

March 22, 2000

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF March 19, 2000

USDA Fact of the Week

In 1999, a long-standing U.S. trend was reversed when America had more small farms than in the previous year. In 1999, America had 2.19 million operating farms, an increase of 2,710 from 1998. Highlighting USDA's priority of aiding family-sized farms, the growth was fueled by the smallest U.S. farms, with sales under \$10,000 each. The number of mid-sized farms (sales between \$10,000 and \$99,999) and large farms (\$100,000 or more) declined.

I. KEY DEPARTMENT NEWS

Secretary Amplifies Alien Threat: On successive days from March 21-24, Secretary Glickman will highlight the threat of invasive alien pests and diseases to American health and agriculture by visiting USDA port inspection facilities in New York City, NY; Miami, FL; and San Diego and Long Beach, CA, respectively. The Secretary focused on the threat posed by Asian Longhorned beetle and West Nile Virus in NY, on citrus canker eradication efforts in Miami, and will focus on fruit fly eradication efforts at the CA ports.

In a related matter, since summer of 1999, USDA and the Centers for Disease Control and Prevention have identified West Nile Virus, an encephalitic virus carried by mosquitos, in wild birds, mosquitoes, humans, and horses in parts of CT, NJ, NY, and one county in MD. On March 21 Secretary Glickman met with USDA and New York officials cooperating to monitor the disease and control mosquito populations, for which USDA has provided \$375,000.

Also while in New York City, Secretary Glickman inspected joint USDA-State efforts to halt the spread of Asian longhorned beetle, introduced in untreated, Chinese wooden packing crates.

While in Miami, Secretary Glickman declared Dade county a disaster area due to citrus canker, and visited infected area lime groves. The Secretary also met with non-profit groups to discuss

possible aid to area farm-workers left unemployed by the lack of harvesting work. On March 10, USDA completed a revised plan for a cooperative Federal-State effort to eradicate citrus canker from FL, expected to cost \$175 million.

Fuel Surcharge Update: Several major broiler/fryer and turkey processing and marketing firms advised poultry market news reporters they are to add 30% to customary delivery charges to help offset sharply higher fuel costs, meanwhile, other processors are evaluating the potential impact of similar fuel surcharges, and the issue will become increasingly important as we approach springtime planting.

In a related story, on March 10, the Southeast Council of Dairy Farmers of America announced that effective with the price announcement for April, for each 25-cent increase in the average diesel fuel cost, an 8-cent surcharge per hundredweight will be applied on Class I milk.

USDA Beginning Farmer Advisory Committee to Meet: On April 11-12, USDA's Advisory Committee on Beginning Farmers and Ranchers will meet in Kansas City, MO to discuss Secretary Glickman's response to six Committee recommendations on developing Federal and State programs to support beginning farmers and ranchers. Recommendations include changes to federal tax law to allow USDA loan guarantees on state "Aggie" bonds; encouraging USDA to become more involved in promoting Federal and State beginning farmer and rancher partnerships; ensuring adequate funding for USDA loans; a comprehensive review of beginning farmer programs; loan officer training; and continued full funding of the \$10 million Small Farmer Outreach Training and Technical Assistance (Section 2501) program.

PA Plum Pox to be Surveyed: On March 27, two plum pox Advance Teams will be sent by USDA to meet with growers Adams County, PA growers affected by a recent outbreak of Plum Pox. A declaration of extraordinary emergency issued by USDA due to the plum pox outbreak became effective on January 20, 1999, allowing USDA to use a variety of measures to prevent the spread of plum pox, including the destruction of stone fruit trees.

Civil Rights Consent Decree Phase II Begins: On March 26, USDA will begin Phase II of Consent Decree implementation when the first of three rotating teams assembles to begin processing up to 2,500 late-filed Consent Decree claims, as well as to handle Adjudicator Reviews of case files. Because of court-mandated deadlines, additional staff may be added based on the number of additional claims, decisions, and reevaluations requested by the court-appointed monitor. Through March 15, 18,229 cases were forwarded, with 10,164 decisions: 4,147 were denied (40.8%) and 6,017 were approved (59.2%).

In a related but distinct matter, 82 claims unconnected to the Pigford lawsuit have been settled from November 1, 1997 through this writing, with payouts totaling \$10,908,625.28, or an average of \$133,032.02 per claim. The total amount includes payment of compensatory damages of \$5,257,041.73; debt forgiveness of \$5,496,694.68; and attorney fees of \$154,888.87. 222 open, accepted complaints remain open as of this writing.

USDA Shows Decline in *Salmonella* Prevalence, CDC Hails HACCP: On March 21, USDA reported substantial reductions in the prevalence of *Salmonella* in raw meat and poultry products produced under USDA's new, science-based inspection system at both large and small plants, and in all product categories. Meanwhile, the Centers for Disease Control and Prevention credited HACCP implementation for a large part of a wide-ranging decline in food borne illness. —See President's Initiative on Food Safety.

Secretary Glickman Announces MTBE Elimination: On March 20, Secretary Glickman and EPA Administrator Browner held a news conference to announce Administration steps to eliminate the groundwater-contaminating fuel additive MTBE, and to promote the use of other additives, such as ethanol. C-SPAN, Conus, Tribune Broadcasting, ABC News, CBS News, *Washington Times*, Fox News, Berns Bureau, BBK, *Inside EPA*, Canadian Broadcasting, Bridge News, *Omaha World Herald*, *New York Times*, *USA Today*, *Congressional Quarterly*, *Oakland Tribune*, *Inside Washington*, *Chicago Tribune*, Bridge News, and the Associated Press covered the news conference.

Tobacco Producers Challenge Quota Referendum: On March 16, several KY tobacco producers filed suit challenging a January 10-14 USDA referendum on the lease and transfer of burley tobacco quotas across county lines, alleging that the results are unlawful because they say the statute requires the approval of a majority of all active producers in a State—not just the majority of those voting. A majority of the active producers voting approved transfers, but a majority of all those eligible to vote did not approve the referendum. Similar referenda have been held in TN and VA since 1991, and last fall Congress authorized referenda in KY, IN, and OH. A hearing has been set for March 23 to decide whether to issue a preliminary injunction.

USDA Dairy Price Support Program Buy: On March 16, USDA bought nearly 800,000 pounds of cheese --worth \$1 million-- for the School Lunch Program under the dairy price support program, the first such purchase since July 1, 1997. Price supports levels are \$9.90 per hundredweight for butter, cheese, and nonfat dry milk through 2000, and vendors predict that without improving market conditions, USDA may be offered as much as 10 million pounds of process cheese during the spring.

China's Agricultural Imports from EU Double, Begins Accepting U.S. Wheat: During the week of March 13, an analysis of China's official statistics shows that total agricultural imports from the EU have doubled over the preceding two years to \$1.3 billion in 1999. China's direct imports from the EU now nearly equal those from the U.S., with U.S. shipments remaining larger due to indirect trade through Hong Kong. While U.S. agricultural exports to China have steadily declined the past 5 years, we hope to end this trend by expanding exports through China's World Trade Organization (WTO) accession and the U.S.-China Bilateral Agreement for grains, citrus, and meat.

In a related matter, on March 8, USDA staff were informed by the assistant director of China's Inspection and Quarantine State Administration to discuss that China is ready to accept U.S.

wheat in accordance with a recent U.S./Chinese agriculture trade agreement. No other official notice is required for U.S. wheat to enter China. Accordingly, China's statement clears the way for the entry of 50,000 tons of U.S. wheat recently purchased by the Chinese.

Action Filed Against Perdue: On March 7, the U.S. Department of Justice (DOJ) filed a civil action in the United States District Court, District of Maryland against Perdue Farms, Inc., under the authority of the Packers and Stockyards Act, seeking to enjoin Perdue from engaging in or using any unfair or unjustly discriminatory practice or device in its dealings with its poultry growers. The complaint alleges that Perdue subjected two poultry growers to undue or unreasonable prejudice or disadvantage by Perdue's actions, and that Perdue subjected a grower to unfair treatment by not honoring a signed agreement. This is the first DOJ action taken on behalf of USDA's Grain Inspection Packers and Stockyards Administration (GIPSA) on a poultry matter in nearly six years.

