helped WIC become a tremendous success.

- **Agriculture Appropriations Bill Stalled:** No date has been set to start the conference committee for the House/Senate Agriculture Appropriations Bill, though it could begin as early as this next week. On September 13, the House designated members of the Agriculture Appropriations Subcommittee, including Chairman Skeen and Ranking Member Obey, as conferees.
- **Interior Appropriations Bill Delayed:** The Senate is still debating the FY00 Interior Appropriations bill, as a key cloture vote was delayed due to a family emergency for Senator Gregg. The \$14.1 billion appropriations bill includes the USDA's Forest Service budget.
- **House Rules Committee to Consider Amending Dairy Reform:** Sometime in the next two weeks the House Rules Committee intends to meet to grant a limited rule for consideration of H.R. 1402, which would extend for 1 year the current milk price support program, and replace Secretary Glickman's final plan for Federal milk order reform with the Option 1A price structure initially rejected by USDA. The Secretary will recommend you veto the bill in the event it should pass.
- **Chilean Officials Visit U.S. on Biotech Issues:** USDA is sponsoring a September 7-17 visit from four Chilean officials seeking to learn more about the U.S. biotechnology regulation system. The Chileans will meet with U.S. regulatory officials, will visit seed companies and growers throughout the U.S., and visit leading research institutions studying the safety of various biotech products.
- **USDA Works to Lower Technical Trade Barriers:** On September 9, USDA food safety officials met with GAO auditors determining the existence of technical (food safety related) barriers to pork exports, as part of an overall audit of Federal trade promotion programs.
- **Court Denies Preliminary Injunction Against Tongass Forest Plan Modification:** On September 7, 1999, Judge Singleton denied the request of Alaska Forestry Association (AFA) for preliminary injunction against the 1999 Tongass Forest Plan. The court found that substantial questions had been raised regarding the under secretary's authority and his manner of dealing with the Record of Decision, but held that it had not shown a sufficient probability of success on the merits to obtain a preliminary injunction.
- **USDA Increases Debt Collection by Almost 30%:** For the first eight months of 1999, USDA collected \$100.8 million in delinquent debt through the Tax Refund Offset Program (TROP) and the Treasury Offset Program (TOP); a 30 % increase over the

\$77.7 million collected during the same period in 1998.

- **USDA Releases Supply and Demand Forecasts:** On September 10, the National Agricultural Statistics Service (NASS) issued the latest *Crop Production Report*, including survey-based forecasts for durum, other spring wheat, barley, cotton, corn, sorghum, rice, soybeans, sugarcane, and sugar beets. USDA's projections of U.S. supply, use, and prices for 1999/2000 were published, at the same time, in the *World Agricultural Supply and Demand Estimates* (WASDE) report. The WASDE report also contains world and country-specific supply and use forecasts for wheat, corn, coarse grains, rice, cotton, soybeans, and soybean products. That report includes, in addition, projections of 1999 and 2000 U.S. livestock product and dairy supply, use, and prices. Highlights of these two lockup reports include:
 - **Spring wheat:** Durum wheat production is forecast at 110 million bushels, 3% lower than last month and 22% below 1998. Other spring wheat production is forecast to be 508 million bushels, down 1 % from August indications and 4 % less than last year. Excessive heat in Montana and South Dakota contributed to yield declines in the durum and hard red spring crops.
 - **All wheat:** U.S. 1999/2000 ending stocks of wheat are up 16 million bushels from last month as smaller exports more than offset the lower spring wheat production and larger seed use. Projected exports are 25 million bushels below last month's forecast because of increased competition.
 - **Rice:** U.S. rice supplies for 1999/2000 are projected at a record despite a substantial decline in beginning stocks. NASS's August 27 *Rice Stocks* report estimated all rice stocks, as of August 1, at 22 million cwt on a rough-equivalent basis, 9 million cwt below last month's forecast. Rice production for 1999/2000 is forecast at a record 212 million cwt, down 2 million cwt from last month, but 24 million cwt above 1998/99. Imports for 1998/99 and 1999/2000 are raised slightly. Domestic and residual use in 1998/99 is raised substantially because of the lower stocks estimate reported by NASS. Domestic and residual use in 1999/2000 is raised slightly. Ending stocks in 1999/2000 are estimated at 47 million cwt, down 7 million cwt from last month, but 25 million cwt above last year's revised estimate.
 - **Corn:** Projected 1999/2000 ending stocks of corn are down 95 million bushels from last month, but 86 million bushels above the forecast carryin level. U.S. corn production is forecast at 9.381 billion bushels, down 180 million from last month and 380 million below last year. Lower projected exports are largely due to increased competition from China.

Projected 1999/2000 exports and ending stocks for China are up from last month

as larger carryin stocks more than offset a 3-million ton reduction in the 1999 corn crop. China's 1998/99 carryout stocks of corn are revised up more than 8 million tons from last month due to a 9-million ton upward revision in China's 1998 corn production. China's larger 1998 corn crop reflects recently reported official estimates. Higher U.S. prices, lower domestic prices in China, and large Chinese corn supplies are the major reasons for the 1.5-million-ton increase in projected 1999/2000 Chinese corn exports.

- **Soybeans and products:** A modest to severe August drought in the South Central and Eastern U.S. curtailed forecast soybean yields, which, at 37.9 bushels per acre, are off 1.4 bushels from last month and well below the 1994/95 record yield of 41.4 bushels per acre. Forecast soybean production of 2,778 million bushels is off 92 million bushels from August but still would be a record crop, if realized. A smaller carryin along with reductions in expected crush and exports bring ending stocks down 80 million bushels from last month, to 460 million bushels. This level is still nearly 100 million bushels above last season but well below the record carryover of 536 million bushels in 1985/86.

With tighter U.S. soybean supplies and increased foreign export availabilities of rapeseed and soybeans, prospective soybean and soybean meal exports in 1999/2000 are reduced. Projected soybean exports are cut 20 million bushels to 895 million bushels while soybean meal exports are reduced 250,000 short tons to 7.75 million tons. U.S. soybean crush is lowered 10 million bushels to 1,635 million because of the cut in meal exports. Reduced soybean oil production is only partly offset by a small increase in domestic use, resulting in ending stocks of 2,365 million pounds -- still a record.

- **Cotton:** This month's U.S. cotton estimates for 1999/2000 reflect much lower production and higher beginning stocks. Production is reduced to 17.5 million bales, down 4 % from last month, due to adverse weather conditions affecting all areas except the far West. Beginning stocks are raised 300,000 bales to 3.9 million, based on preliminary survey data from the Census Bureau. Forecast domestic mill use is reduced to 10.4 million bales, reflecting reduced mill use in recent months and would be the same level as 1998/99. With exports unchanged from last month, ending stocks are down 300,000 bales.
- **Sugar:** U.S. sugar production in fiscal year 1999/2000 is projected at a record 8.9 million short tons, raw value, up 1.5 % from last month and 6.7 % higher than estimated 1998/99. Sugar from Louisiana is increased 55,000 tons, mainly due to increases in forecast sugarcane area harvested and higher projected September 2000 production from the 2000/01 sugarcane crop. Nationally, sugarcane and sugarbeet production are both forecast to be record high.

- **Livestock and poultry:** Total meat production in 2000 is forecast to fall from the record 1999 level as declines in red meat production offset continued gains in broiler production. The forecasts for meat supply and use are little changed this month. Red meat imports are increased for 1999 and 2000. Lower U.S. red meat production and higher prices are expected to result in increased imports. Cattle and hog prices for 1999 are raised slightly to reflect stronger than anticipated summer prices. The August USDA *Cattle on Feed* report supports the forecast year-to-year beef production declines beginning in the fourth quarter of 1999. USDA's next *Hogs and Pigs* report will be released on September 24.
- **Dairy:** Dairy supply and demand estimates are little changed from last month. Forecast ending stock levels for 1999/2000 are increased to reflect higher than anticipated stocks in the second quarter. Dairy prices are lowered due to recent declines in product prices.
- **Farm Weather Outlook:** The National Weather Service (NWS) 6-10 day outlook for September 16-20 calls for continued warm, mostly dry weather in the West, and cool weather and near- to above-normal rainfall easing long-term drought in the East. Mild, mostly dry weather will favor harvesting in the Corn Belt, but occasional showers may cause some additional fieldwork delays in the northern Plains. Hurricane Floyd is forecast to gradually turn northwestward and then northward, but is expected to affect a large portion of the southern Atlantic Coast with rain squalls, high winds, and storm surge flooding. Significant damage is likely near the point of landfall if the storm crosses the coast. Heavy rain may spread northward along the East Coast later in the week, providing additional relief from long-term drought.
- **Commodity Markets in Review:** Wheat cash prices were supported by worries about late harvest in the Northern Plains, but futures were unchanged as traders focused on weakening export prospects. Corn cash prices rose along with soybeans, but the impending larger-than-expected harvest sent futures down. Soybean prices surged across the board on good exports, especially to Mexico and Asia. Rice cash prices were steady, but futures moved higher on prospects for smaller supply and a positive export sales report. Cotton prices rose sharply as USDA's latest production forecast was much lower than the trade expected. Cattle prices advanced in the face of strong retail demand. Declining wholesale carcass values helped send hog prices lower. Broiler prices slipped in the face of large supplies and tepid food service demand. Cheese prices dropped as buyers continue to draw down inventories. Butter prices were up slightly, even as more cream becomes available.

Average prices for the week ending September 10, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.83	+0.13	0.29
Corn \$/bu	1.86	+0.06	0.08
Soybeans \$/bu	4.91	+0.23	-0.29
Rice \$/cwt	7.19	0.00	-2.06
Cotton ¢/lb	48.30	+0.96	-23.90
Steers \$/cwt	65.53	+0.33	8.38
Hogs \$/cwt	35.17	-1.88	4.40
Broilers ¢/lb	59.86	-0.37	-10.49
Cheese \$/lb	1.71	-0.06	0.04
Butter \$/lb	1.35	+0.01	-1.44
Milk \$/cwt	15.92	+0.37	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Food Safety:

- Renewed Media Focus on *E. coli* Following Interest Group Press Release, Outbreaks, and New USDA Testing Method:** On September 13, Safe Tables Our Priority (S.T.O.P.) Publically called on USDA and the cattle industry to adopt new measures to control *E. coli* O157:H7. The food safety interest group recommended that research be made on prevention and eradication of the pathogen in animals; efforts be made to prevent slaughter of infected animals; USDA make mandatory the HACCP food inspection program from farm to the slaughter plant; that strict regulations be imposed on the use of manure as a fertilizer; and that USDA implement mandatory animal waste disposal programs.

In a related story, as of September 9 more than 200 persons are ill following an outbreak of *E. coli* O157:H7 following a public party held in a pasture of central Illinois; investigation into the cause of the outbreak continues. Additionally, one person has died in an *E. coli* outbreak reportedly traced to contaminated water supplies at a county fair in Greenwich, NY. The NY State Health Department is investigating 497 reports of *E. coli* O157:H7 infections in the Albany area, including 85 confirmed cases.

In another related story, on September 7, USDA's Food Safety and Inspection Service began using a new, more sensitive method of detecting *E. coli* O157:H7 in raw meat products.

- **USDA Enforces Food Safety Requirements:** On September 9, Verl's Salads, Inc., of Fredericksburg, PA, recalled about 240 pounds of chicken salad for possible *Listeria monocytogenes*, following detection of the pathogen by routine USDA monitoring.

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

- **USDA Buys Beef for, and Assesses Distribution of Russian Food Aid:** On September 14, USDA approved the purchase of approximately 96,000 tons of frozen beef for Russian food aid, under P.L. 480 Title I. An invitation for bids will be issued soon for the approximately 86,000 ton corn buy remaining under the same food aid program.

In a related story, during the week of September 6, a team of USDA and USAID officials began on-site assessment of Russian food and feed needs. The assessment is in response to a request by Representative Kaptur that GAO review whether the U.S. and Russia have established adequate controls for ensuring food aid is properly distributed in Russia.

III. SECRETARY'S SCHEDULE

- On September 16, Under Secretary Lyons will testify about the President's Northwest Forest Plan and Survey, before the Forests and Public Land Management Subcommittee of the Senate Energy and Natural Resources Committee.
- On September 17, Secretary Glickman will receive an award from the National Conference of Black Mayors.
- On September 18, Secretary Glickman will attend the KS State Fair in Hutchinson, KS, and attend a field hearing of the House Agriculture Committee.
- On September 21, Secretary Glickman will address the Farm Service Agency State Directors on Administration priorities.
- On September 22, Secretary Glickman will address the National Pork Producers on Administration responses to the farm crisis.
- On September 22, Secretary Glickman will address the National Drought Policy Commission.

- On September 27, Secretary Glickman will address the Second Harvest Conference on food security issues.
- On September 30 and October 1, Secretary Glickman will attend the Quint meeting of the 5 major grain exporting countries in Montreal, Canada.
- On October 4, Secretary Glickman will attend a Hudson River Conference with Secretary Cuomo.

IV. SUB-CABINET SCHEDULE

- On September 18, Chief Economist Collins will testify at a field hearing before the House Committee on Agriculture in Hutchinson, KS.
- From September 20 – 21, Under Secretary Schumacher will address the Farm Service Agency conference of State Executive Directors and State Committeepersons.
- From September 20 – 21, Under Secretary Woteki will attend a meeting of the Planetary Protection Task Force of the NASA Space Science Advisory Committee.
- On September 20, Under Secretary Lyons will give a presentation on “Sustainability, Marketing, & the 21st Century,” at the 9th Annual World Congress on Adventure Travel and Eco-Tourism, in Tucson, AZ.
- On September 20, Under Secretary Long Thompson will open the general session of the National Telephone Cooperative Association (NTCA) in Chicago, IL.
- On September 22, Under Secretary Schumacher will discuss international markets before the Sparks Commodities Outlook Conference in Memphis, TN.
- On September 22, Under Secretary Watkins will address the National Child Care Management Improvement Meeting in Kansas City, MO.
- On September 24, Under Secretary Gonzalez will discuss USDA efforts to develop bio-fuels and bio-based products with officials and research scientists of the University of Northern Iowa in Cedar Falls, IA.
- On September 27, Under Secretary Lyons will attend the Alaska Value-Added Forest Products Workshop in Sitka, AK.
- On September 30, Under Secretary Lyons will attend the Coastal America 1999 Partnership Awards ceremony for Duck Creek in Juneau, AK.

V. PRESS INQUIRIES

- On September 7, *Bridge News* and Russian news agency *Tass* called with questions about the Inspector General's report on Russian food aid disbursement, and ABC News requested information on the timing of Russian food aid shipments.
- On September 7, *Bridge News* requested information on a wheat sale to Pakistan.
- On September 7, the *Washington Post* requested information about a Russian company's participation in the GSM-102 program; USDA records show the company did not participate in any USDA credit guarantee programs.

VI. FOIA REQUESTS

Nothing of significance to report this week.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

- **Hogs and Pigs Report:** The September 24 NASS *Hogs and Pigs* report will include inventory numbers by class as of September 1; June-August 1999 farrowings and pig crop; and September 1999-February 2000 farrowings intentions for major states, and the U.S. total.
- **Tobacco Report:** September 27 Tobacco Situation and Outlook report will contain the first 1999 cigarette and tobacco product supply and use projections, including leaf supply and use tables, and an evaluation of leaf and product trade. Cigarette tobacco disappearance by type and foreign or domestic origin will be presented through 1998.
- **Grain Stocks Report:** The September 30 NASS *Grain Stocks* report will include on and off farm stocks of all wheat, durum wheat, corn, oats, barley, soybeans, sorghum, sunflower, safflower, and mustard seed on September 1, by states, and previous quarter revisions.

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

- **Emergency Conservation Funds for Drought-stricken Producers:** On September 10, Secretary Glickman announced USDA allocations exceeding \$17 million to 14 states under the Emergency Conservation Program (ECP), providing cost-share assistance for farmers developing alternative water sources, and other water-conservation and water enhancement measures in response to the drought.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

Home: 703.525.4186

Pager: 800.710.5528

September 22, 1999

Memorandum to The President

Through: The Honorable John Podesta

From: Secretary Dan Glickman

Subject: Report For Week of September 19, 1999

USDA Fact of the Week

Underscoring the crisis in the farm economy, are figures showing USDA loans and loan guarantees to family farmers this fiscal year, at their highest levels since FY86. Through September 14, USDA provided America's farmers 21,265 direct loans, worth more than \$1.3 billion; had guaranteed 15,449 loans, worth more than \$2.5 billion; and had made \$305 million in emergency loans to 3,778 family farmers. Loans and loan guarantees totaling more than \$285 million have been provided to minority and women farmers.

I. KEY DEPARTMENT NEWS

Floyd Rains Fail to End Long-term Drought, Industry Affected: On September 16, Hurricane Floyd made landfall near Cape Fear, NC, with maximum sustained winds near 110 m.p.h. Tremendous rains (4 to 12 inches, with localized totals approaching 20 inches) fell along and just west of Floyd's track up the Eastern Seaboard, from northeastern SC to eastern NY and New England. Though Floyd rains will allow temporary drought relief in the affected areas, the advantages are unfortunately compensated for by crop damage sustained in storm-caused flooding, and high winds. Further inland from the seaboard, no rain fell from the middle and lower Ohio Valley, southward to the Tennessee Valley and southern Appalachians, causing further intensification of already severe to extreme drought, and raising concerns about lack of soil moisture for soon-to-be-planted winter grains.

In related stories: the NC poultry industry was affected by plant closures resulting from Floyd dumping 20 inches of rain on areas in the state, and cutting utilities to more than 450,000 homes and businesses; while from September 14 - 16, the hurricane also disrupted rail service in a large portion of the Southeastern U.S. by forcing CSX Transportation and Norfolk Southern to release varying levels of nonessential personnel, due to flooding threats. Little track damage has been reported, however, and a quick return to normal service is expected.

Agriculture and Interior Appropriations Bills Delayed: As of September 22, no starting date had been set for the conference committee for the House and Senate Agriculture Appropriations bill, though it could begin any day; On September 20th, the House designated members of the Agriculture Appropriations Subcommittee as its conferees. Meanwhile, the Senate is still debating FY00 Interior Appropriations, with a key cloture vote delayed because of a family emergency for Senator Gregg. The \$14.1 billion Interior appropriations bill includes the USDA's Forest Service budget.

Dairy Bill Passes, While Civil Suits and Milk Price Announcement Come Up: On September 22, by a vote of 285 - 140, the House adopted H.R. 1402, a milk marketing order reform measure which rejects USDA's adoption of reform price structure option 1B, in favor of the less nationally level option 1A, extension of the current price support program one year, and authorization of forward pricing contracts. On August 23, Secretary Glickman issued the final order to implement option 1B, adopting 11 consolidated and reformed Federal milk marketing orders, thereby concluding a process of reform and consolidation set in motion by the 1996 Farm Bill. In its present form, Secretary Glickman will be forced to recommend you veto the bill.

In a related story, four civil actions have been filed contesting the validity of dairy reform rulemaking, in three cases requesting a temporary restraining order on USDA. Hearings on these cases began on September 22. The legal bases for the cases are that the Reform Rulemaking which sets the base price as well as the Class I price differentials, is neither authorized by statute (the AMAA of 1937 and the FAIR Act), nor supported by substantial evidence in the rulemaking record. Other allegations include that USDA illegally based the rulemaking on a national system of milk pricing, as opposed to a regional pricing system, and that the rulemaking sets up an illegal pricing system which lacks the statutorily required uniformity of pricing among handlers and producers.

In a further related story, on September 17, USDA announced for the first time advanced October prices and pricing factors for milk marketed under Federal milk orders. Under the new Federal milk order reform pricing system, the base price for Class I milk will be \$16.54 per hundredweight (cwt) for milk marketed in October, 75 cents higher than the \$15.79 Class I Basic Formula Price (BFP) under the old system.

Secretary Glickman Receives Civil Rights Award: On September 17, Secretary Glickman was presented the first annual "Beacon Award" from the National Conference of Black Mayors; for working to "provide guidance and inspiration in bringing about change, and having a positive impact on the lives of people who have been disenfranchised."

Drought Commission Meets September 22: The National Drought Policy Commission, chaired by Secretary Glickman, held its second meeting on September 22; during which it discussed the impact of the long-term Mid Atlantic drought on creating national policy.

Food Stamp Suit Filed Against New York City: A class action lawsuit has been filed in U.S.

District Court on behalf of non-English speaking applicants, for food stamp benefits in New York City. The suit against Mayor Guiliani and the Commissioners of the New York City and NY State welfare departments asserts that the defendants failed to provide interpreter services and bilingual program materials, as required by the Food Stamp Act. The suit further asserts that the lack of bilingual services violates the Civil Rights Act, and is unconstitutional.

House Committee on Government Reform Hearing: On September 30, two subcommittees of the House Committee on Government Reform will hold a joint hearing on the management of federal grants, and on H.R. 2376, a bill requiring federal agencies to expedite and be consistent in the handing of similar waiver requests. USDA has been asked to testify before the Subcommittee on Government Management, Information and Technology and the Subcommittee on National Economic Growth, Natural Resources and Regulatory Affairs.

Yellowstone Pipeline Draft Environmental Impact Statement (DEIS) to be Released, USDA Promotes Sustainable Forestry: During the week of September 20, the Lolo National Forest (MT) expects to begin a 60-day comment period on pipeline construction, with the release of the Yellowstone Pipeline DEIS, which analyses 5 pipeline alternatives the cross private and public land, and no-action alternative that continues shipment by rail. Governor Racicot and members of the MT, WA, and ID Congressional delegations have announced opposition to a USDA-preferred alternative that locates a 138-mile pipeline along the Interstate 90 corridor from Missoula, MT, to Kingston, ID. Yellowstone Pipeline is a subsidiary of Exxon and Conoco.

In a related story, on September 30, USDA held the sixth in a series of forums inaugurated by Secretary Glickman in 1998, which address collaboration on sustainable forestry issues between Federal, Tribal, State and local agencies, associations, nongovernmental organization, and institutions.

In another related story, on September 25, America's Outdoors: Center for Conservation, Recreation, and Resources will host National Public Lands Day in Milwaukee, WI, sponsored by the USDA Forest Service, the Bureau of Land Management, the National Park Service, and the WI Urban Tree House partners; attending with Federal officials will be Senators Kohl and Feingold, Representative Barrett, and Milwaukee Mayor Norquist.