USDA Amplifies Your Priorities in Hearings:

On March 22, Under Secretary Jill Long Thompson testified on FY01 rural development appropriations before the House Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration and Related Agencies.

On March 22, Under Secretary Jim Lyons testified on FY01 natural resources and forestry appropriations before the Senate Appropriations Subcommittee on Interior.

On March 27, the House Agriculture Committee will hold a field hearing in Raleigh, NC, on federal farm policy.

On March 30, the Senate Energy and Natural Resources Committee will hold a hearing on YOUR proposal to ban the building of logging roads on approximately 40 million acres of national forest lands.

On April 6, Senator Lugar will hold a hearing on the interstate shipment bill *New Markets for State-Inspected Meat Act of 1999*, removing the prohibition on the interstate shipment of state-inspected meat and poultry products.

Commodity Markets in Review: Wheat prices were boosted by spillover support from higher corn and soybean prices, plus speculation about exports to Iran. Fears of a Midwest drought led corn and soybean prices higher. Rice cash prices held steady, but futures moved higher following a solid *Export Sales* report. Cotton cash prices were up marginally and new-crop futures were supported by drought fears in the South and on the Texas High Plains. Higher boxed beef prices led to a modest rise in cattle prices. Slow marketings led to a sharp increase in hog prices. Broiler prices moved slightly higher. Butter and cheese prices were unchanged.

Average prices for the week ending March 17, 2000

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.81	+0.09	-0.10
Corn \$/bu	2.16	+0.05	-0.04
Soybeans \$/bu	5.08	+0.08	0.37
Rice \$/cwt	6.25	0.00	-2.06
Cotton ¢/lb	59.67	+0.88	1.48
Steers \$/cwt	71.59	+0.73	7.11
Hogs \$/cwt	43.82	+1.45	18.43
Broilers ¢/lb	56.31	+0.12	-1.20
Cheese \$/lb	1.12	0.00	-0.22
Butter \$/lb	0.98	0.00	-0.26
Milk* \$/cwt	9.57	-0.15	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Food Safety:

USDA Shows Decline in *Salmonella* Prevalence, CDC Hails HACCP: On March 21, USDA reported substantial reductions in the prevalence of *Salmonella* in raw meat and poultry products produced under USDA's new, science-based inspection system at both large and small plants, and in all product categories. Since HACCP implementation, 90% of large plants and 84% of small plants have met *Salmonella* performance standards. Under HACCP, plants identify hazards, such as microbial contamination that are reasonably likely to occur, develop critical control points in their processes where those hazards can be prevented or controlled, and maintain records documenting that the controls are working as intended. Failure to meet the standards triggers plant actions and can lead to regulatory enforcement action.

In a related item, on March 17, the Centers for Disease Control and Prevention released preliminary data showing a decline in foodborne illness in the U.S. An article in the *Morbidity and Mortality Weekly Report* credits implementation of HACCP for a part of the decline in diseases caused by nine pathogens under surveillance.

USDA Proposes Eliminating Current Compliance Monitoring of Cured Pork Products: On March 17, USDA published a proposed rule that would allow the Food Safety and Inspection

Service to reallocate some of its in-plant and laboratory resources towards food safety concerns by removing requirements on product sampling from the compliance monitoring program for cured pork products; the proposal would not affect industry regulatory requirements, but would change specifications on the frequency of product sampling.

Supreme Beef Continues Challenge to USDA: On March 15, USDA lost a motion before U.S. District Court Judge Fish to vacate an earlier injunction allowing Supreme Beef of Dallas, TX, to continue operation despite USDA efforts to close the plant for food safety violations. The judge has deferred until April 17 decisions on discovery motions filed by both parties.

USDA Enforces Food Safety Requirements: On March 15, Smith Packing Co., Inc., a HACCP processing plant in Utica, NY, recalled approximately 400 pounds of hot dogs because of USDA discovered *Listeria monocytogenes* contamination.

President's Initiative on Race:

Civil Rights Consent Decree Phase II Begins: On March 26, USDA will begin Phase II of Consent Decree implementation when the first of three rotating teams assembles to begin processing up to 2,500 late-filed Consent Decree claims, as well as to handle Adjudicator Reviews of case files. -See Key Department News.

USDA Sets Up Historically Black Colleges and Universities (HBCU) Regional Workshop: On March 16-17, Florida A&M University in Tallahassee, FL, hosted a White House Initiative on HBCU Regional Workshop on International Funding and Career Opportunities, set up by USDA staff.

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

National Drought Policy Commission (NDPC) Report: USDA expects to soon issue for public comment the draft report of the NDPC. The NDPC, formed in 1998, will submit a report to the YOU and the Congress providing recommendations on creating a coordinated Federal policy on preparing for and responding to drought emergencies, comments will be solicited through March 31.

Multi-Family Housing Programs Funds Ready: USDA will soon announce the selection of recipients of funds under the Section 515 Rural Rental Housing Notice of Funds Availability (NOFA), and the first section of the Section 538 Rural Rental Housing Guaranteed Loans NOFA. The funding total for the two announcements could exceed \$60 million.

Crop Disaster Program (CDP) Update: As of March 15, USDA has issued \$425 million, or 35% of the \$1.386 billion appropriated for the 1999 CDP. CDP aids farmers who lost crops due to natural disasters last year, final payments totaling \$775 million will be issued mid-April.

FY 2000 Production Flexibility Contract Payments (PFC): Through March 15, USDA has issued nearly \$3.59 billion, or 71.08%, of the \$5 billion FY00 funding allocation to eligible PFC producers.

Emergency Conservation Program (ECP): As of March 16, USDA has allocated more than \$68 million in FY99 and FY00 ECP funds to help producers recover from long-term drought. The cost-share money can be used for a variety of approved practices to dig wells, and other emergency water conservation measures, or to provide water for livestock. As of March 16, the national reserve for the program is \$3,383,702, though this amount is subject to change, pending additional allocations and the return of unused funds from the states.

Pasture Recovery Program (PRP): On March 20, signup began for the \$40 million Pasture Recovery Program. PRP provides aid to livestock producers for reestablishing permanent pasture seriously damaged or destroyed by drought in 1999. PRP is limited to counties approved for both the 1999 LAP and for the Emergency Conservation Program due to drought by March 1.

Food Assistance and Nutrition Report Supports WIC: On April 3, USDA's Economic Research Service (ERS) will release *Food Assistance and Nutrition Research Report No. 5*, finding that participation in the WIC program has a significant positive effect on children's intakes of iron, folate, and vitamin B-6. The data set used reflects a dramatic increase during the 1990's in program enrollment.

IV. SECRETARY'S SCHEDULE

On Tuesday, March 21, Secretary Glickman visited USDA port inspection facilities in New York City, to highlight the problem of invasive species.

On Wednesday, March 22, Secretary Glickman visited USDA port inspection facilities in Miami, FL, to highlight the problem of invasive species.

On Thursday, March 23, Secretary Glickman will visit USDA port inspection facilities in San Diego, CA, to highlight the problem of invasive species.

On Friday, March 24, Secretary Glickman will visit USDA port inspection facilities in Long Beach, CA, to highlight the problem of invasive species.

On Wednesday, March 29, Secretary Glickman will attend the first meeting of USDA's Bio-Technology Advisory Committee.

V. SUB-CABINET SCHEDULE

On March 22, Deputy Secretary Rominger addressed the Agriculture Council of America.

On March 23, Deputy Secretary Rominger will address the Natural Products Expo West Trade Show, in Anaheim, CA.

On March 24, Deputy Secretary Rominger will address the 132nd Charter Anniversary and Alumna of the Year ceremony at the University of California in San Francisco, CA.

On Tuesday, March 21, Under Secretary Michael V. Dunn accompanied Secretary Glickman to New York City, NY to highlight efforts to combat invasive species.

On Wednesday, March 22, Under Secretary Michael V. Dunn accompanied Secretary Glickman to Miami, FL to highlight efforts to combat invasive species.

On Wednesday, March 22, Under Secretary Michael V. Dunn will address the National Animal Disaster Conference on the Animal Disaster Plan, in Altamonte, FL.

From Wednesday, March 22 through Saturday, March 25, Under Secretary Miley Gonzalez will attend the U.S.-India Inaugural High-Level Dialogue on Science and Technology, in conjunction with your trip to India.

On Thursday, March 23, Under Secretary Catherine Woteki will address the Food Safety Summit on "National Food Safety Issues and How USDA is Addressing Them."

On Thursday March 23 and Friday March 24, Under Secretary Lyons will lecture at the School of Forestry at Colorado State University, Fort Collins, CO.

On Friday, March 24, Under Secretary Catherine Woteki will address the Beltsville, MD Agriculture Research Center's annual Women's History Month observance on "Emerging Directions for Women in the Department of Agriculture."

On Friday, March 24, Under Secretary Jill Long Thompson will address the 41st Inter-American Development Bank Annual Board of Governors Meeting, in New Orleans, LA.

From Sunday March 26 through Tuesday, March 28, Under Secretary Lyons will attend the North American Wildlife Conference in Rosemont, IL.

On Sunday, March 26, Under Secretary Shirley R. Watkins will address the American Commodity Distribution Association Annual Conference in Columbus, OH.

On Sunday, March 26, Under Secretary Catherine Woteki will lead a U.S. delegation to Paris for a three-day meeting of the OECD Ad Hoc Working Group on Food Safety.

On Monday, March 27, Under Secretary Shirley R. Watkins will address the Florida School Food Service Association Legislative Action Conference in Tallahassee, FL.

On Wednesday March 29 and Thursday March 29, Under Secretary Woteki will meet with EU officials on food safety in Paris, France and Brussels, Belgium.

On Thursday, March 30, Under Secretary Gus Schumacher will address the National Conference of State Legislators, Denver, CO.

On Wednesday, March 29, Under Secretary Michael V. Dunn will address the Bio2000 Biotechnology Conference on Environmental Regulation of Biotechnology, in Boston, MA.

On Friday, March 31, Under Secretary Michael V. Dunn will address the Minorities in Agriculture, Natural Resources, and Related Sciences Conference in Lexington, KY.

On Friday, March 31, Under Secretary Shirley R. Watkins will deliver the opening address to the New York Child Nutrition Conference in Albany, NY.

From Friday, March 31 through Tuesday, April 18, Under Secretary Gus Schumacher will travel to Tokyo, Japan; Beijing, and Hong Kong, China; Singapore; Jakarta, Yogyakarta and Denpasar, Indonesia; and Seoul, Korea to meet on China WTO, biotech, food safety, food aid, and to examine market opportunities.

On Monday, April 3, Under Secretary Michael V. Dunn will address the Ninth Veterinary Biologics Public Meeting in Ames, IA.

From Monday, April 3 through Wednesday, April 6, Under Secretary Miley Gonzalez will co-host a meeting of the USDA- American Indian Higher Education Council (AIHEC) Task Force in Albuquerque, NM.

On Tuesday, April 4, Under Secretary Michael V. Dunn will meet with State Attorneys General and Commissioners of Agriculture on concentration and price reporting, in Denver, CO.

On April 7, Under Secretary Jim Lyons will host a presentation on natural resources at Fort Lee High School in Englewood, NJ.

VI. PRESS/MEDIA INQUIRIES

On March 16, two USDA food safety officials were interviewed by *Arkansas Democrat-Gazette*, the *Washington Post*, *Food Safety Report*, *Food Chemical News*, *Bridge*, and the *Food Regulation Weekly* while inspecting Townsends of Arkansas, Inc., a chicken plant participating in the HACCP-based Inspection Models Project.

On March 17, the director of the U.S. National Arboretum was interviewed by ABC's Washington, DC affiliate on arboretum's plant introductions and the early blooming DC trees.

On March 17, Deputy Under Secretary Enrique E. Figueroa was interviewed by *CNN Spanish* on USDA's new proposal for organic food national standards.

On March 29, Chief Economist Keith Collins will do a radio interview with KSJB (North Dakota) regarding food price increases.

The *Washington Post*, *New York Times*, Fox News,, *Environment and Energy Daily*, Bridge News, ABC News, *Chicago Tribune*, and the Bureau of National Affairs asked about the invasive species problem, including funds in FY 2001 budget; background given.

Memphis Commercial Appeal asked about the China/WTO pact. Secretary Glickman gave an interview on the issue March 20 (see above under Key Department News).

Gannett News Service, and *Washington Post* asked about blackbird kill programs in ND and SD.

Wall Street Journal asked about the rural utilities loan program.

VII. FOIA REQUESTS

Nothing to report this week.

VIII. WASTE, FRAUD AND ABUSE

USDA Collects Delinquent Farm Loans: During FY00, USDA collected \$13,173,513 from 3,621 delinquent farm loan borrowers. Since Administrative Offset began on September 1, 1997, USDA has collected \$64,907,124 from 19,835 delinquent farm loan borrowers.

IX. CLIMATE CHANGE

Nothing to report this week.

X. WEEKEND CONTACT

Greg Frazier

March 29, 2000

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF March 26, 2000

USDA Fact of the Week

U.S. agricultural exports for January reached \$4.2 billion, 8% over the previous January, according to a March 21 USDA study. Including January's numbers, the first four months of FY00 exports now lag the previous year's by only 3%. These gains translate into significant boosts in exports to Mexico, Canada, Russia, Turkey, China, Taiwan, and South Korea. Strong exports were propelled by month-over-month volume gains for cotton of 294%, red meats of 50%, poultry meat of 33%, corn of 24%, and soybeans and meal of 22%. Wheat and soybean oil exports continue to lag with lower shipments and prices.

I. KEY DEPARTMENT NEWS

Secretary Glickman Celebrates 5 Year Anniversary: On March 29, during events at the USDA Headquarters building, Secretary Glickman celebrated his 5th year as Secretary of Agriculture. On April 30, Secretary Glickman will be the longest serving Secretary of Agriculture in 30 years. The Secretary was honored by Senator Kennedy and the USDA subcabinet for his long, productive career in public service, and his many successes in farm aid, trade liberalization, nutrition, food safety, conservation, and Civil Rights, as head of USDA.

Senate Passes Crop Insurance Reform Legislation: On March 23, the Senate passed the Roberts-Kerrey crop insurance bill by a vote of 95-5. The measure sharply reduces premiums paid by farmers for federally subsidized crop insurance, in order to encourage growers to buy higher levels of coverage and lessen the need for other forms of Federal assistance. On March 22, the Senate approved passage of the managers' amendment, which includes \$128 million for specialty crops and for states with low participation rates in risk management programs.

First Advisory Committee on Agriculture Biotechnology: On March 29, Secretary Glickman opened the first meeting of his Advisory Committee on Agricultural Biotechnology, where he

instructed committee members to strenuously analyze the substantial economic, structural, and social issues that accompany the expansion of biotechnology into agriculture.

Contract Livestock Indemnity Program (CLIP) and Pasture Recovery Program (PRP)

Begin: On March 27, sign-up began for a \$10 million CLIP program to help producers who raise livestock for other entities recover from financial losses due to natural disasters. The program is available in counties which received Presidential or Secretarial Disaster Declaration during 1999.

Meanwhile, on March 20, USDA began sign-up for the \$40 million PRP, providing money to livestock producers to re-establish permanent pasture seriously damaged or destroyed by drought in 1999.