Commodity Markets in Review: Weak global demand and large competing exporter supplies sent wheat prices down across the board last week. The accelerating harvest in the Midwest pushed corn prices lower. Soybean cash and futures prices slid sharply -- traders worried that the 60-cent runup since early September would dampen export demand. Rice cash prices remained steady but futures plunged on harvest pressure and a poor *Export Sales* report released last Thursday. Cash cotton prices were up slightly, but futures dropped as reports of increased China exports surfaced. Firming boxed beef prices helped send cattle prices higher ahead of last Friday's *Cattle on Feed* report. Hog prices moved lower in sluggish demand ahead of hurricane Floyd. Broiler prices fell despite disruptions caused by Floyd. Cheese prices slid as buyers hesitated in a falling market. Butter prices changed little as cream supplies remain ample.

Average prices for the week ending September 17, 1999

Commodity	Weekly price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.78	-0.05	0.21
Corn \$/bu	1.77	-0.09	-0.07
Soybeans \$/bu	4.72	-0.19	-0.46
Rice \$/cwt	7.19	0.00	-1.69
Cotton ¢/lb	48.67	+0.37	-23.12
Steers \$/cwt	66.05	+0.52	8.79
Hogs \$/cwt	33.43	-1.74	2.47
Broilers ¢/lb	58.61	-1.25	-11.65
Cheese \$/lb	1.66	-0.04	-0.06
Butter \$/lb	1.34	-0.01	-1.57
Milk \$/cwt	15.90	+0.14	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Food Safety:

NY and IL *E. coli* Outbreaks Update: As of September 17, the NY State Department of Health reported 2 deaths, 65 hospitalizations, 11 children with Hemolytic Uremic Syndrome, and 122 culture-confirmed cases in an *E. coli* O157:H7 outbreak linked with contaminated water consumed at the Washington County Fair. In all, NY's health department reported a total of 1,013 suspected and confirmed cases. Some of those who have become ill did not attend the fair, but acquired the infection from contact with others who had attended.

Meanwhile, as of September 16, 22 persons have been reported hospitalized in the aftermath of an *E. coli* O157:H7 outbreak connected to a Labor Day picnic in a cow pasture near Petersburg, IL. State health department figures show 44 confirmed cases out of 313 persons with symptoms.

Phase Two of HACCP-based Inspection Models Project Begins: On September 27, the first plant involved in the model for USDA's new Hazzard Analysis and Critical Control Point (HACCP) food safety system will begin work in phase two of this project. The project, which began with the collection of baseline data in the fall of 1998, will determine whether new slaughter inspection procedures, applied in conjunction with revised plant HACCP controls and new plant process controls, can improve food safety and increase consumer protection. On

September 23rd and 24th, USDA will brief congressional staff, media, industry, and consumer groups on the project.

In a related story, on September 14, USDA officials met with representatives of GA's Gold Kist company about beginning the HACCP models' testing phase in their AL poultry plant on September 27.

Public Meeting on Ready-to-Eat Foods: From September 21st through 24th, a public meeting is being held to discuss contamination of ready-to-eat foods in retail establishments, including *Listeria monocytogenes* risk assessment studies. USDA Food Safety Inspection Service Deputy Administrator Wachsmuth, chair of the National Advisory Committee on Microbiological Criteria for Foods (NACMC), will attend.

President's New Markets Initiative:

Rural AZ Gets Development Money: On September 21, USDA approved a \$10 million Business and Industry (B&I) guarantee to begin a greenhouse project in the small town of Paulden, AZ. On September 28, a groundbreaking ceremony will be held for a \$2.833 million medical office complex in Showlow, AZ, also funded with a USDA B&I guarantee. -See Grants

Rural NV Gets USDA Development Money: On September 30, USDA will hold a ceremony presenting the Washoe Tribe with a \$500,000 Intermediary Relending Program (IRP) loan for development at a new manufacturing facility in Dayton, NV. -See Grants

President's Initiative on Food Aid:

Russian Food Aid Update: On September 22, the interagency food needs assessment team for Russia returned to the U.S. to report its findings to appropriate agencies. To date, 749,507,000 rubles (\$29 million) have been transferred into the pension fund. On planting seeds, 34,023,737 rubles (\$1.3 million) have been transferred into the seeds special account.

Balkans Aid: Shipments of flour continue to depart for Kosovo for feeding programs during the winter. These shipments to Catholic Relief Services and the World Food Program total about 15,000 tons each month. USDA is preparing to sign a Section 416(b) agreement with Montenegro that will provide 15,000 tons of corn to that region.

III. SECRETARY'S SCHEDULE

On Thursday, September 23, Secretary Glickman will address the DNC Rural Initiative Conference.

On Monday, September 27, Secretary Glickman will address the Second Harvest conference on food security issues.

On Tuesday, September 28, Secretary Glickman will meet with the *Washington Post* Editorial board.

On Wednesday, September 29, Secretary Glickman will testify before a Senate Finance Committee hearing on the WTO.

On Wednesday, September 29, Secretary Glickman will meet with members of the Wichita Chamber of Commerce.

On Friday, October 1, Secretary Glickman will attend the "Quint" meeting of the 5 major grain exporting countries in Montreal, Canada.

On Monday, October 4, Secretary Glickman will attend a Hudson River Conference with Secretary Cuomo.

On Tuesday, October 5, Secretary Glickman will dedicate the USDA Center in Beltsville, MD, in honor of George Washington Carver.

On Wednesday, October 6, Secretary Glickman will testify before a House Agriculture Committee hearing on food aid to Russia.

On Wednesday, October 6, Secretary Glickman will address members of the USDA Disabilities Month Program.

On Wednesday, October 13, Secretary Glickman will address the National Small Farm Conference in Jefferson City, MO.

On October 14, Secretary Glickman will address the Food Recovery Summit in Chicago, IL, during which he will also address the Chicago *Sun-Times* Editorial Board.

IV. SUB-CABINET SCHEDULE

On Friday, September 24, Under Secretary Miley Gonzalez will discuss USDA efforts to develop bio-fuels and bio-based products with officials and research scientists of the University of Northern Iowa in Cedar Falls, IA.

On Monday, September 27, Under Secretary Dr. Cathie Woteki will attend a meeting of the National Research Council's Growth and Diversity Working Group.

On Monday, September 27, Under Secretary Jim Lyons will address the Alaska Value-Added Forest Products Workshop in Sitka, AK.

On Tuesday, September 28, Under Secretary Jim Lyons will address the Southeast Conference, and meet with various state mayors in Sitka, AK.

On Thursday, September 30, Under Secretary Jim Lyons will attend the Coastal America 1999 Partnership Awards ceremony for Duck Creek in Juneau, AK.

On Friday, October 1, Under Secretary Jill Long Thompson will attend a Mississippi Delta Initiative Listening Session in Baton Rouge, LA.

From Sunday through Tuesday, October 3-5, Chief Information Officer Anne Reed will attend the Industry Advisory Council's Executive Leadership Conference in Richmond, VA.

On Tuesday, October 5, Under Secretary Mike Dunn will address the National Consortium for Genomic Resources Management and Services in Washington, DC.

On Saturday, October 9, Under Secretary Cathie Woteki will lead the U.S. delegation at an FAO conference on "International Food Trade Beyond 2000," in Melbourne, Australia.

On Wednesday, October 13, Under Secretary Shirley Watkins will attend the West Virginia Coalition on Food and Nutrition in Charleston, WV.

On Wednesday, October 13, Under Secretary Mike Dunn will address the Congress of the World Union of Wholesale Markets in Valenica, Spain.

On Thursday, October 14, Under Secretary Shirley Watkins will attend an 1890 Task Force Meeting in Houston, TX.

V. PRESS INQUIRIES

The week of September 12, NBC News made inquiries about locating a laboratory for filming research on genetically modified foods. USDA referred NBC to USDA's Agricultural Research Service, and the University of Maryland.

VI. FOIA REQUESTS

On September 15, ABC News requested copies of all correspondence between USDA's Foreign Agricultural Service and USDA's Inspector General's office regarding food aid agreements between the U.S. and Russia.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

Upcoming Aquaculture Report Release : On October 4, USDA will report that catfish grower

sales to processors are expected to rise from 585 million to 595 million pounds in 1999, 3% to 5% percent above 1998's level. Growers' sales are expected to show modest growth through the remainder of 1999 and into the first quarter of 2000. Prices are expected to remain in the mid-70-cents-a-pound range. Imports of aquacultural products have also continued to expand, and are expected to remain strong due to a relative strong dollar and a strong economy supporting brisk sales in the restaurant industry.

Rural AZ Communities Gets Development Money: On September 21, USDA approved a \$10 million Business and Industry (B&I) guarantee to begin a greenhouse project in the small town of Paulden, AZ. On September 28, a groundbreaking ceremony will be held for a \$2.833 million medical office complex in Showlow, AZ, also funded with a USDA B&I guarantee.

Rural NV Gets USDA Development Money: On September 30, USDA will hold a ceremony presenting the Washoe Tribe with a \$500,000 Intermediary Relending Program (IRP) loan for development at a new manufacturing facility in Dayton, NV.

Rural TX Gets Development Money: On September 30, USDA will present \$1,524,000 to the Children's Community School in Georgetown, TX, as part of a USDA effort to help rural areas build and enhance essential community facilities. The funds will enable the Children's Community School to construct an entire new facility in Georgetown. This will serve approximately 150 children.

VIII. WASTE FRAUD AND ABUSE

Nothing of significance to report this week.

IX. CLIMATE CHANGE

Carbon Sequestration: On September 24, representatives from USDA's Global Change Program Office, the Agricultural Research Service (ARS), and the Natural Resources Conservation Service (NRCS), will meet with Pacific Northwest National Labs, and several major land grant universities to discuss collaborative research on sequestration of atmospheric carbon in agricultural soils.

X. DISASTER ASSISTANCE

Forest Service Supports Disaster and Emergency Operations: During the week of September 19, Forest Service personnel will support disaster and emergency operations at Dobbin Air Force Base in Atlanta, GA, and at Shaw Air Force Base in Sumter, SC, in the wake of Hurricane Floyd. On September 13, FEMA activated Emergency Support calling for firefighters as part of the Federal Response Plan. Forest Service employees will staff the Emergency Support team at FEMA headquarters and support the General Services Administration in the management and operation of mobilization centers that house resources needed by victims of the hurricane.

USDA Gets NC Electricity and Food Stamp Aid After Hurricane Floyd: As of September 17, the number of NC consumers without power had been reduced to 64,000 from a peak of 220,000, using rural electric cooperatives in the state. An estimated 3,000 cooperative linemen are in the field, working on getting power back to farms, homes and businesses.

Meanwhile, on September 20, USDA approved a modified Food Stamp Program for 38 NC counties affected by Hurricane Floyd. The application period for the modified program will run from September 23 through September 27.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier
Home: 703.525.4186
Pager: 800.710.5528

September 29, 1999

Memorandum to The President

Through: The Honorable John Podesta
From: Secretary Dan Glickman
Subject: Report For Week of September 26

USDA Fact of the Week

As reflected in low market prices, U.S. grain stocks continue to climb: Wheat stocks hit their highest level in over 10 years on September 1, as corn supplies climbed 37% from last year, and soybean stocks shot up 74%.

I. KEY DEPARTMENT NEWS

Secretary Honors Agriculture Greats Carver and Wallace: On October 6, Secretary Glickman will dedicate USDA's Beltsville, MD agricultural research facility, USDA's second largest facility outside of its headquarters, after great African American agricultural scientist George Washington Carver, Jr.

In a related story, on September 29, Secretary Glickman hosted former Senator McGovern at a USDA Millennium Lecture on Agriculture and Technology, during which he dedicated a conference facility in the USDA headquarters complex in honor of former Vice President and Agriculture Secretary Henry A. Wallace.

Farm Emergency Package Emerges: House and Senate conferees appear near to reaching agreement on the FY00 agricultural appropriations bill, which includes over \$8 billion in emergency assistance, including \$1.2 billion for natural disaster losses, and almost \$6 billion in payments to compensate farmers for low 1999 crop market prices. Having been stalled over provisions on sanctions against Cuba, and dairy policy, negotiators dropped both provisions, clearing the way for the apparent final package that may come to a vote as early as October 1. — See Disaster

Judge Stops USDA Milk Reforms: On September 28, a Federal district judge in VT stopped USDA from implementing its proposed reform of the Federal milk marketing order system, scheduled to take effect October 1. Working with the Justice Department, USDA is attempting

to consolidate this case with similar ones filed in the District of Columbia, LA, and TX, and to set an expedited hearing schedule to resolve the case at the district court level before the end of this year.

USDA Assessment of Hurricane Losses Escalates: On September 21, USDA staff in NC estimated NC crop damages due to hurricanes at about \$37 million. Tobacco crops sustained nearly \$14 million in damage; corn, soybeans, and cotton each had damage of more than \$6.5 million. Over 475,000 acres suffered losses with soybean acres accounting for more than half the total. Federal and State officials continue their evaluation of damage attributed to Hurricane Floyd, with some estimates indicating losses may exceed \$1 billion.

In related news, USDA staff will meet during the week of September 27 with NC crop insurance providers to assess the potential need for loss adjustment deviations and expedited claims procedures in the wake of Hurricane Floyd. The Regional/State Committee, consisting of local insurance provider representatives, will assist in identifying necessary actions to ensure timely, consistent service, and payment of claims for producers affected by the hurricanes and the subsequent flooding.

USDA to Issue Over \$1.3 Billion in Conservation Reserve Program (CRP) Payments: On October 1, Secretary Glickman will announce payments of more than \$1.3 billion to eligible producers under the CRP. The payments are for more than 400,000 contracts to protect environmentally sensitive land on more than 270,000 farms –See Grants.

Mexico to Block U.S. Apples: Effective October 1, Mexico is threatening to cut off imports of U.S. apples for the second season in a row, due to disagreements over proposed phytosanitary changes. U.S. apple shipments to Mexico were already down 30% percent in marketing year 1997/98 (July-June) as the result of Mexico's antidumping duty on U.S. Red and Golden Delicious apples. If not resolved in the next few days, this crisis may result in further apple market erosion for the U.S.

Poland Raising Agricultural Tariffs: On October 1, Poland plans to raise all its applied MFN agricultural tariff rates to WTO-bound levels, believing that the boost will enhance its bargaining position in the next WTO Round, increase custom revenues, and placate an increasingly restive farming sector. While legal under the WTO, the higher tariffs will likely result in a displacement of commodity exports from MFN suppliers, such as the U.S., while those from other countries maintain preferential trade agreements with Poland. In some cases, the new duty rates would sharply restrict U.S. exports.

West Nile Virus Outbreak in New York City: On September 27, Federal health officials reported that an encephalitis outbreak responsible for 3 deaths in New York City and Westchester County, NY, may have been caused by a bird virus previously unseen in the Western Hemisphere. Because this virus is transmitted by birds to mosquitoes and then to human beings, USDA officials are monitoring local efforts to control mosquito populations by spraying

Malathion.

Commodity Markets in Review: Favorable conditions for spring wheat harvesting and winter wheat planting sent most wheat cash prices down last week, but futures were up slightly on optimism about exports. The accelerating harvest led corn and soybean prices lower. Rice cash prices were unchanged but futures received a boost from a pickup in export activity. Cotton prices slid on strong exports by China and potential delays in renewal of the Step 2 program. Large placements in August, confirmed by the latest *Cattle on Feed* report, produced a slump in cattle prices. Hog prices headed higher on slowed marketings in the face of heavy slaughter. A seasonal reduction in demand led broiler prices down slightly. Buyers continue to limit cheese orders to immediate needs, forcing prices lower again last week. Butter prices moved lower as cream supplies remain more than adequate.

Average prices for the week ending September 24, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.65	-0.13	-0.02
Corn \$/bu	1.75	-0.02	-0.03
Soybeans \$/bu	4.55	-0.17	-0.63
Rice \$/cwt	7.19	0.00	-1.69
Cotton ¢/lb	48.40	-0.27	-23.48
Steers \$/cwt	65.18	-0.99	5.17
Hogs \$/cwt	35.42	+1.99	2.97
Broilers ¢/lb	58.16	-0.45	-11.86
Cheese \$/lb	1.54	-0.12	-0.21
Butter \$/lb	1.30	-0.04	-1.50
Milk \$/cwt	15.96	+0.06	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Food Safety:

IL *E. Coli* Outbreak Traced to Source: On September 22, the Illinois Department of Public Health (IDPH) announced that contaminated beef pinpointed as the cause of an *E. coli* O157:H7 outbreak that sickened more than 300 persons in three states, came from a Labor Day weekend party near Petersburg, IL.

President's Initiative on Welfare Reform:

Food Stamp Quality Control: On September 30, 16 states received bills and settlement offers for their FY98 Food Stamp Quality Control liabilities; original liability amounts have been reduced to reflect the effects of high and increased proportions of earners and immigrants in state's caseloads, and by removing errors below \$25, thereby moving 6 states out of liability. USDA expects all states who receive bills to enter into settlement agreements (which allow investment in program improvements) in lieu of a repayment in cash.

TX Food Stamp Waivers Approved: During the period ending September 29, USDA approved a request from TX to extend and modify its current waiver of sections of the Food Stamp Act to 27 counties, thereby granting food stamp access to residents of areas with unemployment rates over 10%, or insufficient jobs.

President's initiative on Food Aid:

Initiative on Russian Food Aid: On September 17 and 23, Russia purchased, respectively, 87,374 tons of yellow corn and 20,597 tons of beef under the FY99 Public Law (P.L.) 480, Title I program. To date, over 90% of the food aid commodities provided to Russia under the FY 1999 program have been purchased, and approximately 75% have been exported.

III. SECRETARY'S SCHEDULE

On Wednesday, September 29, Secretary Glickman testified before the Senate Finance Committee on the upcoming WTO Ministerial.

On Friday, October 1, Secretary Glickman will attend the Quint meeting of the five major agricultural exporting countries, in Montreal, Canada.

On Tuesday, October 5, Secretary Glickman will address USDA's Rural Development State directors.

On Wednesday, October 6, Secretary Glickman will testify before the House Agriculture Committee on U.S. food aid to Russia.

On Wednesday, October 6, Secretary Glickman will dedicate the USDA's Beltsville, MD facility in honor of George Washington Carver.

On Wednesday, October 13, Secretary Glickman will address Lincoln University's National Small Farm Conference, in Jefferson City, MO.

On Thursday, October 14, Secretary Glickman will address a Food Recovery Summit in Chicago, IL. While in Chicago, the Secretary will also meet with the editorial board of the *Sun-Times*.

On Monday, October 18, Secretary Glickman will address the Jewish national Fund.

On Wednesday, October 20, Secretary Glickman will testify before the House Agriculture Committee on the upcoming WTO ministerial meeting.

From Sunday--Tuesday, October 24--26, Secretary Glickman will attend Aspen Institute meetings with former President Carter and former President Mandela of South Africa, in Atlanta, GA.

On Wednesday October 27, Secretary Glickman will attend U.S./Russia Business Council meetings, in Atlanta, GA.

IV. SUB-CABINET SCHEDULE

On Friday October 1, Under Secretary Gus Schumacher will accompany Secretary Glickman to the Quint meeting of the five major agricultural exporting countries, in Agriculture Ministers meeting in Montreal, Canada.

From Friday--Sunday, October 3-5, Chief Information Officer Anne Reed will attend the Industry Advisory Council's Executive Leadership Conference in Richmond, VA.

On Saturday, October 4, Under Secretary Dr. Cathie Woteki will chair meetings of the Codex steering committee.

On Sunday, October 5, Under Secretary Mike Dunn will address the National Consortium for Genomic Resources Management and Services.

On Monday, October 6, Under Secretary Mike Dunn will address the Disability Kick-off in Washington, DC.

On Monday, October 6, Under Secretary Schumacher will address the National Chicken Council, Washington, D.C.

From Tuesday--Wednesday, October 7-8, Under Secretary Dr. Miley Gonzalez will host a meeting of the USDA American Indian Higher Education Consortium, in Santa Fe, NM.

From Wednesday October 8 -- Thursday, October 16, Under Secretary Gus Schumacher will attend various meetings in Helsinki, Warsaw, Brussels, and Rome. While in Rome the Under Secretary will attend World Food Day events.

On Thursday, October 9, Under Secretary Dr. Cathie Woteki will lead the U.S. delegation at the Melbourne FAO conference: "International Food Trade Beyond 2000."

On Monday, October 13, Under Secretary Shirley Watkins will meet with the West Virginia

Coalition on Food and Nutrition in Charleston, WV.

On Tuesday, October 14, Under Secretary Shirley Watkins will attend an 1890 Task Force Meeting in Houston, TX.

From Friday–Sunday, October 17-19, Under Secretary Mike Dunn will attend the Senior Review Group Meeting on the Central America Coop Screw-worm Eradication Program in San Jose, Costa Rica.

From Saturday–Sunday, October 18-19, Under Secretary Shirley Watkins will address the American Dietetic Association Annual Conference.

On Sunday, October 19, Under Secretary Dr. Cathie Woteki will address the American Dietetic Association's annual meeting in Atlanta.

On Monday, October 20, Under Secretary Shirley Watkins will address the Families First: Nutrition, Education and Wellness System Consortium, at the University of AR.

On Monday, October 20, Under Secretary Mike Dunn will attend the North American Plant Protection Organization Meeting in Cancun, MX.

V. PRESS INQUIRIES

On September 23, *Grand Rapids Press* inquired about the suspension of inspection at G&T Meat Co. of Grand Rapids, MI, because of inadequacies in the plant's HACCP system and sanitary operating procedures.

In a related item, on September 24, *Detroit Free Press* inquired about a notice of intended enforcement, suspension, and abeyance letter sent to a Bil Mar Plant; and an ABC affiliate in Indianapolis, IN, inquired about Food Safety Inspection Service trace back methods from a local grocery store to the Excel beef plant in CO.

VI. FOIA REQUESTS

British news outlet *Just Television* has requested a listing of all meetings held in the U.S between USDA and the United Kingdom since May 1997.

ABC's *20/20* requested information, including laboratory reports, histopathology slides, research notes, and correspondence with other government agencies and private entities, which demonstrate central nervous system symptoms in animals condemned by USDA veterinarians since January 1997.