Second USDA Aircraft Accident: On March 27, a contractor-owned and -operated aircraft with the Animal and Plant Health Inspection Service's Wildlife Services program crashed while conducting low-level aerial hunting activities on private property for a cooperator in TX, both the pilot and crew member—a State employee working under the direction of the program—were killed. All APHIS aerial operations have been suspended pending an internal review of the accident. On March 13, another Wildlife Services aircraft crashed, with no loss of life, while conducting similar activities. The FAA is reviewing both accidents.

Invasive Species Tour: During Secretary Glickman's March 21-24 tour of USDA invasive pest and disease inspection facilities in New York City, Miami, San Diego, and Long Beach, the Secretary announced immediate allocation of \$375,000 for surveillance and combat of West Nile Virus in New York; declared four south FL counties disaster areas for citrus canker, permitting emergency loans to growers; and with USTR Barshefsky witnessed the first U.S. orange shipment for China under the U.S.-China Agricultural Cooperation Agreement.

The tour generated media coverage by CNN, local network affiliates, the *New York Times*, *New York Newsday*, *New York Post*, *Chicago Tribune*, *Miami Herald*, *Miami Sun Sentinel*, the wire services *Newsday*, and NY One,

6 USDA Agencies Win "Hammer Awards:" On March 24, "Hammer Awards" for success in Vice President Gore's re-inventing and streamlining government initiative were presented to USDA's Animal and Plant Health Inspection Service; Agricultural Marketing Service; Grain Inspection, Packers and Stockyards Administration; Agricultural Research Service; and General Council's Office. On March 27, another "Hammer Award" was presented to the USDA Inspector General's Office for its "Operation Talon" program of finding wanted criminals through food stamp rolls.

WTO Agricultural Negotiations Initiated, Without Chair: On March 23 and 24, in a Special Session of the Committee on Agriculture, the WTO initiated negotiations mandated by Article 20 of the Agreement on Agriculture, producing a work plan and time line for members to submit comprehensive proposals through December 2000, continuing the reform process begun in the

Uruguay Round. Proposals will be discussed during Special Session meetings held along with Committee on Agriculture meetings, in June, September, and November.

In a related item, the WTO General Council is yet undecided on a Chairperson for the Agricultural Negotiations, and has decided special sessions will continue under the Chairman of the Council on Trade in Goods (currently Ambassador Farrell from New Zealand) until such time as an Agriculture Negotiations Chair is chosen.

Mexico Signs EU-Mexico Free Trade Agreement (FTA): On March 23, Mexican President Zedillo signed an FTA between Mexico and the EU covering 62% of agricultural sales, and phasing out all tariffs over a ten-year period. Sensitive products excluded from the agreement include meat, dairy products, and grains, (in which the EU has a competitive advantage due to subsidies) but these exemptions can be reassessed in three years. The EU hopes to use the agreement to regain some market share lost to NAFTA, to facilitate future agreements with Latin America, and to enable cheaper access to the U.S. and Canada through Mexico.

China Opens Markets for U.S. Citrus, Wheat, and Meat: On March 22, China implemented new rules allowing import of U.S. citrus, wheat, and meat. This marks the final step in implementing the *Agreement on U.S.-China Agricultural Cooperation* signed April 10, 1999. The measure was considered critical by U.S. industry which insisted China make administrative changes including issuing transparent regulations and allowed full U.S. access to Chinese ports.

Farm and Labor Leaders Rally for Price Supports: On March 22, more than 3,000 farm and labor leaders joined Democratic lawmakers to denounce the 1996 "Freedom to Farm Act." Protesters called for a stronger safety net for farmers and ranchers, and said the two-day "Rally for Rural America" will help bring change in the current farm law.

European Court of Justice (ECJ) Supports Science-Based Biotech Regulation: On March 22, the ECJ ruled that any EU member state recommending approval of a biotech product must give written consent upon EU approval, revokable only upon providing new scientific information on the product's impact on health or the environment. The case before the ECJ involved France's April 1998 decision to ban planting of Novartis Bt 176 biotech corn after the EU had already approved the product. Greenpeace initiated the case, arguing that France's initial recommendation had infringed against the precautionary principle.

Commodity Markets in Review: Improved winter wheat crop conditions and continued poor export prospects drove wheat prices down last week. Corn, rice, and soybean prices fell slightly on good precipitation throughout major growing states. Cotton prices slipped after five consecutive weeks of gains, following beneficial rains in the Southeast, Delta, and West Texas. Cattle prices moved higher following slight increases in boxed beef prices. Hog prices were up for the week, briefly topping \$45/cwt, as packers struggled to maintain adequate supplies. Broiler prices dropped modestly on slowing retail demand. Seasonally heavy production continues to hold cheese prices down, to just above support. Increasing Easter demand helped

drive butter prices higher.

Average prices for the week ending March 24, 2000

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.71	-0.10	-0.23
Corn \$/bu	2.15	-0.01	-0.08
Soybeans \$/bu	5.07	-0.01	0.26
Rice \$/cwt	6.00	-0.25	-2.00
Cotton ¢/lb	57.04	-2.63	-1.85
Steers \$/cwt	72.51	+1.01	8.33
Hogs \$/cwt	44.84	+1.02	15.01
Broilers ¢/lb	56.20	-0.11	-0.47
Cheese \$/lb	1.11	-0.01	-0.22
Butter \$/lb	1.04	+0.06	-0.08
Milk* \$/cwt	9.55	-0.02	NA

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Food Safety:

Public Meetings on Food Safety Coming Up: On March 30, a public meeting will be held in Arlington, VA, to discuss inspection procedures and performance standards for plants that slaughter young chickens. On the same day, a public meeting will be held in Columbus, OH, to discuss the Egg Food Safety Action Plan and information for reducing or eliminating the risk of *Salmonella enteritidis* in shell eggs and egg products. The egg food safety meeting will be followed with an April 6 meeting on the same subject in Sacramento, CA.

Pennsylvania Plant Recalls Hot Dogs for Possible *Listeria monocytogenes*: On March 24, Ball Park Brands, a processing plant in Philadelphia, PA, recalled approximately 34,500 pounds of hot dogs because of possible *Listeria monocytogenes* contamination. The product was distributed in FL, MO, NY, VA, OH, CT, OK, DE, KS, NE, TX, PA, NJ, MA, and MD.

USDA Enforces Food Safety Requirements: On March 23, USDA officials closed Pacific West Processing, Yearington, NV, for failures in the plant's sanitation operations procedures.

Presidential Initiative on Welfare Reform:

AL and FL Food Stamp Waivers Approved: During the period from March 21-28, USDA approved requests from AL and FL to extend and modify waivers of the Food Stamp Program due to Welfare Reform Bill work requirements. USDA also received requests from MN, NV, PA, IN, WA, SC, and Colorado.

In a related item, OR has submitted a proposal for Food Stamp Program waivers providing a standard medical allowance and excluding the price of one vehicle per household, which would cost an estimated \$28 million over 5 years. The state would use savings from a pending employment and training waiver proposal and increased child support enforcement to cover the cost of the two waivers.

President's Initiative on EZs and ECs:

Grants Made for Rural Development: On March 24, Secretary Glickman announced \$936,712 in grants to help spur job and business creation in rural areas of GA, ME, SD, UT, VT, WV, and WI. On March 23, the Secretary had announced that the Rural Empowerment Zone and Enterprise Community (EZ/EC) initiative has topped more than \$1 billion in investments during the past five years, in some of the nation's most depressed rural areas.

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

Pest Management Practices: On April 4, the National Agricultural Statistics Service will release its *Pest Management Practices 1999 Summary* which includes percent of farms and percent of acreage receiving pest management practices during 1999 by region and U.S. for major crops. Practices have been categorized into one of four major categories: prevention, avoidance, monitoring, and suppression.