Dovetailing with its interviews (see Press Inquiries) *Detroit Free Press* requested documents

related to coverage of regarding Bil-Mar Foods, Sara Lee Corp., Culinary Foods Inc., USDA recall policy, or any other issue.

ABC News requested correspondence between USDA's Inspector General and the Russian government regarding the issue of food aid agreements from 1992 until present.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

USDA to Issue Over \$1.3 Billion in Conservation Reserve Program (CRP) Payments: On October 1, Secretary Glickman will announce payments of more than \$1.3 billion to eligible producers under the CRP. The payments are for more than 400,000 contracts to protect environmentally sensitive land on more than 270,000 farms. The voluntary program pays an average of \$5,000 per farm and \$45.15 per acre to retire acreage for 10 to 15 years; and results in lower soil erosion, wildlife habitat expansion, wetlands restoration, and air and water quality improvement, all while strengthening farm income for producers, many of whom are suffering from the worst agricultural crisis in a decade.

Distance Learning and Telemedicine Awards to be Announced: On September 28 USDA announced the 1999 Distance Learning and Telemedicine Grants and Loans, in coordination with the 50th Anniversary of the Rural Utilities Service Telecommunications Program. Included in the announcement will be \$12.5 million in grants.

Biotechnology Risk Assessment Research Grants: The week of September 27, USDA will award grants totaling \$1.3 million through USDA's Biotechnology Risk Assessment Research Grants Program. The Program funds research on the safety of introducing genetically modified plants, animals, and microorganisms in the environment. The seven grants involve institutions in CA, FL, KS, MD, MI, MN, NE, NC, ND, OH, and WI.

Rural LA Development Grants: On September 29, USDA will present a Business and Industry Guaranteed Loan in the amount of \$1,072,000 to Southern Magic, Inc., a fabrication business in Centerville, LA, which will use the money to create 10 new jobs and retain 110.

Rural NM Development Project: On October 12, USDA will dedicate the Franklin Vista IV multi-family housing project in Anthony, NM. The \$1 million, 21 unit building will serve a quickly growing community along the TX border near El Paso.

VIII. WASTE FRAUD AND ABUSE

USDA Reduces Delinquent Million Dollar Accounts: So far this fiscal year, USDA has reduced the number of delinquent million dollar accounts from 337 to 243 cases, a 28% drop; nonetheless, million dollar accounts still account for about 25% of all delinquencies.

IX. CLIMATE CHANGE

Nothing of significance to report this week.

X. DISASTER ASSISTANCE

Farm Emergency Package Emerges: House and Senate conferees appear near to reaching agreement on the FY00 agricultural appropriations bill, which includes over \$8 billion in emergency assistance, including \$1.2 billion for natural disaster losses, and almost \$6 billion in payments to compensate farmers for low 1999 crop market prices. Having been stalled over provisions on sanctions against Cuba, and dairy policy, negotiators dropped both provisions, clearing the way for the apparent final package that may come to a vote as early as October 1.

In related news, USDA staff will meet during the week of September 27 with NC crop insurance providers to assess the potential need for loss adjustment deviations and expedited claims procedures in the wake of Hurricane Floyd. The Regional/State Committee, consisting of local insurance provider representatives, will assist in identifying necessary actions to ensure timely, consistent service, and payment of claims for producers affected by the hurricanes and the subsequent flooding.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

October 06, 1999

Memorandum to The President

Through: The Honorable John Podesta

From: Secretary Dan Glickman

Subject: Report For Week of October 3, 1999

USDA Fact of the Week

Dr. George Washington Carver, the first African American to graduate from Simpson College, and what is now Iowa State University, invented over 300 new uses for peanuts, sweet potatoes, soybeans, and other crops, while teaching and researching at the Tuskegee Institute. Among his most notable accomplishments were the invention of peanut milk, which has been responsible for saving millions of Africans from starvation, and his successful advocacy of crop rotation, which rejuvenated Southern agriculture.

I. KEY DEPARTMENT NEWS

Secretary Dedicates USDA Research Facility for Dr. George Washington Carver: On October 6, Secretary Glickman named USDA's research facility in Beltsville, MD, -- the department's second largest complex -- after Dr. George Washington Carver, in a dedication ceremony highlighting USDA's "George Washington Carver Week." Included in the week's events are students from the Van Ness Elementary School (USDA's adopted school), and the George Washington Carver Elementary School, as well as displays and lectures on Carver's life and accomplishments featuring a former student of Carver's, the superintendent of the George Washington Carver Monument, and a Carver biographer. Following the ceremony, CNN interviewed Secretary Glickman on Carver's legacy for a *Voices of the Millennium* segment.

Farm Disaster-USDA Funding Bill Advances: As of October 6, Senators were still attempting to come to an agreement for consideration of the conference report on the FY00 agricultural appropriations bill, which includes \$8.7 billion in emergency aid for farmers suffering from natural disasters and low market prices. Several Senators voiced concerns over different aspects of the bill, from the level of disaster aid funding and the aid's funding mechanism, to its sanctions and dairy provisions not included in the conference report. The House approved the legislation on October 4 by a vote of 240 to 175.

In related developments, on October 7, Secretary Glickman will address the National Chicken Council, and a ceremony marking National Cooperatives Month, during which he will stress his concerns over the adequacy of the emergency funding including in the appropriations bill, and the flaws in the mechanism it provides for distribution of payments to compensate farmers for low commodity prices. Before the NCC, the Secretary will also announce a USDA award of \$9.4 million for 73 food safety education projects at minority-serving institutions, and that incidences of salmonella have declined 50% since introduction of USDA's new science based meat and poultry inspection system.

USDA Readies for National Summit on Food Security: On October 14, Secretary Glickman will keynote USDA's National Summit on Food Security, in Chicago. At the summit, which USDA is holding coincidentally with World Food Day, the Secretary will announce voluntary community and private sector commitments to help cut hunger and food insecurity in half by 2015. According to a new USDA research report Secretary Glickman will release during the summit 10% of U.S. families, mostly in southern and western border states, suffered these ills at some time between 1996 through 1998.

During his travel to the summit, the Secretary is scheduled to meet with the editorial board of the *Chicago Sun Times*.

USDA Discusses Latest Russian Food Aid Request: On October 6, Secretary Glickman testified before the House Agriculture Committee on implementation of the 1998 Russian food aid package, and the most recent Russian request for USDA food aid. During a September 28 statement, the Secretary acknowledged that the Russian food program is under review by an interagency team, which is now armed with the findings of a USDA team just returned from an in-country assessment of Russia's food needs.

USDA Responding to Hurricane Floyd Damages: On October 5, Secretary Glickman, met with NC Governor Hunt, sharing with him USDA's most current estimates of agricultural losses in NC, which indicate a total of \$492 million for crop damages and \$13 million for lost livestock. Additional agriculture-related losses, for farm land, structures, and USDA-assisted projects may total substantially more, but a full assessment will be impossible until flood waters recede.

During the week of September 27, USDA assisted NC officials in disposing of the carcasses of livestock that drowned in the flooding; more than 18,000 hog carcasses have already been disposed of and USDA is committed to assisting with carcass disposal and disease surveillance activities as needed.

USDA's emergency food stamp program has provided approximately \$37 million to NC residents -- \$20 million to 70,000 new households and \$17 million to 67,000 existing beneficiaries, to replace food they lost in the flood.

Meanwhile, USDA's most recent review of NC crop conditions for the week ending October 3 reports precipitation across the entire State. The rainfall was welcomed in the western part of the State, especially the mountain region, still suffering drought; however, excess moisture

continues to plague coastal regions. A potentially devastating loss to the sweet potato crop is the most recent item in continued bad news for NC agriculture. Soil moisture levels are rated 5% very short, 14% short, 29% adequate, and 52% surplus. Statewide, 3.3 days were suitable for field work compared to 5.0 last week. With most of the soil moisture in eastern NC at or near capacity, harvest activities and other field work has been hampered. Major activities of the week included continued hurricane clean-up, tobacco harvesting and marketing, and harvesting of sweet potatoes, corn for grain and silage. Other tasks included baling hay, harvesting apples and vegetables, tending livestock, land preparation, and plant of small grains.

Benchmark Milk Price Jumps, Again: Announced October 5, the benchmark price USDA uses in its milk marketing order system, the basic formula price (BFP), for September climbed to \$16.26 per hundredweight (cwt), the 4th highest level ever; this price was \$0.47 higher than August and \$1.16 higher than September, 1998. Since reaching its low point in February, \$10.27 per cwt., the BFP has increased \$5.99, as the wholesale price of Cheddar cheese increased to its all-time record high of \$1.9725 per pound in late August. However, in light of recent declines in cheese prices, USDA expects that the October BFP, that will be released in November, may drop as much as \$3.50 per cwt.

USDA Makes FY00 CRP Payments: On October 4, Secretary Glickman announced that USDA is making more than \$1.3 billion under the Conservation Reserve Program (CRP), the Federal government's largest voluntary land conservation program. This year's payments will pay an average of \$5,000 per farm and \$45.15 per acre to more than 270,000 farms.

USDA Readies for Upcoming WTO Talks: On October 1, Secretary Glickman joined the second Quint Agriculture Ministers meeting in Montreal, Canada. The five Quint members – the United States, Canada, the European Commission, Japan, and Australia – discussed a range of current agriculture issues in preparation for the upcoming WTO talks, about which the Secretary testified most recently on September 29 before the Senate Finance Committee, along with Secretary Daley and Ambassador Barshefsky.

USDA Funds Biotechnology Research: On September 30, USDA awarded 7 researchers \$1.3 million to conduct studies on the environmental effects and risks associated with agricultural biotechnology.

In separate but related developments, on September 28 vandals claiming membership in an anti-biotechnology group called "Reclaim the Seeds" destroyed walnut trees, melons, and tomatoes and a weather monitoring station at USDA-supported research plots at the University of California, Davis; and on September 30, Japan's agriculture minister said that Japan would implement mandatory labeling for food containing genetically modified organisms.

Commodity Markets in Review: Wheat cash prices were up on average, but futures fell sharply on good planting weather in the Southern Plains and higher-than-expected stocks reported by USDA. Slow farmer selling helped push corn cash prices up last week, but futures fell in the anticipation that USDA will raise its production forecast on October 8. Strong exports boosted soybean prices. Rice cash prices held steady in the face of harvest pressure, but futures rose with

positive export reports. Cotton cash prices moved marginally higher, but poor domestic and export demand pushed futures down. Strength in boxed beef prices helped push cattle prices up. Hog prices rose last week, as the Midwest crop harvest slowed marketings. Sluggish seasonal demand sent broiler prices down slightly. A buildup in cheese inventories helped fuel a decline in cheese prices. Ready availability of cream led to weaker butter prices.

Average prices for the week ending October 1, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.74	0.09	-0.10
Corn \$/bu	1.83	0.08	0.06
Soybeans \$/bu	4.59	0.04	-0.50
Rice \$/cwt	7.19	0.00	-1.69
Cotton ¢/lb	48.68	0.28	-23.35
Steers \$/cwt	66.28	1.01	7.16
Hogs \$/cwt	37.61	2.19	5.41
Broilers ¢/lb	57.45	-0.71	-12.49
Cheese \$/lb	1.48	-0.06	-0.30
Butter \$/lb	1.23	-0.07	-1.38
Milk \$/cwt	13.06	-0.29	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Welfare Reform:

USDA Approves PA Welfare Reform Waiver: During the period that ended October 6, USDA approved a PA request to waive work requirement provisions of the welfare reform bill, to permit covering food stamp recipients in areas with unemployment over 10%, or insufficient jobs.

President's Initiative on the Year 2000 Computer Problem:

USDA Prepared for Y2K: On October 1, USDA's Chief Information Officer announced that all 344 of the Department's mission-critical computer systems are now year 2000 compliant.

President's Initiative on Food Safety:

USDA Expands Model Food Safety Project: On October 4, USDA expanded its model food safety project to the first of 28 new plants, thus advancing implementation of USDA's new science based food safety inspection system.

USDA Enforces Meat and Poultry Inspection Requirements: USDA has halted operations at the following plants for violating inspection rules: Mann's International Meat Specialties of Omaha, NE on September 30; and La Marca Foods of Chicago on September, 30

III. SECRETARY'S SCHEDULE

On Thursday, October 7, Secretary Glickman will address the National Cooperatives Association
-See Key Department News.

On Thursday, October 7, Secretary Glickman will address the National Chicken Council.-See Key Department News.

On Wednesday, October 13, Secretary Glickman will address the National Small Farms Conference in St. Louis, MO.

On Thursday, October 14, Secretary Glickman will address the Chicago *Sun-Times* Editorial Board.

On Thursday, October 14, Secretary Glickman will address the Food Recovery Summit in Chicago, IL. -See Key Department News.

On Monday, October 18, Secretary Glickman will address the Jewish National Fund.

On Wednesday, October 20, Secretary Glickman will address the House Agriculture Committee on the upcoming WTO ministerial.

From Sunday through Tuesday, October 24-26, Secretary Glickman will attend Aspen Institute meetings with former Presidents Carter and Mandela, in Atlanta, GA.

On Wednesday, October 27, Secretary Glickman will address the Future Farmers of America annual conference in Louisville, KY.

IV. SUB-CABINET SCHEDULE

On Tuesday, October 19, Deputy Secretary Rominger will attend an Education Coordinating Council Conference.

On Friday, October 22, Deputy Secretary Rominger will attend the Private Land Conservation Forum Series and National Conservation Summit in Sacramento, CA.

From Sunday through Friday, October 24-29, Deputy Secretary Rominger will head the U.S. delegation to Inter-American Board of Agriculture (IABA) meetings in Salvador, Brazil.

On Thursday, October 7, Under Secretary Gus Schumacher will address the National Chicken Council, Washington, D.C.

On Thursday and Friday, October 7-8, Under Secretary Jim Lyons will address the "Building on Leopold's Legacy: Conservation for a New Century" Conference in Madison, WI.

On Thursday and Friday, October 7-8, Under Secretary Dr. Miley Gonzalez will host the initial meeting of USDA's American Indian Higher Education Consortium in conjunction with a meeting of the New Mexico Native American Leadership Group in Santa Fe, NM.

From Thursday through Monday, October 7--11, Chief Financial Officer Sally Thompson will attend the Association of Government Accountants' site visit in San Francisco, CA.

From Monday through Saturday, October 11-16, Under Secretary Schumacher will attend agricultural trade conferences in Helsinki, Warsaw, Brussels, and Rome. While in Rome the Under Secretary will attend World Food Day events.

On Wednesday, October 13, Under Secretary Dr. Miley Gonzalez will address the National Small Farm Conference in St. Louis, MO.

On Thursday and Friday, October 14-15, Under Secretary Jim Lyons will attend the Urban Resources Partnership Meeting in Boston, MA.

On Monday and Tuesday, October 18-19, Under Secretary Shirley Watkins will address the American Dietetic Association Annual Conference.

On Tuesday, October 19, Under Secretary Dr. Cathie Woteki will address the national food safety initiative before the American Dietetic Association's annual meeting in Atlanta, GA.

On Wednesday, October 20, Under Secretary Jim Lyons will attend a Private Land Conservation Forum in Portland, OR.

On Wednesday, October 20, Under Secretary Mike Dunn will attend the North American Plant Protection Organization Meeting in Cancun, Mexico.

On Thursday, October 21, Under Secretary Jim Lyons will participate in the Private Land Conservation Forum in Denver, CO.

On Friday, October 22, Under Secretary Gus Schumacher will address the Montana Farmers Union in Great Falls, MT.

On Monday, October 25, Under Secretary Dr. Cathie Woteki will join Representative Kaptur at

the Ohio Food Safety Forum meeting in Toledo, OH.

On Tuesday, October 26, Under Secretary Lyons will attend a Private Land Conservation Forum in Syracuse, NY.

From Tuesday through Thursday, October 26-28, Under Secretary Jim Lyons will attend a Forest Service National Leadership Conference in Madison, WI.

On Wednesday, October 27, Under Secretary Gus Schumacher will address the Export Food Aid Conference in Kansas City, MO.

V. PRESS INQUIRIES

The *Chicago Tribune* has requested an interview with Secretary Glickman for a profile on Vice President Gore.

VI. FOIA REQUESTS

The Associated Press requested materials related to USDA's actions against Bil Mar Foods of Zeeland, MI, a plant whose product was associated with a widespread, lethal, and highly publicized outbreak of *listeria monocytogenes* earlier this year.

RIS Legal Services, Inc., requested materials on contracts and agreements between USDA and tobacco growers from January 1, 1997, to present.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

USDA to Release Supply and Demand Forecasts: On October 8, the National Agricultural Statistics Service (NASS) will release its first forecast of 1999/2000 Florida citrus production and its latest forecasts for production of cotton, corn, sorghum, rice, soybeans, sunflower seed, sugarcane, and sugar beets. Production estimates for small grains (wheat, barley, oats, and rye) were published in the September 30 *Small Grains Summary*. USDA's projections of U.S. supply, use, and prices for 1999/2000 will be published, also on October 9, in the *World Agricultural Supply and Demand Estimates* report. The WASDE report will also contain world and country-specific supply and use forecasts for wheat, corn, coarse grains, rice, cotton, soybeans, and soybean products. The report includes, in addition, projections of 1999 and 2000 U.S. livestock product and dairy supply, use, and prices.

USDA Crop Production Report: The October 8 *Crop Production Report* will include indicated area harvested, yield, and production as of October 1 for corn for grain, cotton, soybeans for beans, rice, sorghum for grain, hay, dry edible beans, dry edible peas, Austrian winter peas, lentils, peanuts for nuts, sunflower, tobacco, sugar beets, sugarcane for sugar and seed, and indicated cottonseed production; area planted for dry edible peas, Austrian winter peas, and lentils; indicated U.S. production of rice by class, commercial apples, grapes, hazelnuts, pecans, and 1999-2000 citrus fruits. Plans are to include information on genetically enhanced varieties

for corn, soybeans, and cotton. This survey information will include the percentage of harvested acres resistant to herbicides or insects.

Economic Assessment of the 1999 Drought: On October 20, USDA will release an assessment of the economic effects of the 1999 drought, showing that while it has had severe financial effects on farmers in the drought regions, its effect on overall production has been limited. According to the study, drought will reduce commodity receipts relative to 1998 by an estimated \$1.29 billion.

VIII. WASTE FRAUD AND ABUSE

Nothing of significance to report.

IX. CLIMATE CHANGE

Nothing of significance to report.

X. DISASTER ASSISTANCE

USDA Continues Hurricane Floyd Recovery – see Key Department News.

MS Farmers Eligible for Emergency Loans: On October 1, Secretary Glickman declared all of MS but the City of St. Louis a disaster area because of drought, making family farmers and ranchers there eligible for USDA emergency loans.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

October 13, 1999

Memorandum to The President

Through: The Honorable John Podesta

From: Secretary Dan Glickman

Subject: Report For Week of October 10, 1999

USDA Fact of the Week

Although USDA dropped its estimate of the 1999 cotton harvest by 6% in October from the month earlier level, largely as a result of losses associated with Hurricane Floyd, this year's crop will be 18% larger than the 1998 harvest, making it the 10th largest on record, one of the key factors that have driven cotton prices to their lowest levels since November, 1986.

I. KEY DEPARTMENT NEWS

USDA Continues Response to Hurricane Floyd: On October 21, Secretary Glickman plans to tour hurricane damaged areas of NC with Chief of Staff Podesta and Governor Hunt.

On October 12, the Secretary met with members of the NC Congressional delegation, and delegations representative of states hit by Hurricane Floyd, providing them USDA's latest assessment of the agricultural damages from the storm which, for NC, total over \$505 million for lost crops and livestock, and over \$212 million in structural damages to farms. Please note: These estimates are tentative and subject to adjustment, perhaps quite significant adjustment, as waters recede, the growing and harvest seasons proceed, and analysts have the opportunity to refine their projections.

USDA Hosts National Summit on Food Security: On October 14, Secretary Glickman will deliver the opening keynote address at the USDA National Summit on Community Food Security, *Building Partnerships to End Hunger*, being held in conjunction with World Food Day commemorations, during which USDA will announce extensive commitments from communities, businesses, and individuals to cut American hunger and food insecurity in half by the year 2015. The summit will also feature a taped address from you.

During his stay in Chicago for the summit, Secretary Glickman will meet with the editorial board

of the *Chicago Sun Times*.

USDA to Protect Roadless Areas in National Forests: On October 13, Secretary Glickman joined you in announcing USDA's plan to propose new rules to ban road building in the 40 million acres of roadless areas of the national forests; USDA expects continuing intense public, media, and Congressional interest in this issue.

Some USDA Funding Clears Congress: On October 13, having invoked cloture the day before by a more than 3 to 1 margin, the Senate passed the FY00 agricultural appropriations bill by a vote of 76 to 24, clearing the measure for your signature. Cloture was attained over the objections of Senators concerned about the bill's lack of language overturning USDA's dairy program reforms and extending the New England dairy compact, and concerns relating to the adequacy of funding for natural disasters.

Meanwhile, conferees on the FY00 interior appropriations bill have failed to produce a bill with acceptable funding levels for your environmental and conservation initiatives, and without objectionable riders, as highlighted during your remarks announcing the forest system roadless areas protection initiative.

USDA Announces New Personnel: On October 12, USDA announced confirmation of a new Assistant Secretary for Congressional Affairs, Andy Fish; and on October 8, the Secretary's appointment of Sedelta Verble as Director of the Office of Communications, and Andy Solomon as Press Secretary and Director of Public Affairs.

USDA Makes More Pseudorabies Money Available: On October 11, Vice President Gore announced that USDA will make an additional \$45 million available to continue the accelerated pseudorabies eradication program launched last year during the hog price crisis.

In a separate, but related development, USDA officials met with GAO investigators on October 5 to review a draft GAO report on the causes of the pig price plunge.

USDA Secures Commitment for Quick Dairy Decision: During a conference call on October 8, USDA lawyers secured a commitment from the Federal district judge in VT who enjoined USDA from implementing its federal milk marketing order system reform plan, that he will rule on the merits of the case by the end of the year. The judge has also agreed to permit several interveners, who include dairy farmers in the upper Midwest, dairy processors and manufacturers, and consumers into the case, but has thus far not decided whether to grant the government's request for a change of venue to consolidate this case with several other similar cases in the District of Columbia.