Wild & Scenic River Study Draft to be Released: By March 31, USDA will release a Supplemental Draft Legislative Environmental Impact Statement (SDLEIS) for the Wild and Scenic River Study Report for the North Fork of the South Platte and the South Platte Rivers. The supplemental document contains alternatives not in the original DEIS, which was released in April 1997, enhancing a study for these rivers that has been underway for almost 10 years. The release is expected to be of interest to the CO congressional delegation and area media.

1998 Census of Horticulture Specialties: On March 31, NASS will release the *1998 Census of Horticulture Specialties* publication. This release is part of the census of agriculture program which was conducted by NASS for the first time in 1998 since it was transferred from the Department of Commerce to the USDA. The horticulture specialties census is the only source of detailed horticultural production and sales data at the national level providing a comprehensive picture of the size and structure of the horticultural industry.

Grants Made for Rural Development: On March 24, Secretary Glickman announced the latest in rural development grants totaling over \$1 billion over the last 5 years. –See USDA Work on Presidential Initiatives.

Water Project Grant to ID-Shoshone/Bannock Champion Community: On March 22, USDA made a \$525,000 Rural Utilities Service grant to the Shoshone-Bannock Tribes Champion Community in ID, as its part of a \$1,475,000 water project. The project includes construction of two wells, a reservoir and extension of water mains to provide safe drinking water to more than 90 homes, and better fire hydrant flows and water pressures for fire protection.

Study Shows No First Time Migration Rise Due to NAFTA: On March 17, USDA presented preliminary findings from a study about NAFTA and Mexico-to-U.S. migration, at the Latin American Studies Association meetings in Miami, FL. Using data collected in five Mexican communities, the paper indicates that a surge in first-time migration did not take place during the first three years of NAFTA (1994-96).

IV. SECRETARY'S SCHEDULE

On Wednesday, March 29, Secretary Glickman attended the first meeting of USDA's Bio-Technology Advisory Committee.

On Wednesday, March 29, Secretary Glickman attended festivities in honor of his 5th year in charge of USDA.

On Tuesday, April 4, Secretary Glickman will meet with the President of Yemen.

On Wednesday, April 5, Secretary Glickman will attend a Center for Strategic and International Studies breakfast on China and the WTO with members of the Senate and Administration.

On Wednesday, April 5, Secretary Glickman will meet with the Agriculture Minister of Vietnam.

On Wednesday, April 5, Secretary Glickman will testify before an Executive Session of the house Agriculture Committee, on the WTO.

On Thursday, April 6, Secretary Glickman will address the National Cattlemen's Beef Association.

On Thursday, April 6, Secretary Glickman will meet with the WTO Trade Caucus for Ranchers and Farmers.

On Friday, April 7, Secretary Glickman will meet address the National Foundation for Women Legislators.

On Monday, April 10, Secretary Glickman will attend a Hudson River enterprise event with Secretary Cuomo, at West point, NY.

On Tuesday, April 11, Secretary Glickman will address the National Association of Agriculture Journalists.

V. SUB-CABINET SCHEDULE

On Thursday, March 30, Under Secretary Gus Schumacher will address the National Conference of State Legislators, in Denver, CO.

On Monday, March 27, Under Secretary Shirley R. Watkins will address the Florida School Food Service Association Legislative Action Conference in Tallahassee, FL.

On Tuesday, March 28, Deputy Under Secretary Caren Wilcox is scheduled to be among USDA officials meeting with Bob Stallman, president, American Farm Bureau Federation.

On Tuesday, March 28, Administrator Tom Billy will give opening remarks at a meeting of the Codex Committee on Residues of Veterinary Drugs in Foods being held in Washington.

On March 29, Under Secretary Michael V. Dunn will address the Bio2000 Biotechnology Conference on Environmental Regulation of Biotechnology: Emerging Trends in the United States and Around the Globe in Boston, MA.

On March 30, Under Secretary Michael V. Dunn will address the University of Illinois Extension group meeting on biotechnology in Washington, DC.

On Thursday, March 30, Under Secretary Catherine Woteki and Administrator Tom Billy are scheduled to provide opening remarks at an agency public meeting on HACCP-based inspection models project. Deputy Under Secretary Caren Wilcox plans to participate also.

From Friday, March 31, through Saturday, April 15, Under Secretary Gus Schumacher will attend trade and biotech meetings in Tokyo, Japan; Beijing, and Hong Kong, China; Singapore; Jakarta, Yogyakarta and Denpasar, Indonesia; and Seoul, Korea.

On Friday, March 31, Under Secretary Shirley R. Watkins will deliver the opening address to the New York Child Nutrition Conference in Albany, NY.

On Friday, March 31, Under Secretary Catherine Woteki will participate in a meeting of the Forum on Women in Science and Technology to help plan the group's activities for the June 5-6 Beijing Plus Five Conference in New York.

On Friday, March 31, Administrator Tom Billy will be in Belgium to meet with European

officials on the precaution concept in risk analysis and risk management.

On March 31, Under Secretary Michael V. Dunn will address the Minorities in Agriculture, Natural Resources, and Related Sciences Conference in Lexington, KY.

On Monday, April 3, Under Secretary Michael V. Dunn will address the Ninth Veterinary Biologics Public Meeting in Ames, IA.

From Monday, April 3 through Wednesday, April 6, Under Secretary Miley Gonzalez will co-host a meeting of the USDA- American Indian Higher Education Council (AIHEC) Task Force in Albuquerque, NM.

On Tuesday, April 4, Under Secretary Michael V. Dunn will meet with State Attorneys General and Commissioners of Agriculture on concentration and price reporting, in Denver, CO.

On Tuesday, April 4, Deputy Under Secretary Caren Wilcox will attend an interagency meeting on OECD's work in food safety and chemicals.

On Thursday, April 6, Under Secretary Catherine Woteki and Deputy Under Secretary Caren Wilcox will attend an interagency meeting of FORCG (Foodborne Outbreak Response and Coordination Group).

On Friday, April 7, Under Secretary Catherine Woteki and Deputy Under Secretary Caren Wilcox will meet with National Cattlemen's Beef Association officials on food safety inspection reform implementation, *E. coli* O157:H7 policy, and *Salmonella* testing.

On Saturday, April 8, Deputy Under Secretary Caren Wilcox will tour a Madison, WI meat plant.

From Monday, April 10, through Friday, April 14, Under Secretary Catherine Woteki will lead the U.S. delegation to the joint FAO/WHO Codex Committee on General Principles meeting in Paris, France.

On April 11, Under Secretary Michael V. Dunn will meet with State Attorneys General and State Commissioners of Agriculture to discuss concentration and price report in Atlanta, GA.

On Thursday, April 13, Under Secretary Shirley R. Watkins address the Tuskegee University Annual Banquet in St. Louis, MO.

On Thursday and Friday, April 13-14, Under Secretary Lyons will attend the Dedication of the Sargent Major Watershed in Cheyenne, OK.

On Friday, April 13, Under Secretary Michael V. Dunn will address the Agriculture Marketing Outreach Workshop to help train limited resource farmers and ranchers on marketing their

products in Memphis, TN.

On Friday, April 14, Deputy Under Secretary Caren Wilcox will address an FSIS district supervisors' meeting in New Orleans, LA.

On Sunday, April 16, Under Secretary Shirley R. Watkins will address University of Arkansas for Founder Day, in Pine Bluff, AR.

On Monday, April 17, Under Secretary Lyons will address the American Planning Association Urban Resources Partnership Meeting, in New York City, NY.

On Tuesday, April 18, Under Secretary Shirley R. Watkins will address the National Association of WIC Directors Awards Banquet in Philadelphia, PA.

On Tuesday, April 18, Under Secretary Catherine Woteki and Deputy Under Secretary Caren Wilcox will join the Secretary at a rollout for USDA's new food safety educational character, "Thermy the thermometer."