USDA Releases Supply and Demand Forecasts: On October 8, the National Agricultural Statistics Service released *Crop Production*, containing USDA's first forecast of 1999/2000 FL citrus production, and the latest crop forecasts for cotton, corn, sorghum, rice, soybeans,

sunflowerseed, sugarcane, and sugar beets. Production estimates for small grains (wheat, barley, oats, and rye) were published in the September 30 *Small Grains Summary*. USDA's projections of U.S. supply, use, and prices for 1999/2000 were also published in the *World Agricultural Supply and Demand Estimates (WASDE)* report. The *WASDE* report contained world and country-specific supply and use forecasts for wheat, corn, coarse grains, rice, cotton, soybeans, and soybean products. The report includes, in addition, projections of 1999 and 2000 U.S. livestock product and dairy supply, use, and prices. Highlights from these reports include:

All wheat: U.S. 1999/2000 ending stocks of wheat are up 87 million bushels from last month because of lower use and higher supplies. Projected feed and residual use is down 75 million bushels from last month; September 1 stocks (reported in the September 30 *Grain Stocks* report) indicated that use in the June-August quarter was sharply below expectations.

Rice: The U.S. 1999/2000 rice crop is projected at a record 212.3 million cwt, up slightly from last month due to an increase in harvested area in Mississippi and Missouri, which more than offset reductions in CA and TX. Ending stocks are projected at 50 million cwt, up from last month and more than 28 million cwt above the 1998/99 level.

Corn: Projected U.S. 1999/2000 ending stocks of corn are up 183 million bushels from last month because of larger supplies. Corn production is forecast at 9,467 million bushels, up 86 million bushels from last month. Projected feed and residual use of corn is down 75 million bushels from last month because of lower-than-expected use in 1998/99 and expectations that livestock feed demand in 1999/2000 will be little changed from a year earlier. Offsetting lower domestic use is a 75-million-bushel rise in exports because of a very strong early-season pace of sales and shipments and higher global imports.

Soybeans and products: U.S. soybean production is forecast at 2,696 million bushels, off 82 million bushels from a month ago and 2 % below last year's record. The lower crop and a reduction in carryin stocks, partially offset by reductions in soybean crush and export prospects, result in a reduction of a 75 million bushels in carryover stocks, to 385 million bushels.

Cotton: The U.S. cotton outlook shows sharply lower production, offtake, and ending stocks relative to last month. The production forecast is reduced 6 %, due to lower estimates in a number of States, including a 400,000-bale loss in the NC crop from Hurricane Floyd. Domestic mill use is reduced based on weakness in the recent monthly mill use rates which, in turn, reflect poor retail demand, especially for denim. The export estimate is also reduced this month, the result of lower U.S. supplies and larger foreign export prospects.

Sugar: U.S. sugar production for fiscal year 1999/2000 is projected at 8.92 million short tons, raw value, up slightly from last month and 7 % above the estimated 1998/99 level. Beet sugar production is increased 30,000 tons, due to higher forecast U.S. average sugarbeet yields.

Livestock: Pork supply and use forecasts are virtually unchanged from last month. The

September *Cattle on Feed* report indicated higher than expected placements of cattle during August. As a result, beef production forecasts for the remainder of 1999 and for 2000 are increased.

Dairy: Dairy supply and demand estimates are little changed from the previous month. Milk production is expected to continue to expand in 1999/2000 as producers respond to recent high milk prices and moderate feed costs.

Florida oranges: FL's all-orange forecast is 211 million 90-lb. boxes, 14% above last year. Florida's forecast frozen concentrated orange juice yield, at 1.60 gallons per box, is slightly less than 1998/99's record 1.63 gallons per box.

Commodity Markets in Review: Higher wheat stocks, rapid planting of the U.S. winter wheat crop, and slow exports sent wheat prices down across the board. Rising production prospects drove corn prices lower. Soybean cash prices fell under harvest pressure, but futures received a boost from a good *Export Sales* report. Harvest pressure and weakening global prices led to a decline in rice prices. Cotton prices dropped under the continued pressure of aggressive Chinese exports and slowed mill use, but the October 8 lockup reports provided an end-of-the-week boost. Cattle prices followed wholesale beef higher. Large supplies and sliding cutout values sent hog prices down. Broiler prices dropped despite good fast food demand. Increasing production and buyers who expect a continuation of falling prices led to lower cheese prices. Burgeoning cream supplies encouraged a fall in butter prices.

Average prices for the week ending October 8, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a-year ago
Wheat \$/bu	2.62	-0.12	-0.24
Corn \$/bu	1.72	-0.11	-0.09
Soybeans \$/bu	4.54	-0.05	-0.45
Rice \$/cwt	7.13	-0.06	-1.75
Cotton ¢/lb	46.68	-2.00	-23.37
Steers \$/cwt	67.07	+0.67	9.35
Hogs \$/cwt	36.84	-0.77	4.44
Broilers ¢/lb	57.31	-0.14	-11.74
Cheese \$/lb	1.38	-0.10	-0.42
Butter \$/lb	1.15	-0.09	-1.20
Milk \$/cwt	12.37	-0.69	NA

Farm Weather Outlook: The NWS 6-10 day outlook for October 17-21 calls for cold weather to overspread most areas from the Rockies to the Appalachians. Farther west, warm weather will continue to aid cotton maturation in California. Near- to below-normal rainfall will promote rapid summer crop harvesting, except along the Eastern Seaboard, where wet weather is expected.

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Food Safety:

USDA Enforces New Meat and Poultry Inspection Rules: On October 6, USDA suspended operations at Mann's International Meat Specialties of Omaha for repeated violation of listeria contamination; and October 7, after USDA tests revealed the potential of *E. coli* contamination, King Soopers of Denver recalled 24,000 pounds of ground beef that had distributed CO, NM, UT, and WY.

III. SECRETARY'S SCHEDULE

On Wednesday, October 13, Secretary Glickman accompanied you to an announcement on Forest Service roadless areas policy at Jefferson National Forest, VA.

On Thursday, October 14, Secretary Glickman will attend the National Food Recovery Summit, in Chicago, IL; during which time he will also meet with the editorial board of the *Chicago Sun-Times*.

On Monday, October 18, Secretary Glickman will address the Jewish national Fund.

On Wednesday, October 20, Secretary Glickman will testify before the House Agriculture Committee on WTO issues.

From Sunday through Tuesday, October 24-26, Secretary Glickman will attend Aspen institute meetings with former Presidents Carter and Mandela.

On Wednesday, October 27, Secretary Glickman will attend the Future Farmers of America annual conference in Louisville, KY.

IV. SUB-CABINET SCHEDULE

From Monday through Saturday, October 11-16, Under Secretary Gus Schumacher will attend agricultural meetings Helsinki, Warsaw, and Rome; while in Rome the Under Secretary will attend World Food Day events.

On Wednesday, October 13, Under Secretary Dr. Miley Gonzalez will address participants at the 2nd National Small Farm Conference in St. Louis, MO.

On Wednesday, October 13, Under Secretary Shirley Watkins will meet the West Virginia Coalition on Food and Nutrition in Charleston, WV.

On Thursday and Friday, October 14-15, Under Secretary Jim Lyons will attend the Urban Resources Partnership Meeting in Boston, MA

On Thursday, October 14, Under Secretary Shirley Watkins will accompany Secretary Glickman to the National Summit on Community Food Security in Chicago, IL.

From Sunday through Tuesday, October 17-19, Under Secretary Mike Dunn will attend the Senior Review Group Meeting on the Central America Coop Screwworm Eradication Program, in San Jose, Costa Rica.

On Monday and Tuesday, October 18-19, Under Secretary Shirley Watkins will address the American Dietetic Association Annual Conference in Atlanta, GA.

On Tuesday, October 19, Under Secretary Dr. Miley Gonzalez will testify before the Risk Management, Research, and Specialty Crops Subcommittee of the House Agriculture Committee regarding H.R. 2827, The National Sustainable Fuels and Chemicals Act of 1999, and biomass

research.

On Tuesday, October 19, Under Secretary Dr. Cathie Woteki will address the American Dietetic Association's annual meeting in Atlanta, GA.

On Wednesday, October 20, Under Secretary Shirley Watkins will address the "Families First: Nutrition, Education and Wellness System Consortium" at the University of Arkansas at Pine Bluff.

On Wednesday, October 20, Under Secretary Jim Lyons will attend the Private Land Conservation Forum in Portland, OR.

On Wednesday, October 20, Under Secretary Mike Dunn will attend the North American Plant Protection Organization Meeting in Cancun, MX.

On Thursday and Friday October 21-22, Under Secretary Dr. Miley Gonzalez will attend Penn State University in University Park, PA, to receive an Outstanding Alumni Award.

On Thursday, October 21, Under Secretary Gus Schumacher will meet with members of the German Parliament concerning World Trade Organization issues.

On Thursday, October 21, Under Secretary Jim Lyons will attend a Private Land Conservation Forum in Denver, CO.

On Friday, October 22, Under Secretary Gus Schumacher will address the Montana Farmers Union in Great Falls, MT.

On Monday, October 25, Under Secretary Dr. Cathie Woteki, will accompany Representative Kaptur to the Ohio Food Safety Forum meeting in Toledo, OH.

On Monday, October 25, Under Secretary Gus Schumacher will meet with Viktor Semenov, CoChair of the Russian Agrarian Party, on agriculture and food aid issues.

On Monday, October 25, Under Secretary Dr. Miley Gonzalez will address a workshop on farm labor sponsored by the Economic Research Service in Philadelphia, PA.

On Tuesday, October 26, Under Secretary Jim Lyons will attend the Private Land Conservation Forum in Syracuse, NY.

On Wednesday, October 27, Under Secretary Gus Schumacher will address the Export Food Aid Conference in Kansas City, MO.

V. PRESS INQUIRIES

Several national and local news organizations inquired about Secretary Glickman's October 6 dedication of the George Washington Carver Center, and Secretary Glickman granted numerous interviews following the ceremony.

VI. FOIA REQUESTS

The Center for Science in the Public Interest requested information regarding documents concerning *Salmonella* testing from 33 countries that are exporting meat and poultry to the U.S., and the three countries that have not supplied sufficient documentation.

The National Pork Producers Council requested information on the status of each of the 36 countries seeking approval to ship pork to the U.S.

WKYC-TV, of Cleveland, OH requested copies of complaints and final decisions issued against airlines for Animal Welfare Act violations in 1997, 1998, and 1999.

NBC's *Dateline* requested statistics on the number and amounts of revocations, suspensions, disqualifications, and fines for dog breeders who violated the Animal Welfare Act during 1996, 1997, and 1998.

The Orlando *Sentinel* submitted a request for records regarding security problems with elephants touring with the circus and veterinary records for animals performing with the circus.

The Democratic Senatorial Campaign Committee requested correspondence, inquiries, and other information that had been requested by, or provided to, Senator Jeff Bingaman from 1995 to the present.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

U. S. Agricultural Trade Update Will Be Released October 25: The update will release U.S. agricultural export and import data for August 1999 and cumulative trade for October 1998-August 1999. August exports are expected to be similar to July exports.

Livestock, Dairy, and Poultry: The report, released on October 26, will contain tables only. The projections will reflect new information from the September Hogs and Pigs report. The price and production projections for 1999 and 2000 remain about unchanged from the pre-report projections, as the reported inventories and farrowing intentions were about the same as those projected earlier.

VIII. WASTE FRAUD AND ABUSE

Nothing of significance to report.

IX. CLIMATE CHANGE

Nothing of significance to report.

X. DISASTER ASSISTANCE

USDA Continues Response to Hurricane Floyd: See Key Department News.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

Home: 703.525.4186

Pager: 800.710.5528

October 20, 1999

Memorandum to The President

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

USDA Fact of the Week

A diet low in copper may contribute to aging, according to just released USDA research, and the average American does not consume the suggested daily amount of copper which is most prevalent in whole grains, oysters, liver, nuts, seeds, cocoa, and chocolate.

I. KEY DEPARTMENT NEWS

USDA Preps for Opening of Seattle WTO Talks: On October 20, Secretary Glickman testified before the House Agriculture Committee on the Administration's objectives for the upcoming WTO Ministerial meeting in Seattle. The day before, the Secretary held a WTO town meeting in Spokane, WA, which was part of the Administration's scene-setting for November's opening of the new round. During his testimony, the Secretary amplified the themes in your October 13 remarks to the DLC.; Ambassador Barshefsky accompanied the Secretary at the hearing. Also on October 20, Secretary Glickman met with the bipartisan, bicameral congressional WTO Trade Caucus for Farmers and Ranchers, which Senators Dorgan and Craig and Representatives Pomeroy and Simpson lead, on the your agricultural objectives for the talks.

USDA Scientists Identify West Nile Outbreak: On October 19, USDA Animal and Plant Health Inspection Service (APHIS) scientists notified state veterinarians and agricultural commissioners of APHIS identification of West Nile Virus as the cause of death of 13 horses, out of 23 which were infected, in one Long Island, NY community. Also on October 19, the NY commissioner of agriculture made a public announcement of the findings, cautioning horse owners in the affected area. USDA officials continue their cooperation with state officials and the CDC on tracking and containing the spread of the disease.

USDA Hosting Recreation Summit: On October 20, the Forest Service will hold a Recreation Summit in Washington, DC, hosting 50 national leaders of the recreation industry, environmental groups, and recreational organizations to develop improvements the Forest Service can make in

providing recreational opportunities.

USDA Finances Exports to Central America, Mexico, and Latin America: During the week of October 11, USDA approved \$150 million in loan guarantees to Belize, Cost Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama to finance the improvement of export-related facilities in the region and in short and immediate term financing for the purchase of US commodities. During the same period, USDA made available \$250 million in credit guarantees for sales of US agricultural commodities to Brazil; \$1000 million for sales to Mexico, and \$35 million for shipments to the Dominican Republic Haiti, and Jamaica.

Commodity Markets in Review: Dry conditions in the Plains offset worries about export markets (particularly Pakistan) last week, leaving wheat cash and futures prices almost the same as the previous week. Corn cash and futures prices remained virtually unchanged, as slow farmer selling in the face of harvest pressure limited declines. Soybeans moved higher on news of dryness in Brazilian growing areas. Rice cash prices held steady, but nearby futures rose on good demand for milled rice, particularly from exports. Possible crop damage from Hurricane Irene and the imminent restoration of Step 2 payments gave cotton a boost. A continued shortage of quality steers and robust demand for Choice beef led cattle prices up. Pork prices fell despite widespread featuring. Good fast food demand supported broilers. Large stocks and increasing supplies of cream sent butter down again last week. Cheese prices dropped in the face of rising seasonal production.

Average prices for the week ending October 15, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat\$/bu	2.60	0.00	-0.43
Corn\$/bu	1.71	+0.01	-0.19
Soybeans\$/bu	4.64	+0.10	-0.50
Rice\$/cwt	7.13	0.00	-1.75
Cotton¢/lb	49.94	+2.84	-20.86
Steers\$/cwt	70.16	+2.71	11.35
Hogs\$/cwt	34.77	-1.73	3.75
Broilers¢/lb	57.66	+0.35	-10.86
Cheese\$/lb	1.26	-0.12	-0.56
Butter \$/lb	1.09	-0.06	-1.25
Milk \$/cwt	12.14	-0.23	NA

Farm Weather Outlook: The NWS 6-10 day outlook for October 21-25, 1999 calls for unseasonably cold weather from the Rockies eastward to the Atlantic Seaboard, slowing winter wheat emergence and early growth. Farther west, unseasonably warm, dry weather will continue to aid crop maturation in California, although soils will remain unfavorably dry for winter wheat planting farther north in Oregon. Near- to below-normal rainfall is forecast in the western Corn Belt, most of the South, and the Carolinas, promoting rapid summer crop harvesting. Above-normal rainfall is predicted in the eastern Corn Belt, slowing crop harvesting but providing topsoil moisture for emerging winter wheat.

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Year 2000 Computer Compliance: During the week of October 18, the USDA-led Food Supply Working Group will send its final report to the President's Council on Year 2000 Conversion, concluding that, having surveyed the spectrum of the food production, manufacturer, and distribution industries, this problem will have a negligible effect on the U.S. food supply and urging consumers should prepare for the Year 2000 as they normally would for a long and special holiday weekend.

President's Food Safety Initiative:

Food Safety System Wins Award: On October 14, the Ford Foundation awarded the USDA-CDC food borne illness detection system, PulseNet, one of the 10 winners of this year's Innovations in American Government Awards. PulseNet helps officials investigate and prevent outbreaks of foodborne illness by sharing information on problem bacteria quickly. PulseNet laboratories detect outbreaks by using a technique called pulsed-field gel electrophoresis to "fingerprint" bacteria through its DNA, allowing researchers to match disease-causing strains. PulseNet was instrumental in detecting a 1998 outbreak of *Listeria* infections that caused 21 deaths in several states, and in tracing the bacteria to a large food processing plant in Michigan.

USDA Enforces New Meat Inspection Requirements: On October 14, USDA suspended operations at Abbott's Meat, Inc., of Flint, MI for the plant's failure to meet sanitary operations procedures.

GAO Reviewing Meat and Poultry Inspection Rules: On October 13, USDA food safety officials met with GAO investigators who are examining USDA's implementation of the new science-based meat and poultry system, commonly referred to as HACCP, for Hazard Analysis and Critical Control Point, to determine whether it conforms to principles developed by the National Academy of Sciences and whether USDA is providing sufficient HACCP training for its inspectors and plant personnel. The initial results confirm USDA's performance on both points, though the finished report will not be available in draft form until October 31, with final public release scheduled for December.

III. SECRETARY'S SCHEDULE

From Sunday through Tuesday, October 24-26, Secretary Glickman will attend Aspen institute meetings with former Presidents Carter and Mandela.

On Wednesday, October 27, Secretary Glickman will attend the Future Farmers of America annual conference in Louisville, KY.

On Tuesday, November 2, Secretary Glickman will address WTO issues before the American Bankers' Association, in Colorado Springs, CO.

From Wednesday through Tuesday, November 10 – 16, Secretary Glickman will attend Food and Agriculture Organization (FAO) meetings in Rome, Italy.

IV. SUB-CABINET SCHEDULE

On Friday, October 22, Deputy Secretary Rominger will moderate a Private Land Conservation Forum in Sacramento, CA

From Sunday through Friday, October 24-29, Deputy Secretary Rominger will head the U.S. Delegation to the Biennial Meeting of the Inter-American Board of Agriculture, in Salvador, Brazil.

On Wednesday, October 20, Under Secretary Shirley Watkins will address the Families First: Nutrition, Education and Wellness System Consortium at the University of Arkansas at Pine Bluff, AR.

On Wednesday, October 20, Under Secretary Mike Dunn will attend the North American Plant Protection Organization Meeting in Cancun, MX.

On Thursday and Friday, October 21-22, Under Secretary Dr. Miley Gonzalez will receive an Outstanding Alumni award from Penn State University in University Park, PA.

On Monday, October 25, Under Secretary Dr. Cathie Woteki will accompany Representative Kaptur at the Ohio Food Safety Forum meeting, in Toledo, OH.

On Monday, October 25, Under Secretary Jim Lyons will address Cornell University in Ithaca, NY.

On Tuesday, October 26, Under Secretary Jim Lyons will attend the Private Land Conservation Forum in Syracuse, NY.

On Wednesday, October 27, Under Secretary Gus Schumacher will address the Export Food Aid Conference in Kansas City, MO.

From Tuesday through Thursday, November 2-4, Under Secretary Dr. Cathie Woteki, and Deputy Under Secretary Caren Wilcox will attend the National Advisory Committee on Meat and Poultry Inspection, in Arlington, VA.

On Tuesday, November 2, Chief Information Officer Anne Reed will address a USDA/DOI Joint Radio Communications Workshop in Denver, CO.

From Wednesday through Friday, November 3-5, Under Secretary Mike Dunn will attend the International Plant Protection Policy and Market Development Meeting in the Netherlands.

On Wednesday, November 3, Under Secretary Gus Schumacher will attend the Free Trade of the Americas Ministerial meeting in Toronto, Canada.

From Wednesday through Sunday, November 10-14, Under Secretary Gus Schumacher will attend Food and Agriculture Organization Conferences in Rome, Italy.

On Friday, November 12, Under Secretary Mike Dunn will address the Western Growers Association Annual Meeting in San Diego, CA.

V. PRESS INQUIRIES

Several news outlets, including ABC, CBS, CNN, NPR, *The New York Times*, *USA Today*, Associated Press, Reuters, UPI, Agence Presse, and several regional and local radio, television, and print news outlets covered USDA's National Summit on Food Security held in Chicago on October 14, which included your videotaped message, Secretary Glickman's key note speech, and the release of USDA's state by state survey of the incidence of food insecurity and hunger.

USDA received over 100 inquiries from national, regional, state, and local news outlets in response to your October 13 announcement on protecting roadless areas in the national forests, which generated very favorable editorial responses in *The Los Angeles Times*, *The New York Times*, *The San Francisco Chronicle*, and *The Washington Post*.

VI. FOIA REQUESTS

Nothing of significance to report.

VII. GRANTS, ECONOMIC ANNOUNCEMENTS AND PUBLICATIONS

USDA Readies \$13 Million in Distance Learning and Telemedicine Funding: On October 28, in conjunction with commemoration of the 50th anniversary of the rural telecommunication program, USDA will announce \$13 million worth of loans and grants to finance rural distance learning and telemedicine projects.

VIII. WASTE FRAUD AND ABUSE

Nothing of significance to report this week.

IX. CLIMATE CHANGE

USDA to Host Assessment Meetings: From October 26 through 28, USDA's Global Climate Change Program Office will host the second meeting of the agriculture sector assessment conducted as part of the National Assessment on Climate Change and Variability, a component of the U.S. Global Climate Change Research Program, during which representatives of other federal agencies, academia, NGO's, farm groups, and agribusiness will report tentative conclusions from the assessment and the implication of these conclusions for agriculture.

X. DISASTER ASSISTANCE

USDA Readies Implementation of Disaster Program: In anticipation of your signing of the FY00 agricultural appropriations bill, USDA has begun preparing implementation of natural disaster and low market price compensation provisions of the legislation, expecting that it will be able to make the \$5.5 billion in supplemental income assistance payments included in the bill within a few weeks of your signature.