VI. PRESS/MEDIA INQUIRIES

Secretary's Inspection Facilities Tour Boosts Local Coverage: The *Lakeland (FL) Ledger*; *New York Newsday*; the *Miami Sun-Sentinel*; *Palm Beach Post*; *North Country News*, Fallbrook, CA; *Associated Press-FL*; and *Environment and Energy Daily*; asked about the Secretary's tour of invasive species inspection facilities. In related material, *USA Today* requested historical background on the regulation and enforcement of airlines that transport pets.

Numerous Inquiries on Food Safety: On March 21, the *Associated Press*, the *Wall Street Journal*, *Bloomberg News*, the *Food Chemical News*, and the *Food Safety report* covered a Food Safety appropriations hearing and related issues. On March 22, the *Chicago Tribune* asked about a meat plant with refrigeration problems. On March 22, Under Secretary Woteki hosted EPA, USTR, and FDA officials a media event about the European Commission's new precautionary principle for trade restriction, attended by with *Reuters*, several trade press publications, and USDA radio attending. On March 23, the *Washington Times' Insight Magazine* inquired about HACCP models and the school lunch program. On March 23, the *Sacramento Bee* inquired about the public comment received regarding irradiation. The reporter is doing an editorial on irradiated meat.

Farm Progress magazine requested information on the U.S.-China WTO accession agreement, while *Scripps Howard News Service* asked about USTR and USDA's announcement on China's opening its market to imports of citrus, meat, and wheat.

Supermarket News and CNN are analyzing a recent study by the Pennsylvania Food Merchants Association suggesting Electronic Benefits Transfer will raise costs to food stamp retailers.

USA Today, the *LA Times*, and the *Washington Post* asked USDA about an April *Agricultural Outlook* article on organic farming trends.

VII. FOIA REQUESTS

The Sunshine Project requested USDA responses to FOIA requests on illicit narcotic plants, and for records on evaluation, release, and environmental impact statements on agents used by foreign governments or the U.N. to control coca, poppy, or marijuana crops.

Health Canada of Ottawa, requested a food safety reviews and approval documents for genetically engineered *glufosinate ammonium* tolerant corn.

The *New York Times* and WHO-TV, in Des Moines, IA, requested documents relating to any inspection by USDA of dog breeding/kennel facilities from 1998 to the present.

VIII. WASTE, FRAUD AND ABUSE

Records Seized from ND Grain Elevators: On March 20, the Associated Press reported that USDA's Inspector General's officials seized hundreds of records from two ND grain elevators during a probe into allegations of crop insurance fraud. Farmers may have illegally received more than \$42 million in crop insurance payments.

IX. CLIMATE CHANGE

New Climate Change and Carbon Sequestration Books Available: USDA and Ohio State University have produced two books on climate change and carbon sequestration: *Global Change and Pedogenic Carbonates—2000* focuses on the magnitude, dynamics, and principle factors affecting inorganic soil carbon, and *Global Climate Change and Tropical Ecosystems—2000* discusses the roles of rapid development and population growth in climate.

X. WEEKEND CONTACT

Eric Olsen

April 12, 2000

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF April 9, 2000

USDA Fact of the Week

USDA has approved its first conservation plan for Choctaw Nation property, covering 3,082 acres in McCurtain County, OK. Meanwhile, USDA also recently approved a grant through the Oklahoma Grazing Lands Conservation Association for a 2-year Bermuda grass demonstration project on Choctaw land.

I. KEY DEPARTMENT NEWS

Secretary Glickman Announces Sequoia National Monument Recommendation: On April 7, Secretary Glickman announced his recommendation that you establish a 355,000 acre national monument, under the National Antiquities Act, protecting Giant Sequoia groves in the Sequoia National Forest in CA. The Secretary's recommendation is based on information gathered by a team including members from the Sequoia National Forest, U.S. Geologic Survey Biological Resources Division, Bureau of Land Management, and National Park Service. The team also took into account extensive comments from two public meetings held in Visalia and Fresno, CA, and in consultation with the State, members of the CA Congressional delegation, local governments and the Tule River Tribal Council.

Secretary To Announce \$350 Million in Increased Conservation Reserve Enhancement Program (CREP) During Earth Day Celebration: On April 13, during USDA Earth Day Celebrations on the Mall, Secretary Glickman will announce that new financial incentives totaling up to \$350 million in bonus payments will be provided to boost CREP signups over the next three years. The rule changes and incentives will apply only to CRP continuous signup practices including small acreage that provides high environmental benefits. The continuous signup program allows producers to enroll highly environmentally sensitive land at any time, without waiting for a signup period, or competing against others.

Daschle Introduces Ag Concentration Legislation: On April 12, Senators Daschle, Leahy, and

Harkin introduced legislation giving USDA authority to block large-scale agribusiness mergers and acquisitions. Under the bill, USDA would review mergers involving at least \$100 million in sales or assets, with authority to demand merger agreement changes following a determination that the merger could lead to unfair practices or significantly harm the viability of family farms, ranchers, or rural communities. The legislation also would widen the scope and reach of USDA's antitrust and fair-competition powers.

OECD Export Credit Discussions: From April 10-14, a USDA delegation under General Sales Manager Fritz will resume Paris negotiations in the OECD on export credits and credit guarantees. Negotiations have intensified since the Fall of 1999, when the U.S. tabled a proposal designed to fulfill an unfinished Uruguay Round mandate, and have so far centered on the length of credit repayment, repayment terms including fees, and reporting transparency.

Codex Meeting on Food Safety Risk Analysis, Export Requirements: From April 10-14, Under Secretary Catherine Woteki is leading a U.S. delegation to the Codex Committee on General Principles meeting in Paris, France, to discuss the role of science in food safety risk analysis, the composition of the Codex executive committee, revisions to the code of ethics for international trade in foods, and consumer participation in Codex work.

In a related item, on April 17, USDA and FDA will hold a public meeting to discuss issues expected to arise at the Codex Committee on Food Labeling meeting on May 9-12 in Ottawa, Canada. Expected topics include nutrition and biotech labeling; organics; and recommendations for the use of health claims. The meeting was announced in an April 4, *Federal Register* notice.

Hormone-Free Pork Issue with EU: The recent FDA authorization of the Ractopamine growth promotant in hogs, may lead to U.S. pork industry problems complying with EU regulations banning imports of hormone-treated pork.

Hudson River Valley Economic Development Aid: On April 10, Secretary Glickman and Secretary Cuomo signed an MOU promising \$30 million in USDA funds, and \$10 million in HUD funds for an economic development initiative in the disproportionately distressed 10-county Hudson River Valley area of NY. Media covering the event included the *Poughkeepsie Journal*, *The New York Times*, *Kingston Daily Freeman*, *Times Herald-Recorder*, Mid-Hudson News Service, Gannett Suburban Newspapers, *Hudson Valley Business Journal*, *Woodstock Times*, WRNN-TV (Kingston/Poughkeepsie), WAMC-AM (Albany), WALL-AM (Hudson Valley), WBNR-AM (Beacon), WHUD, and WVOX.

Deputy Secretary Testifies on Inspection and Interstate Shipping: On April 6, Deputy Secretary Richard Rominger testified before the Senate agriculture committee on the Daschle-Hatch New Markets for State-Inspected Meat Act of 1999, which would remove prohibitions on interstate shipment of state-inspected meat and poultry products. This legislation is modeled on an Administration proposal to create new markets for small state inspection plants, while ensuring food safety. USDA is working closely with the Congress to enact the legislation this

year. The Deputy Secretary testified that USDA will conduct a comprehensive review of all state inspection programs, conduct annual reviews to ensure states are fully enforcing federal inspection requirements, and that under HACCP, the countries food supply is safer than ever before, reducing *Salmonella* contamination by 50%.