XI. WEEKEND CONTACT INFORMATION

Greg Frazier

Home: 703.525.4186

Pager: 800.710.5528

October 27, 1999

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF October 24, 1999

I. KEY DEPARTMENT NEWS

Russia Food Needs Assessment Team's Summary of Findings: On October 18, the Russia Food Needs Assessment Team's Summary of Findings was released and is currently on the FAS Home Page. The assessment team's mandate was to determine to what extent available food supplies (from production, stocks, and imports) are likely to meet anticipated needs in the coming year. The general findings of the team stated that Russia could face a shortfall of 2 to 3.5 million tons of food grains, 5.5 to 6 million tons of feed grains, 500,000 tons of protein meals, and 250,000 tons of meat in the coming year.

US Agricultural Exports Reach \$3.94 Billion in August: As reported during the week of October 18, there was a large increase in US exports during the month of August. This helped close the remaining gap between cum-to-date sales and the fiscal 1999 forecast. With August exports up 7 percent from the same month last year, the fiscal 1999 cum-to-date sales rose to \$45.1 billion. If September is equally strong, fiscal 1999 exports will reach \$48.8 billion, just \$200 million shy of the \$49 billion forecast set eight months ago in February. Especially noteworthy in August, soybeans, corn, red meats, fresh fruits/vegetables and juices, and wheat sales were all strong.

Marketing Loan Changes Give Producers More Flexibility: On October 21, FSA implemented changes to the procedure to lock in repayment rates for USDA's Commodity Credit Corporation (CCC) marketing assistance loans, giving producers greater marketing flexibility. CCC loans allow farmers who grow wheat, feedgrains, oilseeds, and rice to hold back their crops from the market at harvest time, when prices tend to be lower, by pledging the crop as collateral for the loan, which is paid back when the crop is sold. The changes give producers greater flexibility by allowing lock-ins on a specific quantity instead of the entire outstanding loan quantity, and allows farmers to lock-in repayment rates on both farm stored and warehouse stored loans for 60 days.

Importers Await Raw Sugar TRQ Announcement: As of October 21, the announcement of the FY 2000 raw sugar tariff-rate quota has been delayed awaiting final inter-agency clearance. The delay has caused additional costs (at a number of ports) to Panama, Guatemala, the Dominican Republic, Fiji, and Australia who all have sugar in-bond or waiting to discharge. Sugar from Papua New Guinea and Colombia will arrive during the week of October 25. FAS

was able to clear a shipment of Mauritian sugar using authority in the US Harmonized Tariff Schedule to charge sugar back to the FY 1999 quota period. Most refineries have adequate sugar supplies, however, a large west coast refinery has indicated that it will run out of sugar on November 1 if the TRQ is not established before that date.

GAO Entrance Conference on Early Childhood Programs: On October 27, an entrance conference is scheduled to discuss a new GAO assignment looking at multiple programs and overlapping benefits in federal programs that directly fund or support early childhood education and care for children under five in an education or child care setting. The completion date for the report is April 28, 2000.

GAO Entrance Conference on Debt Collection: On October 21, USDA took part in an entrance conference with GAO to discuss a new review that will look at the need for regulations and mechanisms which will allow USDA to share delinquent debtor information with Federal credit lenders in order to carry out provisions of the Debt Collection Improvement Act of 1996.

Finger Imaging of Food Stamp Recipients: On October 14-15, USDA staff participated in a national roundtable and workshop sponsored by the Human Services Integrity Alliance to discuss finger imaging in the Food Stamp Program and public assistance programs. The conference was also attended by staff from the Department of Health and Human Services, seventeen States, finger-imaging vendors, and system integration consultants. USDA spoke on the need to address both food stamp fraud and program access issues as States implement finger-imaging systems.

Childhood Obesity: In early January 2000, Quaker Oats, Co., a USDA partner in promoting the Children's Pyramid and combating childhood obesity, will begin placing the Food Guide Pyramid for Young Children on the side panel of 3.5 million Life Cereal boxes. The promotion will last six weeks and may be repeated throughout the year. An upcoming issue of *Sesame Street Parents* magazine will also feature the Food Guide Pyramid for Young Children.

Disaster Nutrition Assistance: In response to Hurricane Floyd, USDA's Food and Nutrition Service (FNS) distributed nearly \$44.5 million in benefits to 161,635 households affected by the disaster in North Carolina, South Carolina, and Virginia. The Disaster Food Assistance Program has ended in all of the States.

Emergency Watershed Protection Program: Under the Emergency Watershed Protection Program (EWP), the Natural Resources Conservation Service (NRCS) provides financial and technical assistance to help repair damage to rivers, streams, reservoirs, and other waterways (much of this work will be removing log jams and other debris), restore the integrity of flood control structures, and reseed damaged areas.

North Carolina - To date, NRCS has sent \$10 million in EWP funds to North Carolina to fund emergency work to dispose of dead livestock, help communities clear debris-clogged waterways, restore damaged streambanks and bridges, and repair other environmental damage that poses

threats to life and property. NRCS in NC has assisted in the removal of dead animals as through 69 contracts in 18 counties (Martin, Onslow, Craven, Duplin, Jones, Green, Sampson, Bladen, Nash, Wayne, Northampton, Bertie, Lenoir, Gates, Hertford, Beaufort, Pitt, Pender). More than \$270,000 has been obligated. (\$271,000 for the removal of 14,000 swine, more than 2 million poultry, 129 cattle, 135 goats, and 15 sheep).

New Jersey - Rivers and streams inundated by Hurricane Floyd left hundreds homeless and many more to deal with severe property damage. Most of the damage occurred in Northeast and Central New Jersey. Southern New Jersey was spared. Twenty-two EWP applications have been submitted to NRCS; fifteen of which have been signed. In addition, nearly \$900,000 in Federal funds has been allocated for EWP. The local contributions amount to \$1.25 million.

CA Large Fires Continue to Burn: The Forest Service does not expect to have the large fires burning in CA contained until November when rains are expected. The Big Bar fire, on the Shasta-Trinity National Forest (CA), has burned over 120,900 acres since August and is nearly 60 percent contained. More than \$57 million has been spent on suppressing the fire. The Kirk Complex fire, on the Los Padres National Forest (CA), has blackened 85,544 acres and is approximately 93 percent contained with over \$67 million spent to suppress. Both fires started from lightning and efforts to suppress them are complicated by inaccessibility, steep terrain, and smoke inversions.

Forest Service Public Meetings on National Forest Management Act Regulations: The Forest Service will be holding 23 town hall meetings from October-December to discuss the proposed planning regulation. Participants will be briefed on the major themes of the proposed regulation. The public will have an opportunity to work in small groups to address specific questions presented by the facilitator of the meeting. This information will be used to develop the final regulation.

Off-Highway Vehicle Environmental Impact Statement to be Released: Forest Service officials plan to release the off-highway vehicle draft environmental impact statement (DEIS) and plan amendment for MT, ND and portions of SD by the end of October. The DEIS and plan amendment were prepared jointly by the Bureau of Land Management and the Forest Service. The DEIS will address the impacts of motorized, wheeled (motorcycles, four-wheel drive vehicles, sport utility vehicles, all-terrain vehicles, etc.) off-highway vehicle travel on areas that are currently open to motorized cross-country travel. Thirty-five open houses are scheduled between November 15 and December 15 for public comment.

Children's Conservation Education Poster Contest Launched: On October 30, Smokey Bear and Woodsy Owl Millennium Poster Contest flyers will be distributed by the Forest Service, the National Council of State Garden Clubs, Inc., and the National Association of State Foresters to school children to kick off the annual contest. State Garden Club and Regional Conservation Education coordinators will also distribute the flyers to local schools across the nation. This annual event was started by a former Forest Service employee, Virginia Benson, 35 years ago as

a coloring contest. Children from all over the United States will have the opportunity to express themselves through art as they become familiar with the famous characters and their very important messages, "Only You Can Prevent Forest Fires," and "Lend a Hand, Care for the Land." Winners will receive a \$500 savings bond, and the grand prize winner will receive an all-expense paid trip for four to Washington, DC, to receive an award from Forest Service Chief Mike Dombeck at the National Earth Day Celebration.

1999 Ecosystem Management Research Symposium: About 150 participants from the public and private sectors are expected to attend the 1999 Symposium on Ecosystem Management Research October 26-28 in Hot Springs, AR. Papers will be presented by representatives from several universities, Forest Service research units, and the wood products industry. The Ecosystem Management Research Symposium will focus on 5-year post harvest results (phase 2 stand level studies) and 5-year baseline data (phase 3 landscape-scale studies) in the Interior Highlands (the Ozark and Ouachita region in AR, OK, and MO). Former Forest Service Chief Dale Robertson will speak on the history of ecosystem management in the agency, and recount the new perspectives and ecosystem management efforts during his tenure.

Update on Federal Milk Marketing Order (FMMO) Reform Court Case: During the week of October 15, Judge Emmet Sullivan of the U.S. District Court in Washington, DC asked USDA for information about the record of its Final Decision on FMMO reform. He requested both administrative and internal documents used by the Secretary in arriving at the decision. The information was provided to the Court by October 22. As a result of this request, a revised briefing schedule was announced by the Judge as follows:

Plaintiffs brief	October 29
USDA brief	November 12
Interveners brief	November 15
Plaintiffs reply brief	November 22
USDA/Interveners reply brief	December 1
Hearing	December 21

Japan and Genetically Modified Organisms (GMOs): On October 20, Japan's health ministry stated it has begun discussions over tightening regulations on GMOs, with a focus on whether to ban imports contaminated with GMOs that are not approved in Japan for marketing. It is unknown when a decision will be reached on the issue. On September 30, Japan's agriculture minister had said that Japan would implement mandatory labeling for food containing GMOs as a service to consumers.

European Union (EU) and Genetically Modified Organisms (GMOs) Labeling: On October 20, EU Governments voted on rules to define which foods must be labeled as containing genetically modified (GM) ingredients. The European Commission (EC) wants to exempt foods from labeling requirements where none of the individual ingredients are more than 1 percent GM material. This proposal would not allow anyone to label foods as "GM-free." That plan is yet to

be determined and will require a definition as to what GM-free means.

Regulatory Authority Revised for Refrigeration of USDA Graded Shell Eggs: On October 22, AMS published an interim final rule revising its grading regulations. This rule specifies that USDA consumer graded shell eggs must be stored by processors at temperatures no greater than 45° F (7.3° C), and that containers showing the grade shield must be labeled to indicate that refrigeration is required. The regulatory changes, effective October 25, allow the grading program to require that processors properly refrigerate and label eggs officially identified as USDA Consumer Grade AA, A, or B. These changes are being made to conform the voluntary grading regulations to those mandated by FSIS in August 1999 under the Egg Products Inspection Act. An opportunity for public comment is being provided through December 21, since the provisions of this rule were proposed several years ago.

USDA'S 1999 Student Employees Program Report Is Available on the Internet: The 1999 Student Employment Program Report indicates that USDA continues to increase the number of student employees, as well as to enhance recruitment efforts to hire minorities and women. The number of students at USDA increased by 26 percent from 4,201 students for Fiscal Year 1998 to 5,334 students in August 1999. Representation of women in the Student Employment Program increased by 1.2 percent, and minorities represent 34.2 percent of all students. Persons interested in reviewing this report can access it on the Internet on the Office of Human Resources Management's Home Page at: www.usda.gov/da/da/employ/intern.htm.

"Nightline" interview: On October 25, Secretary Glickman was interviewed on ABC's "Nightline" about genetically modified organisms (GMOs).

Conference on world poverty: From October 24-26, Secretary Glickman, joined by Nelson Mandela, the former president of South Africa, and former president Jimmy Carter, is participating in a roundtable discussion at the Aspen Institute's international conference, "The Global Poverty Gap: Investing in People and Technology to Build Sustainable Pathways Out."

Rural initiatives: On October 28, Secretary Glickman will take the lead in celebrating the 50th anniversary of USDA's Rural Utilities Service. He will deliver a speech and announce new efforts to expand telephone service in rural America. The announcement will be accompanied by media outreach by both the Secretary and Under Secretary for Rural and Economic Development Jill Long Thompson.

Secretary Glickman will hold a news conference on the legislation October 27 and give targeted interviews on its implementation.

Media availability on disaster relief, trade: On October 22, the Secretary met with North Carolina Governor Jim Hunt (closed press) at USDA. Following the meeting, in-house press – Associated Press, Bloomberg, Reuters, and Bridge News – asked the Secretary about European labeling of genetically modified food (GMOs) and the upcoming Russian visit. The reporters

asked the governor about disaster assistance.

Conservation forum: Deputy Secretary Richard Rominger chaired a Conservation Forum in Sacramento, California, October 22. Mr. Rominger talked about the "historic" conservation programs contained in the 1996 far bill. "Stewardship of the nation's private land is everyone's business," Mr. Rominger said, because the United is "an urban nation, but an agricultural land." The Deputy also discussed the Administration's "livability" issues, such as air and water quality, energy costs, congestion, and the President's "smart growth" plans. Media covering Mr. Rominger included two California weeklies – *Ag Alert* and *Capitol Press* – KHTK-AM radio, and National Public Radio. USDA Radio Newslines produced a feature on Mr. Rominger's speech, which was accessed by radio stations from around the country.

Disaster declarations: This past week, Secretary Glickman declared 48 Virginia counties, all Missouri counties, and all Arkansas Counties agricultural disaster areas due to losses caused by drought.

Secretary Glickman announced October 25 that USDA will lower crop insurance rates by up to 50 percent for some farmers.. The new rating system, recently introduced in the insurance industry, brings rates more in line with risk.

Secretary Glickman announced October 19 that USDA has streamlined crop insurance procedures to speed payments to insurance farmers devastated by floods caused by recent hurricanes.

Commodity Markets in Review: A slight pickup in exports and worrisome dry conditions in winter wheat areas provided a small lift to wheat prices. Cash corn prices were boosted by slow farmer selling and relatively strong exports, but futures were unaffected. Heavy producer selling and improved planting conditions in Brazil sent soybeans down sharply. Rice cash prices held steady, but futures were pressured lower by the almost-complete harvest and record supplies. Cotton cash prices were boosted by Step 2-induced purchases, but accelerating new-crop cotton sales and foreign developments combined to push futures prices down. Cattle prices dropped; seasonal pressure from poultry and ham is expected to curtail the sharp rise in demand for beef. Hog prices moved up slightly, as some producers neglected marketing hogs to harvest field crops. Increased broiler production sent prices slightly lower. Cheese prices broke their slide last week, but demand remains weaker than usual for this time of year. Butter prices continued to fall in the face of heavy cream supplies.

Average prices for the week ending October 22, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.63	0.03	-0.54

Corn	\$/bu	1.78	0.07	-0.26
Soybeans	\$/bu	4.58	-0.06	-0.74
Rice	\$/cwt	7.13	0.00	-1.75
Cotton	¢/lb	50.44	0.50	-17.19
Steers	\$/cwt	69.91	-0.25	8.40
Hogs	\$/cwt	35.45	0.68	4.37
Broilers	¢/lb	56.98	-0.68	-11.09
Cheese	\$/lb	1.28	0.03	-0.55
Butter	\$/lb	1.02	-0.06	-1.31
Milk	\$/cwt.	12.10	-0.04	NA

Farm Weather Outlook: The NWS 6-10 day outlook for October 28 - November 1 calls for near- to above-normal temperatures across the southern two-thirds of the Nation. Across the northern tier, cold weather and rain or snow will halt fieldwork, slow winter wheat development, and possibly stress livestock. In the Ohio Valley, widespread showers are expected to provide additional drought relief and aid winter wheat development. Meanwhile, wet weather is forecast to return to Peninsular Florida.

U.S. - Israel Dispute Settlement Consultations on Non-Kosher Beef: On October 19, an attorney from OGC participated in consultations between the United States and Israel under Chapter 19 of the U.S.-Israel Free Trade Agreement (FTA). The consultations concerned the Israeli prohibition on imports of non-kosher U.S. beef, even though domestic production and marketing in Israel of non-kosher beef is permitted. The U.S.-Israel FTA came into effect in 1985, and it is believed that these consultations were only the second time dispute settlement consultations had occurred under the agreement, and the first consultations requested by the U.S.

U.S. - Israel Dispute Settlement Informal Consultation on Wine: On October 19, an attorney from the OGC participated in informal consultations with Israel over the diminishing preference U.S. wine is receiving under applicable Israeli tariffs. In 1996, the U.S. and Israel entered into an understanding on certain aspects of agricultural trade. At that time, the tariff applied to U.S. wine conferred a particular margin of preference over that applied to wine from other countries. As Israel has lowered its most-favored-nation tariff, the preference for U.S. wine has commensurately diminished.

Pigford vs. Glickman: On November 8, a hearing on plaintiffs' motion to extend time to file claims is scheduled. The Department continues to file responses to claims. Currently, 3,000 responses are due in late November. The Government is preparing a motion to extend time to

file responses to claims based on natural disasters and upcoming leaves.

Day One Strategy Group Established for USDA Headquarters: Officials from the Office of the Secretary, the Office of Communications, the Office of the Chief Information Officer, and Departmental Administration have established a group to address Day One strategies associated with the rollover from 1999 to 2000. The group has begun a series of meetings to coordinate strategies, processes and procedures for ensuring access to critical USDA headquarters facilities that support program delivery. Additionally, the group will address safety and health issues for employees involved in rollover events and activities.

Year 2000 Interagency Coordination Council (ICC) Training: On October 26 - 28, several USDA staff visited the ICC of the President's Council on Year 2000 Conversion for training as Desk Officer duties. Desk officers, who will work in shifts at ICC headquarters during the Year 2000 rollover week, will be responsible for accessing the importance of Y2K events to the sectors - in USDA's case the food supply - and agencies they represent. They will provide timely information from other sectors - such as utilities, state administered programs, and telecommunications - back to USDA's Year 2000 Command Center, and to specific agencies that have an interest. Desk Officers will also help develop and vet periodic status reports that will be shared with the public by the ICC's public relations arm, the Joint Public Information Coordination Center (JPIC).

II. USDA WORK ON PRESIDENTIAL INITIATIVES

Y2K Event Planned at Area Food Store: Under Secretary Woteki, co-chair of the USDA-led Food Supply Working Group, which is a member of the President's Council on Year 2000 Conversion, is expected to join Secretary Glickman and Council Chair John Koskinen at a November 18 event to draw attention to the high state of Y2K readiness in the food and agriculture sector - and particularly in the area of food safety inspection. The event is planned for a Rockville Giant food store. Several food trade associations also are participating.

Inspection Suspended at ICH Group Inc., Honolulu, Hawaii: On October 24, FSIS officials withheld the USDA marks of inspection at this very small non-HACCP plant because of sanitation operation procedure failures. FSIS compliance officers have been sent to investigate.

Inspection Withheld at White Packing Co., Inc., Williamston, North Carolina: On October 22, FSIS officials withheld the USDA marks of inspection for cooked ham slicing operations at this small HACCP plant because of positive test samples for *Listeria monocytogenes*. Inspection is necessary for plant operation. On July 19, a previous suspension was reinstated because of positive test results for *Listeria monocytogenes* and sanitation operations procedure failures, followed by a FSIS reinstatement of plant operations on July 31. FSIS has sent a compliance officer to investigate the current situation.

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

On October 25, Agriculture Secretary Glickman announced Production Flexibility Contract (PFC) final payment rates for fiscal year (FY) 2000. Eligible producers will share in total FY 2000 contract payments of approximately \$5.1 billion, and may receive PFC payments all at once or in two equal payments at any time during the fiscal year. Those who do not choose a payment option will receive their full payment near the end of FY 2000, which began October 1, and ends September 30, 2000. Payments will be administered through local FSA offices. The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2000, signed into law on October 22 by President Clinton, provides farmers greater flexibility in the timing of receiving their PFC payments.

Oil Crops Outlook: The *Oil Crops Outlook*, scheduled for electronic release November 12, will evaluate how the smaller U.S. soybean harvest will affect projected 1999/2000 exports. The effect of rising soybean prices on Brazilian and Argentine planting will also be assessed.

For release October 28: Secretary Glickman, celebrating the 50th anniversary of USDA's telecommunications program, will announce \$13 million for rural schools, clinics October 28.

IV. SECRETARY'S SCHEDULE

On Wednesday, October 27, Secretary Glickman held a press conference highlighting the Agriculture Appropriations Bill.

On Thursday, October 28, Secretary Glickman will host the Rural Utilities Service's 50th Anniversary celebration, during which grants and loans will be announced for the distance learning and telemedicine program.

On Wednesday, November 3, Secretary Glickman will meet with Agriculture Minister Nick Brown of the United Kingdom on EU/U.S. trade issues.

On Wednesday, November 3, Secretary Glickman will address USDA's Native American Heritage Month program.

On Saturday, November 6, Secretary Glickman will accompany you on a New markets Initiative trip.

On Monday, November 8, Secretary Glickman will address Columbia University.

From Wednesday through Tuesday, November 10 – 16, Secretary Glickman will attend Food and Agriculture Organization (FAO) meetings in Rome, Italy.

V. SUB-CABINET SCHEDULE

On Tuesday, October 26, Chief Economist Keith Collins will be interviewed on the agricultural

outlook by the *Economist*.

On Thursday, October 28, Under Secretary Dr. Catherine Woteki will chair an interagency meeting of the Codex Policy Committee, discussing USDA's proposal for "Labeling Foods Produced Through Biotechnology."

On October 28, Under Secretary Michael V. Dunn will judge the 72nd National Future Farmers of America Convention in Louisville, KY.

On Friday, October 29, Under Secretary Jill Long Thompson will attend an Executive Roundtable discussion hosted by the Agricultural Publishers Association in conjunction with the Future Farmers of America 72nd Annual Conference, Louisville, KY.

On Friday, October 29, Under Secretary Gus Schumacher will attend an Asian/Pacific Agricultural Countries Meeting.

On Monday, November 1, Under Secretary Dr. Miley Gonzalez will address the annual conference of the Hispanic Association of Colleges and Universities (HACU) in Miami, FL.

On Tuesday and Wednesday, November 2-3, Under Secretary Gus Schumacher will meet with Canadian officials and attend the Free Trade of the Americas Ministerial in Toronto, Canada.

From Tuesday through Friday, November 2-5, Under Secretary Michael V. Dunn will address the International Plant Protection and Market Development Conference on the future of national and regional plant protection institutions, and attend the Centennial Celebration of the Plant Protection Service of The Netherlands in Wageningen, Netherlands.