National Academy of Sciences (NAS) Approves of Biotechnology in Agriculture: On April 5, a NAS panel studying biotechnology in agriculture reported that pest-resistant genetically engineered crops appear to be safe for the public and the environment, but that the Federal agencies that regulate genetically engineered crops --USDA, EPA, and FDA-- can better coordinate their oversight.

U.S. Makes Historic Agriculture Donation to Yemen, Donation to Indonesia: On April 4, Secretary Glickman met with Yemeni President Ali Abdullah Saleh. During the meeting, the Secretary and Yemen's Minister of Planning and Development signed a Section 416(b) agreement making available to Yemen \$10 million in commodity aid, including the largest U.S. donation of flour in recent years, in the first Section 416 agreement including rice and soy products: 110,000 tons of U.S. wheat flour; 35,000 tons of wheat; 12,000 tons of rice; 10,000 tons of soybean meal; and 10,000 tons of nonfat dry milk.

In a separate but related item, on April 4, USDA approved the ocean transportation arrangements for 200,000 tons of wheat to Indonesia under the Section 416(b) program. Approximately 75% will be shipped on U.S.-flag vessels.

Petition Submitted for CA Spotted Owl Listing: On April 4, a group of environmental organizations, lead by the Sierra Nevada Forest Protection Campaign and the Center for Biological Diversity, announced they would submit a petition the U.S. Fish and Wildlife Service must respond to within 90 days to list the CA spotted owl as threatened or endangered. The group cites several scientific demographic studies showing owl population declines of 7 to 10% a year as evidence listing is warranted. The announcement attracted regional media coverage, and is expected to attract additional attention as the petition moves through the process.

Korea and Japan Confirm Foot and Mouth Disease (FMD): On April 2, Korea's National Veterinary Research and Quarantine Service confirmed finding the first of 26 cases of FMD in Kyunggi Province cattle. On April 4, Japan also confirmed FMD on a cattle farm in Kyushu. Both countries have initiated quarantine procedures, and other nations have halted imports of animals and meat from Korea and Japan. The effect of the outbreaks on U.S. exports will depend on how control measures impact domestic meat supply and on consumer reaction.

Poultry Aid to Russia Contaminated: On March 31, Russian authorities seized two rail cars of frozen chicken food aid, tested and cleared while in the U.S. and Germany, due to possible contamination by salmonella. The shipment transited Germany, Lithuania, and Latvia on its way to St. Petersburg, and Russian officials are working with representatives of the carriers to determine the source of the contamination. The USA Poultry and Egg Export Council and the

U.S. Embassy in Moscow issued press releases countering disinformation in the Russian press, and to assure the Russian public that exported U.S. poultry meets the same high standards as product consumed in the U.S.

U.S. Red Meat Exporters Sign Laboratory Contract: On March 30, following several months of negotiations, nine U.S. pork, horse meat, and non-hormone treated beef exporters signed a contract with RIKILT Laboratory in the Netherlands to conduct residue tests under the EU Additional Program, enabling these exports to continue for six months, while a North American laboratory upgrades to meet EU testing standards. Prior to the dispute that had halted the exports, the annual value of U.S. red meat shipped to the EU averaged \$100 million.

Announcement on Quincy Library Decision: Following a March 29 letter to appellants, in which USDA's Pacific Southwest Regional Forester upheld a decision that had resulted in twelve appeals to the Record of Decision for the Herger-Feinstein Quincy Library Group pilot project, the CA Congressional delegation, particularly Senator Feinstein, made clear they would continue to focus attention on the status of the project. Appeals were raised against the Library project in the areas of grazing, water rights, wildlife viability, cultural resources, fire and fuels management, noxious weeds, consistency with SAT guidelines, environmental justice, process related concerns, cumulative effects, effects on old growth, herbicide use, and mitigation in the decision requiring projects to avoid CA spotted owl habitat.

USDA Releases Supply and Demand Forecasts: On April 11, USDA published the *Crop Production* report's latest forecasts for 1999/2000 citrus, potato, and peanut production; and the *World Agricultural Supply and Demand Estimates* (WASDE) report on 1999/2000 supply, use, and prices. Highlights of the reports include:

All wheat: Projected U.S. 1999//2000 ending stocks are down 54 million bushels from last month due to larger domestic use and exports and reduced imports. Projected exports are up 25 million bushels because of expected relatively strong food aid shipments in coming weeks. The projected price remains at is \$2.50 per bushel for 1999/2000.

Rice: The U.S. 1999/2000 export projection is unchanged at 87 million hundredweight (cwt), however, combined medium/short grain exports are increased 2 million cwt, while exports of long grain rice are lowered the same amount. Additionally, exports of rough rice are increased 2 million cwt. to 23 million, while exports of milled rice are lowered 2 million cwt. The average price forecast for 1999/2000 is raised from \$6.00 per cwt. to \$6.10.

Corn: Projected U.S. 1999/2000 ending stocks of corn are up 20 million bushels from last month, as lower exports more than offset higher expected domestic use. Projected food and industrial use is up 30 million bushels from last month because of historical revisions in use. Projected exports are 50 million bushels below last month's projection because of increased competition from South Africa and China and lower expected global imports. The projected price for corn is unchanged at \$1.90 per bushel.

Soybeans and products: Soybean export prospects are up 20 million bushels this month to 930 million bushels, however, the larger South American crop is expected to slow the U.S. export pace later this marketing year, and offer stiff competition for U.S. exports next fall. U.S. soybean crush is reduced 10 million bushels this month to 1,590 million based on a slowdown in both domestic use and exports of soybean meal, exports of which are being impacted by larger South American soybean meal availabilities. U.S. soybean stocks are reduced 20 million bushels this month to 305 million bushels, 43 million bushels below a year earlier. Soybean oil exports are trimmed by 50 million pounds to 1.5 billion pounds based on weak year-to-date export commitments, however, a 250-million-pound increase in domestic use to a record 16.25 billion pounds leaves ending stocks down over 200 million pounds, at 1.91 billion pounds. U.S. soybean producer prices are projected at \$4.70 per bushel, unchanged from last month. Soybean meal prices are raised \$2.50 per ton to \$162.50 per short ton. Soybean oil prices are raised 0.5 cents per pound to 16.0 cents per pound.

Cotton: No changes are made in the U.S. supply and demand estimates. However, 1999/2000 global beginning stocks are raised 9% due to historical revisions in China's consumption beginning in 1991/92. China's consumption for the current season is raised 1.0 million bales, mainly reflecting sharply higher yarn production in recent months, in combination with increases in the estimates for Russia and Italy, boosting 1999/2000 world consumption to 90.2 million bales, up 2.5% from the previous record in 1996/97, and 6.6% above the previous year.

Sugar: U.S. sugar supply for FY1999/2000 is projected up 29,000 short tons, raw value, from last month. Beet sugar production is increased 50,000 tons, resulting from higher-than-expected sugar content in 1999 crop sugarbeets. Cane sugar production is raised 4,000 tons, based on end-of-season reporting from TX.

Citrus: Florida's all-orange production forecast is 228 million boxes, up 1% from March and 23% above 1998/99. Abnormally small fruit droppage helped boost Valencia output, as fruit size and weight are both above average.

Livestock: Total U.S. meat production in 2000 is forecast slightly higher this month. Pork production is raised 180 million pounds; increases are expected in each of the remaining quarters because of higher slaughter and heavier weights. The March *Hogs and Pigs* report indicated a larger-than-expected market hog inventory. Poultry production is increased slightly on higher turkey production. Beef production forecasts are little changed with beef production expected to drop below year-earlier levels in the second half of the year. Hog prices in 2000 are revised upward and are forecast to average \$43-\$46 per cwt for 2000 as a whole.

Dairy: Milk production in 1999/2000 is forecast 1.2 billion pounds higher this month as producers continue to respond to favorable grain prices. The BFP/Class III price is unchanged, but the all milk price is raised slightly. Net CCC removals are increased this month, reflecting weakness in product prices and continued strong Dairy Export Incentive Program sales of whole milk powder.