On Tuesday, November 2, Chief Economist Keith Collins will attend the 1999 American Bankers Association National Agricultural Bankers Conference in Colorado Springs, CO.

On Thursday, November 4, Under Secretary Miley Gonzalez will attend the HACU/Agricultural Research Service (ARS) Border Project in Las Cruces, NM.

On Thursday, November 4, Under Secretary Lyons will address the Western States Tourism Conference in Portland, OR.

On Thursday, November 4, Under Secretary Lyons will address the Oregon State University, School of Forestry in Corvallis, OR.

On Monday and Tuesday, November 8-9, Under Secretary Miley Gonzalez will attend the National Association of State Universities and Land Grant Colleges' annual meeting in San Francisco, CA.

From Wednesday through Tuesday, November 10-16, Under Secretary Gus Schumacher will attend the Food and Agriculture Conference in Rome, Italy.

On Friday and Saturday, November 12 and 13, Under Secretary Shirley Watkins will accompany Representative Hall in a hunger tour through Ohio.

On Friday, November 12, Under Secretary Michael V. Dunn will address the Western Growers Association Annual Meeting, on retail changes and consolidations in the marketplace, in San Diego, CA.

From Monday through Friday, November 15-19, Under Secretary Miley Gonzalez will implement USDA collaborative research and extension programs with the Egyptian government in Cairo, Egypt.

VI. PRESS/MEDIA INQUIRIES

On October 19, *Farm Progress News* called with questions on Russia's request for more food aid.

VII. FOIA REQUESTS

During the week of October 18, a reporter with the *Guardian* newspaper (United Kingdom) requested information on Under Secretary Schumacher's visit to Great Britain in February 1998.

VIII. WASTE, FRAUD AND ABUSE

Food Stamp Program Violations: OIG and the Seattle Police Department developed a task force to address the problem of food stamp trafficking in the Seattle, WA, area. The task force was comprised of investigators and prosecutors from the several Federal and local law enforcement agencies. The investigation focused on identifying street-level food stamp purchasers ("runners") primarily in the downtown area; identifying food stamp retailers purchasing food stamps from runners; and identifying local taverns, restaurants, and independents involved in food stamp trafficking.

Our investigation identified 10 runners acting on behalf of authorized retailers. We also identified 10 other individuals (mostly cab drivers) who were purchasing food stamps on their own. We identified 5 taverns and 5 restaurants as trafficking in food stamps; and 5 authorized retailers redeeming the majority of the food stamps sold in undercover transactions to street-level runners (one of the retailers has since changed ownership and stopped redeeming the trafficked food stamps). The total discounted sales of food stamps to all individuals exceeded \$269,000. The authorized retailers identified as trafficking redeemed more than \$104,000 of the trafficked food stamps.

Since October 13, we have been conducting the arrest/search phase of this investigation in

conjunction with task force members. Last week, we executed 10 search warrants at authorized retail grocery stores, warehouses, and the residences of the main runner and one of the store owners; and conducted a consent search at the residence of another store owner. We have arrested 9 runners and traffickers, a store owner, and two restaurant owners. Additional arrests are expected. Criminal prosecution is proceeding through the King County Prosecutor's Office. We have also executed seizure warrants of 11 bank accounts associated with the retail grocers, seizing approximately \$120,000 to date. The U.S. Attorney's Forfeiture Unit is handling all forfeiture actions.

IX. CLIMATE CHANGE

X. WEEKEND CONTACT

November 3, 1999

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF October 31, 1999

USDA Fact of the Week

In October, farmers received 7% less for their products than they did one year ago, USDA reported October 29. Continued weakness in crop prices, which are down 12% from last year, and were off more than 7% from September's level, dragged down the overall index in spite of some stability in livestock and specialty crop prices.

I. KEY DEPARTMENT NEWS

Secretary to Participate in New Markets Trip: On November 5, Secretary Glickman will join you in Hermitage, AR for your New Markets Initiative trip, a stop that will feature USDA's programs that help rural economic development, in particular the role that farmer cooperatives can play in strengthening rural economies.

USDA Symposium on Obesity: On November 3, Secretary Glickman opened one of USDA's Millennium Series Symposium on Dietary Behavior, "Why We Choose the Foods We Eat," that will bring together some of the nation's leading experts on diet and behavior for a day-long meeting focusing on the growing problem of childhood obesity and understanding why certain foods are preferred to help develop effective nutrition guidance to combat what has been called America's silent epidemic.

USDA Marks Native American Heritage Month: On November 3, Secretary Glickman opened USDA's Native American Heritage Month celebration.

Secretary Advocates Forest Protection Plan: On November 2, Secretary Glickman testified before the Senate Committee on Energy and Natural Resources on the initiative you announced to protect the remaining roadless areas of the national forests; the House Resources Committee held a hearing on the same subject on November 3, featuring presentations from CEQ Chairman Frampton and Forest Service Chief Dombeck.

USDA Announces FY00 Raw Sugar TRQ: On November 2, Secretary Glickman announced the FY00 raw sugar tariff-rate quota (TRQ) at 1.501 million short tons and will initially make available to USTR 1.251 million short tons to allocate for shipment into the US; the announced TRQ level will enable USDA to continue providing non-recourse price support loans through the program, a feature highly sought by sugar farmers and their congressional supporters..

China to Implement Solid Wood Packing Material Rule: On November 1, China announced its new solid wood packing material regulation, along with a pest risk assessment to prevent the spread of pinewood nematode, that will go into effect for all shipments leaving the US starting January 1, 2000. Although requirements are unclear at this time, China may request that all shipments from the US made from coniferous trees be heat-treated and accompanied by a phytosanitary certificate and USDA's preliminary evaluation suggests that China may have some valid scientific basis for this action.

USDA Getting Money Out to Farmers Needing Assistance: Through October 29, 5 business days after you signed the FY00 agricultural appropriations bill, USDA had paid out more than 70%, \$3.9 billion, of the \$5.5 billion in supplemental income support payments -- the so-called supplemental AMTA payments -- included in the emergency aid part of the legislation. In addition, USDA has made available \$5.1 billion in regularly-scheduled AMTA payments, which farmers may take in one payment or 2 payments anytime during the fiscal year.

In other developments related to implementation of the emergency aid package, on October 28 Secretary Glickman extended to December 1 the sign up period for those crops whose crop insurance sales closing date had already passed so those farmers will be able to take advantage of the 25% premium discount included in the bill and on November 2, Secretary Glickman announced the resumption of the cotton user marketing certificate program, commonly referred to as the step 2 cotton program, which helps price US cotton competitively with foreign-grown cotton.

USDA Finance Boll Weevil Eradication: On October 28, USDA officials and representatives of the South Central New Mexico Boll Weevil Control Committee signed an agreement for a \$500,000 loan to help with its boll weevil eradication efforts.

USDA Makes More Farmers Eligible for Disaster Help: October 28, Secretary Glickman designated Georgia and 65 counties in Alabama as agricultural disaster areas due to losses caused by the 1999 drought, making low-interest USDA loans available to farmers in these counties, as well as contiguous counties, to cover losses from excessive heat and drought.

Commodity Markets in Review: Wheat cash prices were up marginally on slow farmer selling, but futures dropped due to weak export markets. Slow farmer selling also boosted cash corn prices, but futures were unchanged. Beneficial rains in South American growing areas sent soybean prices down. Rice cash prices held steady, but futures fell on large supplies overhanging

the market. Sluggish mill demand drove cotton prices lower. Weakening wholesale prices for beef led to a decline in cattle prices. Strengthening wholesale prices for pork products helped boost hog prices. Broilers advanced on good fast food demand. Cheese prices dropped as production continues heavy. Butter prices rose in thin, unsettled trade.

Average prices for the week ending October 29, 1999

Commodity		Weekly cash price	Change from a week ago	Change from a year ago
Wheat	\$/bu	2.64	0.01	-0.63
Corn	\$/bu	1.82	0.04	-0.15
Soybeans	\$/bu	4.46	-0.12	-0.78
Rice	\$/cwt	7.13	0.00	-1.75
Cotton	¢/lb	50.42	-0.02	-15.34
Steers	\$/cwt	69.23	-0.67	6.40
Hogs	\$/cwt	35.95	0.50	6.55
Broilers	¢/lb	57.69	0.71	-9.70
Cheese	\$/lb	1.26	-0.02	-0.59
Butter	\$/lb	1.07	0.05	-1.18
Milk	\$/cwt	11.49	-0.01	NA

Farm Weather Outlook: The NWS 6-10 day outlook for November 4-8 calls for cool weather to prevail in the East. However, very warm weather will promote fieldwork and winter wheat development across the western two-thirds of the U.S. Little or no precipitation is expected except in the Northeast and the Northwest, where occasional showers are forecast.

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Food Safety Initiative

USDA to Hold Constituent Briefing on Improved Testing for Listeria: On November 5, USDA will brief the meat and poultry industries on a refined laboratory method for detection of *Listeria monocytogenes* in meat, poultry and egg products that will go into effect later this month. Its main advantage is that it reduces the analytical time required for reporting most negative samples by at least 2 days, encouraging more food processors to hold product until results have been received, thereby avoiding the need for a recall.

Hudson Foods Trial Set for November 8: The Assistant U.S. Attorney in NE has informed USDA that the Hudson Foods trial is set to begin on November 8, 1999, in Lincoln, NE. The trial is a result of investigation into possible violations of federal meat inspection laws relating to the multi-million pound recall of ground beef from the Hudson Foods' Columbus, NE plant in August 1997 that had been linked with an outbreak of *E. coli* O157:H7 in Colorado in July 1997.

President's Food Safety Council To Discuss Egg Safety Report, Other Issues: On November 10, the President's Food Safety Council is scheduled to meet to decide on the adoption of a draft interagency egg safety action plan and approval of a draft food safety strategic plan framework.

Most Very Small Plants Ready for HACCP Implementation: An USDA survey shows that of 3,330 very small plants almost two-thirds (2,112) of the plant owners are on target for meeting the HACCP regulations by the January 25, 2000, implementation date; however 28% are not sure how to meet the requirements and 4% are struggling to meet them and less than 4% have either no awareness of the regulations or no interest in meeting the regulations

USDA Enforces New Meat and Poultry Rules: On November 1, the Springdale, AR Tyson's Foods plants recalled 129,000 pounds of chicken fajitas because they were improperly labeled;

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

USDA to Release Crop Production and Supply and Demand Forecasts: On November 10, the National Agricultural Statistics Service will release its latest crop forecasts for cotton, corn, sorghum, rice, soybeans, peanuts, sugarcane, and sugar beets. USDA's projections of U.S. supply, use, and prices for 1999/2000 will be published, also on November 10, in the *World Agricultural Supply and Demand Estimates* report. The WASDE report will also contain world and country-specific supply and use forecasts for wheat, corn, coarse grains, rice, cotton, soybeans, and soybean products. The report includes, in addition, projections of 1999 and 2000 U.S. livestock product and dairy supply, use, and prices.

Crop Production Report: The NASS November 10 *Crop Production Report* will present updated 1999 small grain production estimates and September 1999 grain stocks estimates for MT, ND, and SD because of the late harvest in these States. The report will also include indicated area harvested, yield, and production as of November 1 for corn for grain, cotton, rice, sorghum for grain, soybeans for beans, peanuts for nuts, tobacco (by type and class), sugar beets, and sugarcane for sugar and seed; indicated cottonseed production; planted acres, indicated area harvested, yield, and production of fall potatoes; percent of 1999 fall potatoes planted by variety; indicated U.S. production of rice by class, hazelnuts, and 1999-2000 citrus fruits; and cropping practice data for selected states. In the past, estimates for dry edible peas, Austrian winter peas, and lentils were released in the *October Crop Production Report*, but will now be part of this November report. The National Dry Pea and Lentil Association requested this change.

IV. SECRETARY'S SCHEDULE

On Friday, November 5, Secretary Glickman will accompany you on a New markets Initiative trip to Hermitage, AR.

On Monday, November 8, Secretary Glickman will address Columbia University.

From Wednesday through Tuesday, November 10 – 16, Secretary Glickman will attend Food and Agriculture Organization (FAO) meetings in Rome, Italy.

On Friday, November 19, Secretary Glickman will address the Princeton Model Congress.

V. SUB-CABINET SCHEDULE

On Wednesday, November 3, Deputy Secretary Rominger will address the Food Nutrition Service Symposium on Dietary Behavior.

On Wednesday, November 15, Deputy secretary Rominger will address the Animal Residuals Management Conference in Crystal City, VA.

From November 2-3, Under Secretary Gus Schumacher will meet with Canadian officials, and attend the Free Trade of the Americas Ministerial, in Toronto, Canada.

On November 5, Under Secretary Gus Schumacher will meet with State Commissioners of Agriculture and Farm Service Agency Northeast State Executive Directors on various Ag related issues, at Auburn, MA.

On Friday and Saturday, November 5 and 6, at the request of Vice-President Gore's office, Under Secretary Shirley Watkins will attend the Community and Federal Resource Fair for After-School Programs in St. Louis, MO.

From Wednesday through Tuesday, November 10-16, Under Secretary Gus Schumacher will attend Food and Agriculture Organization Conferences in Rome, Italy.

On Friday, November 12, Under Secretary Shirley Watkins will attend hunger tour events with Representative Hall in Dayton and Cincinnati, OH.

On November 12, Under Secretary Michael Dunn will address retail changes and marketplace consolidation before the Western Growers Association Annual Meeting, in San Diego, CA.

On Wednesday and Thursday, November 17 and 18, Under Secretary Shirley Watkins will attend the Dan Glickman Pyramid Awards Ceremony in Milwaukee, WI.

On Monday, November 22, Under Secretary Michael Dunn will address the future of identity preserved crops before the Illinois Crop Improvement Association, Inc., in Rosemont, IL.

VI. PRESS/MEDIA INQUIRIES

Nothing of significance to report.

VII. FOIA REQUESTS

Nothing of significance to report.

VIII. WASTE, FRAUD AND ABUSE

Nothing of significance to report.

IX. CLIMATE CHANGE

Nothing of significance to report.

X. WEEKEND CONTACT

Greg Frazier

November 10, 1999

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF November 07, 1999

USDA Fact of the Week

Large harvests here and abroad, and sluggish exports, have led USDA to again lower its estimate of season average prices for most basic commodities. Released on November 10, USDA's most widely reviewed monthly supply and demand estimates project that prices for corn and wheat will be 5 cents per bushel lower than a month ago, and show soybean prices fell another 15 cents per bushel, and rice prices fell another 25 cents per hundredweight.

I. KEY DEPARTMENT NEWS

President's Food Safety Council Examines Egg Safety, Other Issues: On November 10, Secretary Glickman co-chaired a meeting of the President's Food Safety Council with Secretary Shalala and your science advisor Neal Lane. At the meeting, a draft interagency egg safety action plan was adopted, a draft food safety strategic plan framework was approved, and review work was made on developing a coordinated federal food safety budget.

Secretary to Global Meeting on Food Security: On November 10, Secretary Glickman departed for Rome, for the biennial meeting of the Food and Agriculture Organization (FAO); on November 13, he will address the meeting, focusing on the U.S. role in bolstering food security.

USDA Completes First Phase of Emergency Farm Aid Program: On November 8, Secretary Glickman announced that USDA has sent farmers more than 96% of the \$5.5 billion provided in the FY00 agricultural appropriation's bill for emergency income loss payments, some two-thirds of the \$8.3 billion in direct emergency payments provided in that bill.

Meanwhile, as of November 8, USDA had shipped 373,605 pounds of food to NC for Hurricane Floyd relief, and will ship an additional 19,350 pounds on November 15.

Secretary Meets with French Counterpart: On November 8, Secretary Glickman met with his French counterpart to discuss ongoing agricultural trade disputes, including the upcoming WTO round, the EU ban on beef produced from cattle raised with growth-promoting hormones, and the growing tension over trade in genetically-modified organisms (GMO); following the meeting, the Secretary was interviewed by the Associated Press, Reuters, Bridge News, Bloomberg, *National Journal/Congress Daily*, Dow Jones, *Farm Progress*, and *Farm Journal*.

Commodity Markets in Review: Dry conditions in winter wheat areas, particularly the Southern Plains, lifted wheat prices last week. Higher wheat prices, slow producer selling, and brisk export demand combined to boost corn prices. Recent purchases by China helped raise soybean cash prices last week, but improved conditions in soybean-producing areas of South America weighed on futures. Record supplies led to a drop in rice prices. Favorable crop conditions in competing exporters sent cotton prices lower. Cattle prices rose despite a sluggish wholesale beef market. Large supplies and a weak wholesale market contributed to a decline in hog prices. Broiler prices were almost unchanged as good fast food demand was offset by a sluggish retail market. Cheese prices fell as seasonal production continues apace. Butter prices were up slightly in volatile trade.

Average prices for the week ending November 5, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.68	+0.04	-0.64
Corn \$/bu	1.92	+0.10	-0.02
Soybeans \$/bu	4.63	+0.17	-0.59
Rice \$/cwt	7.00	-0.13	-1.88
Cotton ¢/lb	49.14	-1.28	-16.22
Steers \$/cwt	69.35	+0.20	5.74
Hogs \$/cwt	33.64	-2.31	8.52
Broilers ¢/lb	57.71	+0.02	-9.11
Cheese \$/lb	1.22	-0.05	-0.64
Butter \$/lb	1.09	+0.03	-1.04
Milk \$/cwt	10.94	-0.55	NA

Farm Weather Outlook: The NWS 6-10 day outlook for November 11-15 calls for unusually warm, dry weather to continue across much of the U.S., especially on the Plains. Cooler weather

is expected to return to the East, while showers are forecast to provide additional drought relief in the interior Northwest.

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Food Safety Initiative:

Secretary Hosts President's Food Safety Council: On November 8, Secretary Glickman hosted a meeting of the President's Food Safety Council – see Key Department News.

USDA Makes Available White Paper on *Escherichia coli* O157:H7: On November 5, USDA made available a white paper on *Escherichia coli* O157:H7 detailing how new research about the pathogen's relation to human health may warrant changes in USDA policy.

USDA Enforces Food Safety Rules: On November 4, USDA suspended operations at Fabbri Sausage Co. of Chicago, after tests indicated the presence of listeria in the facility;

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

Conservation Initiatives Readied: USDA has completed negotiations with state officials in PA and VA for establishing Conservation Reserve Enhancement Programs in their respective states, and is preparing materials and coordinating appropriate signing ceremonies and public announcements for the programs.

IV. SECRETARY'S SCHEDULE

From Wednesday through Tuesday, November 10--16, Secretary Glickman will attend Food and Agriculture Organization (FAO) meetings in Rome, Italy.

On Friday, November 19, Secretary Glickman will attend a Farm Forum with Representative Hill in IN.

From Monday through Thursday, November 29--December 2, Secretary Glickman will attend ministerial meetings of the WTO in Seattle, WA.

V. SUB-CABINET SCHEDULE

On Monday, November 15, Deputy Secretary Rominger will address the Animal Residuals Management Conference hosted by the Water Environment Federation, in Crystal City, VA.

From Monday through Friday, November 29--December 3, Deputy Secretary Rominger will attend ministerial meetings of the WTO in Seattle, WA.

On Friday, November 12, Under Secretary Jill Long Thompson will tour the University of Kentucky Agricultural Research Farm in Frankfort, KY.

On Friday, November 12, Under Secretary Michael V. Dunn will address the Western Growers Association Annual Meeting, on retail changes and consolidations in the marketplace, in San Diego, CA.

On Friday, November 12, Under Secretary Shirley R. Watkins will attend a hunger tour with Representative Hall in Dayton and Cincinnati, OH.

From Monday through Friday, November 15-19, 1999, Under Secretary Miley Gonzalez will travel to Cairo, Egypt, to continue implementing collaborative research and extension programs currently in progress with the Egyptian government.

On Monday, November 15, Under Secretary Lyons will address a Lunch Seminar Dialogue with Students of the Forestry and Environmental Studies Program at the Yale School of Forestry in New Haven, CT.

On Wednesday and Thursday, November 17 and 18, Under Secretary Shirley R. Watkins will attend the Dan Glickman Pyramid Awards Ceremony in Milwaukee, WI.

On Wednesday, November 17, Under Secretary Catherine Woteki, FDA Commissioner Jane Henney, and Michael Dunn, Under Secretary for USDA's Marketing and Regulatory Programs, will address a patio MOU signing ceremony relating to "The Interagency Coordinating Committee on Animal Production and Food Safety."

On Wednesday, November 17, Chief Information Officer Anne Reed will attend the Harvard Policy Group Meeting in Cambridge, MA.

On Thursday and Friday, November 18-19, Under Secretary Michael V. Dunn will address the University of Kentucky on challenges in regulating America's food supply, in Lexington, KY.

On Thursday, November 18th, Under Secretary Jill Long Thompson will address the subject of women in agriculture, before a contemporary agriculture policy lecture series in Fayetteville, AR.

On Monday, November 22, Under Secretary Michael V. Dunn will address the Illinois Crop Improvement Association, Inc., on the future of identity preserved crops in U.S. agriculture, in Rosemont, IL.

On Monday, November 22, Under Secretary Gus Schumacher will attend a Food Policy Group (PAPSAC) Meeting of the Harvard Business School, in Cambridge, MA.

On Monday, November 22, Under Secretary Catherine Woteki will attend the sixth annual

meeting of the Private and Public, Scientific, Academic, and Consumer Food Policy Group, at Harvard University.

From Monday through Friday, November 29-December 3, Under Secretary Schumacher will attend the WTO Ministerial, Seattle, WA.

From Monday through Friday, November 29-December 3, Under Secretary Michael V. Dunn will attend the WTO Ministerial Conference in Seattle, WA.

On Monday, November 29, Under Secretary Lyons will teach a class on current natural resource issues at the Yale School of Forestry in New Haven, CT. Under Secretary Lyons will also discuss the possible involvement of Gus Speth, Dean of the Yale School of Forestry, in Secretary Glickman's private land conservation summit. Mr. Speth is former Chair of the Council of Environmental Quality under the Carter Administration, and was your transition team head on the environmental issues.

On December 1-2, Under Secretary Lyons will address the 1999 National Congress on Recreation and Resource Capacity Conference in Snowmass, CO.

VI. PRESS/MEDIA INQUIRIES

On November 10, Reuter's television interviewed Secretary Glickman on the upcoming WTO talks and on GMO's.

On November 3, *Dateline NBC* called concerning *Campylobacter* and other pathogens on raw poultry, specifically turkey, for a possible pre-Thanksgiving story.

VII. FOIA REQUESTS

Nothing of significance to report.

VIII. WASTE, FRAUD AND ABUSE

Nothing of significance to report.

IX. CLIMATE CHANGE

Nothing of significance to report.

X. WEEKEND CONTACT

Greg Frazier
Home: 703.525.4186
Pager: 800.710.5528

November 17, 1999

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF November 14, 1999

USDA Fact of the Week

USDA's analysis of its milk marketing order reform plan shows that –contrary to the claims of opponents– under the USDA plan, dairy farmers would have earned 87 cents per hundredweight more for the milk they sold for fluid use last year, than they earned under the existing system. –See Key Department News.

I. KEY DEPARTMENT NEWS

Does Dairy Doom Deal?: As of November 17, with Administration and congressional negotiators nearing completion of an agreement providing over \$500 million in additional FY00 funds helping farmers and ranchers recover from natural disasters (such as Hurricanes Floyd and Irene), some northeastern Senators and Representatives were attempting to attach to the package a measure extending the Northeast Interstate Dairy Compact, and overturning USDA's plan to reform and modernize the federal milk marketing order system; a measure the Secretary has previously stated he would recommend you veto. This move has attracted considerable news media attention.

Secretary Promotes Child Immunization Program: On November 17, Secretary Glickman is joining HHS Secretary Shalala at the National Summit on School-based Outreach for Children's Health Insurance Programs (CHIP). The Secretary will discuss how USDA's mandate includes "maintaining the nation's nutritional safety net," which includes feeding Americans "who can't feed themselves" through such programs as food stamps, school lunches, and WIC.

Secretary to Highlight Food Industry's Readiness for Y2K: On November 18, Secretary Glickman and John Koskinen, Chair of the President's Council on Year 2000 Conversion, will conduct a press briefing discussing the Year 2000 readiness of the food supply. They will be joined by several representatives of major food associations, who have been working closely with USDA on the Council's Food Supply Working Group (FSWG). The briefing will be held at the

Giant Food Store in Bethesda, MD. Secretary Glickman and Mr. Koskinen will announce that the food industry is well-prepared for the year 2000 rollover, and that there is no evidence to expect disruptions in the nation's food supply because of the Year 2000 date change.

USDA Subcabinet Complete: On November 16, a federal magistrate in TX swore in Paul Fiddick as the new Assistant Secretary for Administration, rounding out the first full complement of duly nominated and confirmed USDA subcabinet officers since 1997.

Secretary Returns from Successful FAO Trip: On November 16, Secretary Glickman returned from the biannual meeting of the Food and Agricultural Organization, during which he outlined the U.S. role in solving world food security problems, and addressed the upcoming WTO negotiations, which he discussed during two media availabilities that included Reuters, Associated Press, Bloomberg, Dow Jones, *Farm Progress*, *National Journal*, Bridge News, Italy Daily and several Italian language news outlets.

Following his discussions in Rome, Secretary Glickman traveled to Geneva where he met with the new director general of the WTO on U.S. objectives for agriculture in the upcoming round. In a related development, *The Hill* newspaper has asked the Secretary to submit an article on agricultural's role in the WTO.

Meat and Poultry Hotline Thanksgiving Day Activities: On November 25, Thanksgiving Day morning, CNN will interview USDA Meat and Poultry hotline staff, and the *Today Show* will be on location with the hotline staff. On November 15, there was a live on-line "chat" at www.washingtonpost.com to answer food safety holiday questions which may be repeated on Thanksgiving Day. The hotline is currently setting up a web address for inquiries.

USDA Role in Penicillin to be Recognized: On November 19, an international historic landmark plaque will be placed at St. Mary's Hospital in London to commemorate Alexander Fleming's discovery of penicillin, and the drug's development work done at USDA's National Center for Agricultural Utilization Research at Peoria, IL.

USDA Releases Supply and Demand Forecasts: On November 10, the National Agricultural Statistics Service (NASS) released *Crop Production*, containing USDA's latest crop forecasts for cotton, corn, sorghum, rice, soybeans, sunflowerseed, sugarcane, and sugar beets. USDA's projections of U.S. supply, use, and prices for 1999/2000 were also published in the *World Agricultural Supply and Demand Estimates* (WASDE) report. The WASDE report contained world and country-specific supply and use forecasts for wheat, corn, coarse grains, rice, cotton, soybeans, and soybean products. The report also includes projections of 1999 and 2000 U.S. livestock product and dairy supply, use, and prices. Highlights from these reports include:

All Wheat: U.S. 1999/2000 ending stocks of wheat are up 15 million bushels from last month as reduced use more than offsets a smaller crop. Also, projected exports are down 25 million bushels from last month due to increased competition.

Corn: Projected U.S. 1999/2000 ending stocks of corn are up 70 million bushels from last month because of a larger forecast corn crop. Ideal weather conditions limited harvest loss throughout the Corn Belt. No changes were indicated for exports or domestic use.

Soybeans and Products: The average U.S. soybean yield is forecast at 36.7 bushel per acre, 0.3 bushels below last month, resulting in soybean production of 2,673 million bushels, off 23 million bushels from a month ago. Despite smaller production, carryover stocks are increased 10 million bushels to 395 million because of reduced soybean export and crush prospects. U.S. export prospects for soybeans and products in 1999/2000 are reduced this month, mainly because of increased foreign supply and production forecasts for soybeans and rapeseed.

Cotton: Stronger exports highlight this month's U.S. cotton outlook. The production estimate is raised slightly. This month's use estimates reflect the re-establishment of Step 2 payments to domestic mills and exporters. The domestic mill use forecast remains at 10.2 million bales, as higher utilization rates under Step 2 are anticipated to offset weak early-season activity. Projected exports are raised to 5.7 million bales, increasing the U.S. share of world trade slightly, to 22 percent.

Sugar: U.S. sugar supply for fiscal year 1999/2000 is projected up 3.4 percent from 1998/99, at 12.3 million short tons (raw value). Compared with last month, carryin stocks are increased 126,000 tons, based on final reporting for 1998/99. Beet sugar production is decreased 50,000 tons this month, due to lower forecast U.S. average sugarbeet yield. Cane sugar is increased 40,000 tons, mainly because of higher forecast sugarcane yield in Louisiana.

Livestock: The forecast for total meat production in 1999 is increased slightly this month to reflect higher projected hog slaughter in the fourth quarter. Projected meat production for 2000 is unchanged, as gains in poultry are offset by reduced beef and pork production.

Dairy: CCC net removals in marketing year 1999/2000 are increased this month to reflect the extension of the dairy support program. Milk prices in 1999/2000 are forecast lower due to expected softening in product prices.

Commodity Markets in Review: Wheat prices edged lower, responding to weak demand and burgeoning worldwide supplies. USDA's larger-than-expected forecast 1999/2000 U.S. production and stocks sent corn prices down. Soybean prices dropped on USDA's forecast of higher 1999/2000 ending stocks and expanded world supply. Rice prices fell as supplies remain ample and world prices continue low. Aggressive export sales by China and potentially larger exports by Pakistan left cotton prices down for the week. Cattle prices were almost unchanged, despite a slide in wholesale beef prices. Spot tightness for market-ready hogs and rising cutout values sent hog prices up for the week. Broiler prices moved lower in light holiday activity. Seasonally strong cheese production helped force cheese prices down. Butter was little changed in the face of active churning schedules and increased holiday activity.

Average prices for the week ending November 12, 1999

Commodity		Weekly cash price	Change from a week ago	Change from a year ago
Wheat	\$/bu	2.66	-0.02	-0.56
Corn	\$/bu	1.91	-0.01	-0.13
Soybeans	\$/bu	4.61	-0.02	-0.83
Rice	\$/cwt	6.94	-0.06	-2.00
Cotton	¢/lb	48.00	-1.14	-18.02
Steers	\$/cwt	69.46	+0.11	6.56
Hogs	\$/cwt	33.98	+0.34	12.52
Broilers	¢/lb	57.44	-0.27	-8.94
Cheese	\$/lb	1.12	-0.10	-0.64
Butter	\$/lb	1.10	+0.01	-0.65
Milk	\$/cwt	10.48	-0.46	NA

Farm Weather Outlook: The NWS 6-10 day forecast for November 18-22 indicates that cooler weather will overspread the Plains and the West, accompanied by possible precipitation. Near-to above-normal is forecast from the West Coast to the northern Plains and upper Midwest. Although the cooler, wetter pattern will slow fieldwork, including final summer crop harvesting, the moisture will aid winter wheat establishment. Dry weather is expected to persist, however, across the south-central U.S., including Texas.

II. USDA WORK ON PRESIDENTIAL INITIATIVES

Secretary Will Announce Y2K Food Supply Will Be A-OK: On November 18, Secretary Glickman; John Koskinen, chairman of the President's Council on Year 2000 Conversion; Under Secretary Catherine Woteki; and food industry representatives plan to tell media representatives that USDA-led research shows consumers can expect normal food availability on January 1, 2000 -- see Key Department News.

President's Roadless Areas Initiative: On November 12, Secretary Glickman announced that USDA's Forest Service is sponsoring a series of national and local meetings to begin soliciting public comment on President Clinton's initiative to protect roadless areas within the National Forest system. (This is a follow up to the President's October 13 announcement during his visit to the George Washington and Jefferson National Forests in VA.)

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

USDA Announces New Compensation for Livestock Producers: On November 16, Secretary Glickman announced availability of \$200 million in new compensation for livestock producers, for losses suffered due to natural disasters, as provided in the FY00 appropriations bill.

IV. SECRETARY'S SCHEDULE

On November 18, Secretary Glickman, joined by John Koskinen, chairman of the your Council on Year 2000 Conversion, will announce to the media that consumers can expect normal food availability on January 1, 2000.

From Monday through Thursday, November 29–December 2, Secretary Glickman will attend ministerial meetings of the WTO in Seattle, WA.

On Tuesday, December 7, Secretary Glickman will attend a Natural Resources Conservation Service Conservation Summit in Des Moines, IA.

On Thursday, December 9, Secretary Glickman will attend an agriculture conference with Representative Goodlatte, in Harrisonburg, VA.

V. SUB-CABINET SCHEDULE

From Monday through Friday, November 29–December 3, Deputy Secretary Rominger will accompany Secretary Glickman to the WTO Ministerial Meeting in Seattle, WA.

On Tuesday, December 7th, Deputy Secretary Rominger will attend a Natural Resources Conservation Service Conservation Summit in Des Moines, IA.

On Wednesday, November 17, Under Secretary Catherine Woteki, FDA Commissioner Jane Henney, and USDA Under Secretary Michael Dunn, will address and MOU signing ceremony for the Interagency Coordinating Committee on Animal Production and Food Safety.

On Thursday and Friday, November 18-19, Under Secretary Michael V. Dunn will address the University of Kentucky on challenges in regulating America's food supply, in Lexington, KY.

On November 18, Under Secretary Catherine Woteki and food industry representatives will join Secretary Glickman and chairmen John Koskinen of your Council on Year 2000 Conversion, in announcing that USDA-led research shows consumers can expect normal food availability on January 1, 2000.

On Thursday, November 18, Under Secretary Shirley R. Watkins and Deputy Under Secretary

Julie Paradis will attend the Dan Glickman Pyramid Awards Ceremony in Milwaukee, WI.

On Monday, November 22, Under Secretary Michael V. Dunn will address Illinois Crop Improvement Association, Inc., on the future of identity preserved crops in U.S. agriculture, in Rosemont, IL.

On Monday, November 22, Under Secretary Catherine Woteki will discuss food safety and bioterrorism at the 6th annual meeting of Harvard University's Private and Public, Scientific, Academic, and Consumer Food Policy Group, in Cambridge, MA.

On Monday November 22, Under Secretary Gus Schumacher will attend a Food Policy Group (PAPSAC) Meeting at Harvard Business School, in Cambridge, MA.

On Monday, November 29, Under Secretary Jim Lyons will teach a class on current natural resource issues at the Yale School of Forestry, and ask Dean Gus Speth of the Yale School of Forestry to participate in Secretary Glickman's private land conservation summit. Dean Speth was Chair of President Carter's Council of Environmental Quality, and headed your transition team on the environment.

From Monday through Friday, November 29-December 3, Under Secretaries Gus Schumacher and Michael Dunn will accompany Secretary Glickman to the WTO Ministerial Conference in Seattle, WA.

On Wednesday and Thursday, December 1-2, Under Secretary Lyons will address the 1999 National Congress on Recreation and Resource Capacity conference in Snowmass, CO.

On Monday, December 6, Under Secretary Shirley R. Watkins will address the Biennial State Agency/USDA Conference on Child Nutrition in San Antonio, TX.

On Tuesday and Wednesday, December 7-8, Under Secretary Shirley R. Watkins will address the 1999 National Child Health Leadership Conference in New Orleans, LA.

On Tuesday, December 7, Under Secretary Schumacher will address the International Food and Nutrition Institute at the Kellogg Executive Conference Center, Tuskegee University, Tuskegee, AL.

On Tuesday, December 7, Under Secretary Catherine Woteki and Deputy Under Secretary Caren Wilcox will meet with Frits Pluymers, new chief veterinary officer for the Netherlands, who will be in the U.S. making courtesy visits.

On Tuesday, December 7, Under Secretary Lyons will join Secretary Glickman at the National Summit on Private Land Conservation in Ames, Iowa.

n Thursday and Friday, December 9-10, Under Secretary Shirley R. Watkins will address the National Food Service on nutrition.

VI. PRESS/MEDIA INQUIRIES

Producers from NBC's *Today Show* are expected to tour USDA Meat and Poultry Hotline facilities this week, in preparation for a live broadcast from the Hotline center Thanksgiving morning. *Today* wants to interview Hotline telephone operators on the types of questions they receive. Hotline staff will be working Thanksgiving day as usual, fielding food safety questions consumers might have on preparing Thanksgiving dinners.

Under Secretary Woteki is expected to participate in several radio interviews this week and next on food safety issues surrounding the Thanksgiving holiday.

VII. FOIA REQUESTS

Nothing of significance to report.

VIII. WASTE, FRAUD AND ABUSE

GAO Assignment on Safety of Animal Feeds: On November 18, FSIS has scheduled an entrance conference for GAO to review the federal system for ensuring the safety of animal feeds. The review will: (1) identify whether humans are at risk from unsafe feed and feed additives consumed by food producing animals; (2) examine the legislative authority, roles, responsibilities, and resources of the various federal agencies responsible for ensuring the safety of animal feeds and additives, including a discussion of overlapping jurisdictions and functions; and (3) assess the effectiveness of agencies' programs and efforts for approving, inspecting, and testing animal feeds and additives. The audit, requested by Senator Durbin, has an estimated completion date of September 30, 2000.

IX. CLIMATE CHANGE

Nothing of significance to report.

X. WEEKEND CONTACT

Greg Frazier
Home: 703.525.4186
Pager: 800.710.5528

December 1, 1999

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF November 28, 1999

USDA Fact of the Week

According to November 30 USDA projections, FY00 agricultural exports will match last year's \$49 billion, down 2% from USDA's August projection. Lower grain and feed prices and stiffer foreign competition -- wheat export volume and value are both off about 10% from USDA's earlier projection -- are largely responsible for the reduction.

I. KEY DEPARTMENT NEWS

Secretary Promotes WTO Objectives: On November 24, before heading the USDA delegation to the WTO talks in Seattle, Secretary Glickman issued a statement reiterating the Administration's commitment to "level the playing field" for U.S. farmers. At the Ministerial meeting, Secretary Glickman will where he will give several speeches, meet with several of his counterparts, and brief the media, private sector, and Members of Congress.

On November 29, during his stay in Seattle, the Secretary addressed the National Governors' Association Roundtable on Agriculture and Services; and the Family Farmers' Summit on Agricultural Trade.

On November 30, the Secretary addressed the Seattle Host Organization (SHO) Ministerial dinner, and held a media availability following a luncheon he hosted for the ministers of agriculture.

On December 1, in addition to joining you at activities highlighting the role of agriculture in the talks, the Secretary addressed the Seattle Host Organization (SHO) Program on Agriculture, and the Seattle Round Agriculture Committee (SRAC) conference on WTO Agricultural issues.

USDA Sponsors National Summit on Private Land Conservation: On December 7, Secretary Glickman will give the keynote address at USDA's National Summit on Private Land

Conservation in Ames, IA, which follows a series of listening forums across the country on private land conservation. In addition to several farm, environmental, and related representatives, Governor Vilsak, Senator Harkin, and Representative Boswell will also attend.

Breastfeeding Promotion Consortium: On December 1, USDA will host the 17th meeting of the Breastfeeding Promotion Consortium in Alexandria, VA, focusing on "Physician Education in Breastfeeding," with guest speakers including three prominent physicians who will present their perspectives and research on the topic.

USDA Solicits Public Comments for Upgrading Grain Cleaning Systems: On November 29, USDA published an Advance Notice of Proposed Rulemaking in the *Federal Register* soliciting public comment on the merits of whether USDA should somehow finance the installation or upgrading of grain cleaning systems at wheat export elevators, to improve the quality and competitiveness of U.S. wheat exports.

USDA Finances Farm Sales to Indonesia: On November 26, USDA authorized \$410 million in short and medium term credit guarantees for sales of U.S. agricultural commodities to Indonesia for FY00.

USDA Announces Sign-Up for the 1999 Crop Disaster Program: On November 23, Secretary Glickman announced that on December 13 eligible farmers can begin sign-up for the 1999 Crop Disaster Program at USDA Service Centers. The \$1.2 billion program, authorized by the 2000 Agriculture Appropriations Act, is designed to help farmers who lost at least 35% of their 1999 crops because of natural disasters. Farmers will receive 35% of their projected total payment once their application is approved, and will get the balance after all applications are received and approved following the end of sign-up on February 25.

Commodity Markets in Review: Beneficial rainfall in the Great Plains and the Southeast, plus poor export prospects sent wheat prices down. Corn prices held firm due to robust U.S. exports, despite strong competition from China. Soybean cash prices rose on slow farmer selling, but futures dropped as crushers slowed operations in the face of low crushing margins. Rice cash prices held steady, but futures rallied as speculators scrambled to cover short positions. Cotton prices rose slightly supported by the Step 2 program. Cattle and hog prices fell in a slow week. Broilers traded in a narrow range, finishing the week with prices almost unchanged. Cheese prices were steady but butter dropped in the wake of poor buyer interest.

Average prices for the week ending November 26, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.64	-0.02	-0.73
Corn \$/bu	1.92	+0.01	-0.26
Soybeans \$/bu	4.63	+0.03	-1.09
Rice \$/cwt	6.94	0.00	-2.00
Cotton ¢/lb	47.98	+0.43	-15.61
Steers \$/cwt	70.38	-0.26	8.70
Hogs \$/cwt	36.92	-0.33	17.68
Broilers ¢/lb	57.45	+0.01	-8.19
Cheese \$/lb	1.12	0.00	-0.76
Butter \$/lb	1.01	-0.06	-0.21
Milk \$/cwt	10.12	-0.26	NA

Farm Weather Outlook: The NWS 6-10 day outlook for December 2-6 calls for cold weather in the West and near- to above-normal temperatures from the Plains eastward. A favorable pattern of wetness is forecast to develop across the central U.S., including the Plains, Mississippi Valley, and lower Ohio Valley. Showery conditions will continue across the Northwest. Only the southern portions of California and Arizona are forecast to remain dry.

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Food Safety:

USDA Testing Prompts Recalls: Following USDA sampling, on November 29, Woodridge Meats of Woodridge, NY recalled 1800 pounds of cooked chicken because of possible Salmonella contamination; and on November 24, Fleetwood Sausage Co., a processing plant in Canada, recalled approximately 13,000 pounds of salami products shipped to the U.S. that could be contaminated with *E. coli* O157:H7.

President's Initiative on Year 2000 Compliance:

Millennium Rollover Training and Stress Exercises Next Week: On December 8 and 9, USDA will participate in another Year 2000 exercise conducted by the Information Coordination

Center (ICC) of the President's Council on Year 2000 Conversion, during which USDA will activate its Year 2000 Command Center for mock Y2K scenarios.

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

USDA to Release Supply and Demand Forecasts: On December 10, the National Agricultural Statistics Service will release its latest crop forecasts for cotton, sugarcane, and citrus. USDA's projections of U.S. supply, use, and prices for 1999/2000 will be published, also on December 10, in the *World Agricultural Supply and Demand Estimates* (WASDE) report. The WASDE report will also contain world and country-specific supply and use forecasts for wheat, corn, coarse grains, rice, cotton, soybeans, and soybean products. The report includes, in addition, projections of 1999 and 2000 U.S. livestock product and dairy supply, use, and prices.

IV. SECRETARY'S SCHEDULE

From Monday through Thursday, November 29–December 2, Secretary Glickman will attend ministerial meetings of the WTO in Seattle, WA.

On Tuesday, December 7, Secretary Glickman will attend a Natural Resources Conservation Service Conservation Summit in Des Moines, IA.

On Thursday, December 9, Secretary Glickman will attend an agriculture conference with Representative Goodlatte, in Harrisonburg, VA.

V. SUB-CABINET SCHEDULE

From Monday through Friday, November 29–December 3, Deputy Secretary Rominger will accompany Secretary Glickman to the WTO Ministerial Meeting in Seattle, WA.

On Tuesday, December 7th, Deputy Secretary Rominger will accompany Secretary Glickman to a Natural Resources Conservation Service Conservation Summit in Des Moines, IA.

From Monday through Friday, November 29–December 3, Under Secretary Gus Schumacher will attend the WTO Ministerial meeting in Seattle, WA.

On Tuesday and Wednesday, December 7–8, Under Secretary Shirley R. Watkins will address the 1999 National Child Health Leadership Conference in New Orleans, LA.

On Tuesday, December 7, Under Secretary Gus Schumacher will address the International Food and Nutrition Institute at the Kellogg Executive Conference Center, Tuskegee University, Tuskegee, AL.

On Thursday and Friday, December 9-10, Under Secretary Gus Schumacher will attend a post-WTO conference concerning the on the U.S. position in the upcoming round, in Acapulco, Mexico.

On December 9-10, Under Secretary Shirley R. Watkins will address the National Food Service Management Institute in Hattiesburg, MS.

VI. PRESS/MEDIA INQUIRIES.

Several reporters and media outlets requested interviews with Secretary Glickman about the WTO talks -- see Key Department News.

VII. FOIA REQUESTS

Nothing of significance to report.

VIII. WASTE, FRAUD AND ABUSE

GAO Releases Audit Findings on Child and Adult Care Food Program: On November 30, the GAO released its audit of USDA's Child and Adult Care Food Program (CACFP), finding that USDA has not strengthened the minimum requirements for States' control over fraud and abuse, as recommended by USDA's Inspector General; that USDA has not adequately monitored the States' implementation of fraud and abuse controls; and that USDA has not corrected problems efficiently, in part because the Food and Nutrition Service (FNS) lacks an appropriate range of sanctions.

IX. CLIMATE CHANGE

Nothing of significance to report.

X. WEEKEND CONTACT

Greg Frazier

December 8, 1999

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF December 5, 1999

USDA Fact of the Week

The basic formula price, USDA's benchmark dairy price, dropped in November to \$9.79 per hundredweight --its lowest level in over 20 years, 42% lower than this time last year. This drop marks the first time the dairy price indicator or its predecessor have been under \$10.00 since September, 1978; and the first time the indicator has been below the price support level since May, 1987.

I. KEY DEPARTMENT NEWS

National Capitol Holiday Tree Lighting: On December 9, the Speaker of the House will light the Capitol Holiday tree, a 63 years old, 70 foot tall white spruce from the Forest Service's North Central Forestry Science Laboratory in Rhineland, WI. This will be the 30th tree supplied to the Capitol by the Forest Service, the first from a Forest Service research facility, and the tallest.

USDA To Defend New Meat Safety Rule: On December 10, in District Court for the Northern District of TX, USDA will challenge Supreme Beef Processors', of Dallas, TX request for a temporary injunction preventing USDA from suspending inspection - which would effectively close the facility - for the plant's failure to meet the performance standards of USDA's new science-based meat and poultry inspection system.

Specifically, the plant failed three consecutive tests for compliance with the performance measure for the presence of salmonella, becoming the only plant in the country to have done so since the new system became effective. On November 29, USDA informed the plant that USDA would withdraw its inspectors effective November 30. Notwithstanding these findings, the District Court granted the company's request for a temporary restraining order on November 30, directing USDA to continue to permit the plant to operate, and set the December 10 hearing. USDA expects a coalition of consumer and public health interests to support USDA's position in a friend of the court filing, and believes it likely that representatives of the meat industry will side

with the company.

The case has attracted considerable media attention, and may continue doing so, because it represents not only the first time a facility has failed the salmonella test, it is the first serious court challenge to USDA's new inspection regulations. It is also significant as the judge has ordered USDA to keep a plant open that USDA considers as failing to meet its sanitary requirements. Because the plant has been a significant supplier to the national school lunch program, USDA on December 2, notwithstanding the judge's order, canceled the company's current contract to supply ground beef to the school lunch program.

USDA to Mark 50th Anniversary of Rural Housing Program: On December 10, USDA will mark the 50th anniversary of its single family rural housing loan program in a celebration in Rutledge, GA, which was the site of the first house financed under the program. The ceremony will include several state and local officials, as well as the first borrower under the program. During the event, USDA will announce 100 partners who will work with USDA to boost rural home ownership as part of your Home Ownership Initiative, and will announce that USDA will commit \$60 million in FY00 to rural home owners through the rural home loan partnership.

USDA Readies to Set 2000 Flue-Cured Tobacco Quota: On December 15, USDA will, as required by statute, set the quota for the 2000 crop of flue-cured tobacco. This quota will be partly based upon the December 1 report of the purchasing plans of U.S. cigarette manufacturers, which showed a 12% drop to 286 million pounds for 1999, suggesting that the statutory formula will result in another reduction in the quota which has, in turn, begun to generate considerable concern among congressional tobacco interests.

Secretary Heads National Summit On Conservation: On December 7, Secretary Glickman released the findings from USDA's latest National Resource Inventory (NRI) during a National Summit on Private Lands Conservation in Ames, IA showing that the rate of development of private crop and forest lands almost doubled during the most recent reporting period, 1992 through 1997, compared to the rate of the previous decade. Held on the grounds of Iowa State University, the summit brought together representatives of private farm and environmental groups, along with public officials from various levels, to develop recommendations to stem the tide of development, as well as to reverse the rate of gains in conservation also noted in the NRI.

Hudson Foods Acquitted: On December 3, a federal jury acquitted Hudson Foods and a former Hudson director of quality control, charged with lying to USDA inspectors who were at the Columbus, NE plant investigating the 1997 outbreak of *E. coli*-contaminated ground beef which caused illness in 15 people, and led to the largest meat recall in USDA history.

Commodity Markets in Review: Weak exports and improved weather in the U.S. Southern Plains depressed wheat prices. Spillover pressure from wheat and a weakening export picture led corn prices lower. Soybean prices received a boost from concerns over South American planting conditions. Lackluster export demand and heavy supplies sent rice prices down. Cotton prices

fell as international competition continues to heat up and domestic demand remains sluggish. Steer prices were almost unchanged, but hog prices were up sharply following a pickup in ham and picnic prices. Broiler prices dropped slightly due to light retail demand. Cheese prices held steady, as heavy production was balanced by good seasonal demand. Butter prices dropped below \$1.00 per pound, as brisk production and large stocks continue to overhang the market.

Average prices for the week ending December 3, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.58	-0.06	-0.70
Corn \$/bu	1.88	-0.04	-0.32
Soybeans \$/bu	4.66	0.04	-1.02
Rice \$/cwt	6.88	-0.06	-2.06
Cotton ¢/lb	47.25	-0.74	-15.65
Steers \$/cwt	70.74	-0.04	9.55
Hogs \$/cwt	38.63	2.33	20.34
Broilers ¢/lb	57.38	-0.07	-6.54
Cheese \$/lb	1.12	0.00	-0.77
Butter \$/lb	0.92	-0.09	-0.49
Milk \$/cwt	10.09	-0.29	NA

Farm Weather Outlook: The NWS 6-10 day outlook for December 9-13 calls for near- to above-normal temperatures nearly nationwide, although cool weather may linger across southern Texas. Near- to above-normal precipitation across much of the U.S. will continue to ease the effects of autumn dryness, but dry weather will persist across the Southwest.

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Welfare Reform:

USDA Approve Welfare Reform Waiver: During the period from December 1-8, USDA approved a request from GA to extend and modify its waiver of the work requirements of the food stamp program, allowing residents in 55 counties and 5 cities to continue receiving benefits.

President's Food Safety Initiative:

Egg Safety Action Plan Readied: USDA has completed preparing an egg safety plan to reduce salmonella-related illnesses from eggs by 50% over the next 5 years, for your announcement on December 10.

USDA to Defend New Inspection System: On December 10, in federal district court in TX, USDA will defend its new science-based meat and poultry inspection system against a challenge that seeks to require USDA to permit a plant to continue operating despite its failure to meet the system's performance standards for salmonella – see Key Department News.

USDA Enforces Meat and Poultry Inspection Rules: On December 3, USDA suspended operations at H&H Meat Products of Mercedes, TX, for failing to comply with USDA's sanitary operating procedures, and took the same action for the same reason on December 2 against MMB Food Services of Detroit.

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

Nothing of significance to report.

IV. SECRETARY'S SCHEDULE

The Secretary is in Wichita, KS through December 12 on personal matters.

V. SUB-CABINET SCHEDULE

On Thursday and Friday, December 9-10, Under Secretary Gus Schumacher will address a post-WTO conference on the U.S. position in the upcoming round in Acapulco, Mexico.

On Thursday and Friday, December 9-10, Under Secretary Shirley R. Watkins will address the National Food Service Management Institute in Hattiesburg, MS.

On Thursday, December 9, Under Secretary Michael V. Dunn will address the North Dakota Farmers Union Annual Meeting concerning the Seattle World Trade Organization meeting, in Jamestown, ND.

On Sunday and Monday, December 12-13, Under Secretary Miley Gonzalez will address the annual meeting of the National Association of Agricultural Educators, Inc. in Orlando, FL.

On Monday, December 13, Under Secretary Catherine Woteki, Deputy Under Secretary Caren Wilcox, and Administrator Tom Billy will attend a joint government-industry-academia sponsored workshop entitled, "Reducing Foodborne Illness: Advancing the Adoption of Technologies."

VI. PRESS/MEDIA INQUIRIES

NBC News and the *Philadelphia Inquirer* have requested a state-by-state listing of food stamp issuance error rates and liabilities, and information on the various ways food stamp benefits can go astray, including fraud.

The Washington Post Magazine has requested an interview for a story on USDA's policy on recalling unsafe meat and poultry products, focusing on the Bil-Mar episode of last year that resulted in several deaths and illnesses.

The CBS *Early Show* has asked to visit USDA's Plum Island (NY) Animal Disease Research Center for a story on the research conducted there; USDA's plans to enlarge the facility has generated considerable public, congressional, and media interest in recent weeks.

PBS' *NewsHour* requested an interview with the Secretary on milk pricing.

Congressional Quarterly has asked to interview the Secretary on farm policy, and the 96 farm bill.

On December 7, *National Journal* requested an interview with USDA's CIO for a story on government-wide preparations for the Year 2000 rollover.

VII. FOIA REQUESTS

Nothing of significance to report.

VIII. WASTE, FRAUD AND ABUSE

Nothing of significance to report.

IX. CLIMATE CHANGE

Nothing of significance to report.

X. WEEKEND CONTACT

Greg Frazier
Home: 703.525.4186
Pager: 800.710.5528

December 15, 1999

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF December 12, 1999

USDA Fact of the Week

Recently released USDA research shows low income children who eat a school breakfast have measurably higher overall diet quality than those who eat breakfast at home

I. KEY DEPARTMENT NEWS

Millennium Green Kick-off Event: On December 15, the First Lady joined Secretary Glickman at USDA's headquarters building to dedicate a 65-year-old white oak tree -- the Hillary Rodham Clinton Tree -- to celebrate the new millennium. The event was part of the USDA-led Millennium Green effort that also involves the Departments of Energy, Justice, and the Environmental Protection Agency for the White House Millennium Council.

USDA Sets 2000 Flue-Cured Tobacco Quota: On December 15, USDA lowered the quota for the 2000 flue-cured tobacco crop 18.5% from the 1999 level -- flue-cured tobacco is the largest segment of the U.S. tobacco crop, grown primarily in NC as well as throughout the southeast. Because the quota determines the amount of tobacco that growers can market, and has a direct bearing on the amount their crop earns, they and their congressional representatives take a strong interest in the quota level.

A statutory formula, based on purchase for domestic cigarette manufacturing, exports, and reserves, determines the quota. However, USDA has some flexibility to affect the level of reserves, thus the final quota.

As was done in 1999, USDA provided funds from assessments collected under the program to enable the grower cooperative that holds the reserve stocks to discount the value of 65 million pounds of tobacco, and sell it to domestic manufacturers. The resulting reduction in carry over supplies from the 1999 crop year, coupled with USDA's exercise of its discretion to restrict by 3% the size of the quota reduction, permitted USDA to limit the drop in quota that would have,

NBC News and the *Philadelphia Inquirer* have requested a state-by-state listing of food stamp issuance error rates and liabilities, and information on the various ways food stamp benefits can go astray, including fraud.

The Washington Post Magazine has requested an interview for a story on USDA's policy on recalling unsafe meat and poultry products, focusing on the Bil-Mar episode of last year that resulted in several deaths and illnesses.

The CBS *Early Show* has asked to visit USDA's Plum Island (NY) Animal Disease Research Center for a story on the research conducted there; USDA's plans to enlarge the facility has generated considerable public, congressional, and media interest in recent weeks.

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On December 7, *National Journal* requested an interview with USDA's CIO for a story on government-wide preparations for the Year 2000 rollover.

VII. FOIA REQUESTS

Nothing of significance to report.

VIII. WASTE, FRAUD AND ABUSE

Nothing of significance to report.

IX. CLIMATE CHANGE

Nothing of significance to report.

X. WEEKEND CONTACT

Greg Frazier
Home: 703.525.4186
Pager: 800.710.5528

absent this intervention, dropped by as much as 30% from 1999.

USDA Announces Grower Promotion Program Reforms: On December 15, Secretary Glickman announced a series of reforms USDA will adopt to strengthen USDA's oversight of commodity research and promotion programs that are financed through assessments on each unit of production of the subject commodities. The subject is of considerable congressional and farmer interest, as some of the programs have generated controversy over the use of their funds, and have been the subject of several internal USDA inspector general and news media reports, including by the *Washington Post* who, on December 15, interviewed Secretary Glickman on the reforms.

USDA Approves Irradiation for Meat: On December 14, USDA approved the use of irradiation for raw meat to control or eliminate potential contaminants.

U.S. Packers Resume Shipments to Mexico: On December 13, Mexican officials notified USDA that the 17 US meat and poultry establishments Mexico had suspended from shipping to Mexico will be temporarily reinstated until January 31, 2000 as a result of numerous interventions by USDA officials; final resolution of the matter will likely depend on the accomplishments of a joint US-Mexican working groups USDA has agreed to form at Mexico's request. Mexico's action had generated considerable media and congressional interest to which USDA responded by briefing the House Agriculture Committee and granting interviews with *Dow Jones* and the *Associated Press*.

WIC Scores High in Customer Satisfaction: On December 13, USDA's WIC program topped all other federal programs, except Head Start, in customer satisfaction according to results of survey released by the National Partnership for Reinventing Government; WIC's customer satisfaction index was 83, ten points higher than the national average, and comparable to top-level private-sector organizations.

Sign-up Starts for 1999 Crop Disaster Program: On December 13, in its county offices nationwide USDA began sign-up for the 1999 crop disaster program included in the FY00 agricultural appropriations bill.

U.S. District Court Rules Against USDA in Test of Meat Safety Rules: On December 10, the District Court for the Northern District of Texas granted Supreme Beef's request for a preliminary injunction to prevent USDA from removing its inspectors from the Dallas plant – see USDA Weekly Report for the Week of December 6, 1999.

Supreme Beef is the first plant in the nation to fail to meet new national performance standards limiting the amount of *Salmonella* contamination on raw products USDA has established under its new science-based meat and poultry inspection system; another Supreme Beef plant in Ladonia, TX, which supplies the Dallas plant, is the second plant to fail.

The judge's order, which follows his November 30 temporary restraining order, requires USDA to continue permitting the plant to operate, in spite of the fact it has failed three times to meet required salmonella standards, which resulted in USDA's intention to suspend the plant's operations on November 30. Notwithstanding the judge's orders, USDA has canceled the company's contract to supply ground beef to the school lunch program because of its failures.

The case has attracted considerable attention from the news media, including editorials favorable to USDA in *The New York Times* and the *Chicago Tribune*. Secretary Glickman will meet on December 17 with representatives of several national consumer organizations, who have been very supportive of USDA's position on the case, and USDA is consulting with the Justice Department on appealing the judge's order.

USDA Releases Supply and Demand Forecasts: On December 10, the National Agricultural Statistics Service released *Crop Production*, containing USDA's latest crop forecasts for cotton, sugarcane, and citrus. USDA's projections of U.S. supply, use, and prices for 1999/2000 were also published in the *World Agricultural Supply and Demand Estimates (WASDE)* report. The WASDE report contained world and country-specific supply and use forecasts for wheat, corn, coarse grains, rice, cotton, soybeans, and soybean products. The report includes, in addition, projections of 1999 and 2000 U.S. livestock product and dairy supply, use, and prices. Highlights from these reports include:

All wheat: Projected U.S. 1999/2000 ending stocks of wheat are up 25 million bushels from last month. Projected exports are down 25 million bushels due to increased competition. Production and export forecasts for Argentina and Canada were increased sharply from November indications.

Corn: Ending stocks of corn are down 45 million bushels as feed and residual use is up 50 million bushels and imports are 5 million higher.

Soybeans and products: U.S. soybean supply and use projections are unchanged from last month, leaving 1999/2000 stocks forecast at 395 million bushels. Soybean oil domestic use is reduced 100 million pounds this month to 15.8 billion pounds. Increased rapeseed oil import prospects from Canada are expected to compete with soybean oil in the domestic market. Some slowing of vegetable oil imports by China and India along with large global supplies of palm oil continue to pressure prices for soybean oil.

Cotton: This month's U.S. cotton situation reflects higher production and exports relative to last month. Production is raised 344,000 bales to 16.88 million, based on increases in TX and CA. Domestic mill use is unchanged at 10.2 million bales. A sharp increase of 500,000 bales in the export estimate—from 5.7 to 6.2 million—reflects recent weeks' very strong export sales. Prospective U.S. exports have improved because of higher-than-average production of short-staple, export-quality cotton, increased import demand by Brazil, and the Step 2 program.

Sugar: U.S. sugar supply for fiscal 1999/2000 is projected down 85,000 short tons, raw value, from last month. Cane sugar production is decreased 160,000 tons because of lower forecast sugarcane yields in Florida and lower-than-expected sugarcane area for sugar (versus seed) production in Louisiana. Imports are increased 75,000 tons, due to expected increases in sugar imported under the refined sugar re-export program.

Livestock: The forecast for total U.S. meat production in 1999 and 2000 is nearly unchanged from last month. Increases in forecast 1999 beef and turkey production are more than offset by reduced pork and broiler production forecasts. The hog price forecasts are raised for both 1999 and 2000. Demand for pork products has been stronger than expected, and, coupled with expected pork production declines in the coming year, the forecast for hog prices is boosted.

Citrus: The 1999/2000 all-orange crop is 283.85 million boxes (12.245 million tons), up 1 percent for October and 24 percent from last season. Florida's all-orange forecast is 214 million boxes, 1 percent above October indications and 15 percent above 1998/99.

Commodity Markets in Review: Wheat prices were virtually unchanged, as the improved weather condition for winter wheat was offset by a good *Export Sales* report. Corn cash prices held firm on strong exports and slow farmer sales, countering downward pressure from falling soybean prices. Improving crop prospects in South America sent soybean prices lower. Rice prices dropped as burdensome supplies mount. Cotton prices edged down in light trading ahead of the December 10 lockup reports. Cattle prices followed wholesale beef lower. Slowing slaughter schedules led to a decline in hog prices. Broiler prices nosed higher despite weak retail demand. A pickup in holiday orders sent cheese prices up slightly. Butter prices slipped lower despite good demand, as stocks remain high.

Average prices for the week ending December 10, 1999

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.57	-0.01	-0.67
Corn \$/bu	1.89	0.01	-0.29
Soybeans \$/bu	4.61	-0.05	-1.18
Rice \$/cwt	6.75	-0.13	-2.19
Cotton ¢/lb	46.81	-0.44	-16.26
Steers \$/cwt	69.85	-0.64	8.08
Hogs \$/cwt	38.32	-0.31	19.18
Broilers ¢/lb	57.88	0.50	-6.04
Cheese \$/lb	1.15	0.03	-0.75
Butter \$/lb	0.91	-0.01	-0.49
Milk \$/cwt	9.79	-0.30	NA

Farm Weather Outlook: The NWS 6-10 day outlook for December 16-20 calls for a colder weather pattern to evolve across the United States, except in California, where warmer conditions are forecast to arrive. In addition, widespread precipitation, including possible snowfall, is forecast from the Plains to the East Coast. Drier weather is expected across the Northwest.

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Welfare Reform:

USDA Approves AR and MN Welfare Reform Waivers: During the week that ended December 15, USDA approved requests from AR and MN to waive work requirements for residents living in areas with insufficient jobs, permitting residents in 41 counties and 2 cities in AR; and in 15 counties in MN to continue to receive food stamps.

President's Food Safety Initiative:

Judge Sets Back USDA Meat Safety System: On December 10, a federal judge in TX issued a preliminary injunction forcing USDA to permit a Dallas-based company to continue operations notwithstanding the plant's failure to comply with USDA's meat safety rules, specifically the salmonella performance standards – see Key Department News.

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

USDA to Fund NM Housing: On December 20, USDA will participate in the groundbreaking of a new \$2 million multi-family housing project it will finance in Gallup, NM. The facility will include 35 units of safe and healthy housing for very-low income families.

USDA to Finance Colonia Water Project: On December 21, USDA will announce a \$4.1 million grant to the Union Water Supply Corporation, to build a new sewer system for 543 users in southeast Starr County, TX.

IV. SECRETARY'S SCHEDULE

On Thursday, December 16, Secretary Glickman will participate in a news conference with the U.S. Conference of Mayors on its new findings on homelessness and hunger, that track USDA's analysis documenting the declining number of eligible individuals and households actually participating in the food stamp program.

On Friday, December 17, Secretary Glickman will participate in the US-EU summit with YOU.

From Wednesday, December 22, through Friday, December 31, Secretary Glickman will be on personal travel.

V. SUB-CABINET SCHEDULE

From Monday through Wednesday, January 3-5, Under Secretary Gus Schumacher will address the Oxford Farming Conference in London, England.

On Thursday and Friday, January 13-14, Under Secretary Jim Lyons will attend the Partners Outdoors Conference in Orlando, FL.

From Monday through Friday, January 17-21, Under Secretary Michael V. Dunn will attend ceremonies for the signing of a Memorandum of Understanding on Classical Swine Fever, in the Dominican Republic.

VI. PRESS/MEDIA INQUIRIES

On December 14, PBS' *News Hour* interviewed Secretary Glickman on the history of milk pricing, and what Congress did this year to overturn USDA's plan to reform the federal milk marketing order system.

On December 14, *Congressional Quarterly* interviewed Secretary Glickman on the prospects for changes to the 1996 farm bill

On Wednesday, December 15, *The Washington Post Magazine* interviewed Under Secretary Cathie Woteki on last year's recall of products produced at the Bil-Mar plant in MI resulting from an outbreak of contamination that had led to several deaths and illnesses.

VII. FOIA REQUESTS

Nothing of significance to report.

VIII. WASTE, FRAUD AND ABUSE

Nothing of significance to report.

IX. CLIMATE CHANGE

Nothing of significance to report.

X. WEEKEND CONTACT

Greg Frazier