Commodity Markets in Review: Concerns about potential cold weather damage sent cash wheat prices up slightly last week, but futures fell with falling corn futures prices and sluggish exports. Slow farmer sales helped push up corn cash prices, but futures dropped on forecasts for more rain in the Midwest and worries over the impact of hoof and mouth disease in Asian markets. Brisk exports boosted soybean cash prices, but futures fell for much the same reason as corn. Rice cash prices remained near \$6.00 per cwt, but futures dropped in anticipation of a large spring-planted crop. Improved moisture conditions sent cotton prices lower. Cattle prices were little changed. A snowstorm in the Midwest helped limit marketings and boost hog prices. Broiler prices moved modestly higher with featuring in some areas. Cheese prices hovered fractionally above support. Butter prices were almost unchanged, as active churning schedules matched increasingly brisk demand.

Average prices for the week ending April 7, 2000

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.67	+0.03	-0.25
Corn \$/bu	2.18	+0.02	0.05
Soybeans \$/bu	5.19	+0.05	0.54
Rice \$/cwt	6.00	0.00	-2.13
Cotton ¢/lb	54.06	-1.36	-3.79
Steers \$/cwt	71.95	-0.01	7.24
Hogs \$/cwt	47.89	+2.44	19.41
Broilers ¢/lb	56.27	+0.07	-0.01
Cheese \$/lb	1.11	0.00	-0.22
Butter \$/lb	1.10	-0.01	0.10
Milk* \$/cwt	9.60	-0.01	NA

*April 2000 Class III futures price from the Chicago Mercantile Exchange

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Welfare Reform:

USDA Approves Food Stamp Work Requirement Waivers: From April 4-11, USDA approved requests from CO, ME, and AZ to extend and/or modify their waivers of the Food Stamp Program work requirements.

Anniversary of Toll Free Food Stamp Info Number: April 9 marked the first anniversary of USDA's toll free number for food stamp information, which has received a total of 4,434 calls. The toll free number has undergone numerous enhancements to make it more user friendly, and will, this summer, provide callers the option of transferring directly to their own State's toll free information line.

President's Initiative on Food Safety:

Deputy Secretary Testifies on Inspection and Interstate Shipping: On April 6, Deputy Secretary Richard Rominger testified before the Senate agriculture committee on the Daschle-Hatch New Markets for State-Inspected Meat Act of 1999, which would remove prohibitions on interstate shipment of state-inspected meat and poultry products. This legislation is modeled on an Administration proposal to create new markets for small state inspection plants, while ensuring food safety. USDA is working closely with the Congress to enact the legislation this year. The Deputy Secretary testified that USDA will conduct a comprehensive review of all state inspection programs, conduct annual reviews to ensure states are fully enforcing federal inspection requirements, and that under HACCP, the countries food supply is safer than ever before, reducing *Salmonella* contamination by 50%.

USDA Enforces Food Safety Requirements in MN, UT, HI: On April 6, USDA suspended operations at Husnik Home Food Supply, South St. Paul, MN, for failing to conduct a shipment review associated with the small plant's HACCP plan.

On April 6, Feller's Precooked Meats, Inc., of North Salt Lake, UT, recalled approximately 9,500 pounds of cooked roast beef and pastrami due to *Listeria monocytogenes* contamination discovered through routine USDA sampling and testing. No illness has yet been associated with recalled product, which had been distributed to hotels, restaurants, and institutions in UT, WA, and OR.

On April 5, USDA suspended operations at Designer Meats Inc., Hilo, HI, for *Listeria monocytogenes* found in Portuguese brand sausage patties during testing.

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

\$200 Million Lake Erie Conservation Initiative: Secretary Glickman will soon announce a \$200 Million Lake Erie Conservation Initiative, of which USDA will pay up to \$167.5 million, under which 67,000 acres of environmentally sensitive land will be set aside under a 10 year OH CREP program paying producers to establish grass strips and forest buffers filtering up to 90% of runoff and sediment.

\$210 Million Chesapeake Bay Protection Program: On April 13, Secretary Glickman announced a \$210 Million Chesapeake Bay Protection Program, of which USDA will pay up to \$129 million, under which USDA will establish a 10 year PA CREP program paying producers

to set aside environmentally sensitive farmland near 5,000 miles of streams and rivers, and establish grass filter strips and forest buffers filtering up to 90% of runoff and sediment.

Chowchilla, CA Gets Water Grants: On April 12, USDA presented Chowchilla, CA two ceremonial checks for a \$268,325 wastewater project, and \$1,114,558 water project.

Rural Telecommunications Loans and Grants for IA, MS: On April 7, USDA provided loans totaling \$31,653,600 to improve telecommunications access and install 1,262 miles of optical fiber and copper cable near Cowrie, IA.

Community Adjustment and Investment Program (CAIP) Makes its Largest Ever Loan: On April 3 and 6, the CAIP organized with the Departments of Treasury, HUD, Labor, and Commerce, to make the program's largest ever loan—\$10 million—to save 1600 jobs in Thomaston, GA. The loan will be used to save jobs put in jeopardy when a textile plant was threatened with closing following NAFTA-related job loss.

On April 5, USDA announced a grant of \$1,698,000 and loan of \$990,150 to improve telephone service to 422 subscribers, and install 30 miles of fiber and copper cable in Georgetown, MS.

IV. SECRETARY'S SCHEDULE

On Thursday, April 13, Secretary Glickman will address the Natural Resources Conservation Service's Earth Day Celebration on the Mall.

On Thursday, April 13, Secretary Glickman and EPA Administrator Browner will address the IL Congressional Delegation on MTBE and Ethanol.

On Friday, April 14, Secretary Glickman will attend a meeting of your Food Safety Council.

On Monday, April 17, Secretary Glickman will attend a luncheon being given in his honor by Ambassador to the UN Holbrooke in New York, NY.

On Tuesday April 18, Secretary Glickman will address the Consumer Federation of America 2000 National Food Policy Conference.

On Wednesday, April 19, Secretary Glickman will address the Sparks Company SCI Food and Agricultural Policy conference.

From Monday through Sunday, April 24–30, Secretary Glickman will lead a Congressional Delegation to China on PNTR and WTO issues.

V. SUB-CABINET SCHEDULE

From Friday, March 31 through Saturday, April 15, Under Secretary Gus Schumacher will travel to Tokyo, Japan; Beijing, China; Hong Kong, China; Singapore; Jakarta, Yogyakarta and Denpasar, Indonesia; and Seoul, Korea. Schumacher will meet with officials on China WTO, biotech, food safety, food aid, and to examine market opportunities.

From Monday through Friday, April 10–14, Under Secretary Catherine Woteki is leading the U.S. delegation to the FAO/WHO Codex Committee on General Principles meeting in Paris.

On Thursday and Friday, April 13-14, Under Secretary Lyons will attend the NRCS Dedication of the Sgt. Major Watershed in Cheyenne, OK.

On Thursday and Friday, April 13–14, Under Secretary Miley Gonzalez will address the Western Region Agricultural Education Conference in Las Cruces, NM.

On Thursday, April 13, Under Secretary Shirley R. Watkins will address the Tuskegee University Annual Banquet in St. Louis, MO.

On Thursday, April 13, Under Secretary Michael V. Dunn will address the Agriculture Marketing Outreach Workshop for limited resource farmers and ranchers, in Memphis, TN.

On Sunday, April 16, Under Secretary Shirley R. Watkins will address Founders Day at the University of Arkansas Pine Bluff campus.

On Monday, April 17, Under Secretary Jim Lyons will address the American Planning Association Urban Resources Partnership Meeting in New York City, NY.

On Monday, April 17, Under Secretary Michael V. Dunn will address the Consumer Federation of America's National Food Policy Conference.

On Tuesday and Wednesday, April 18-19, Under Secretary Shirley R. Watkins will attend a Hunger Roundtable with Representative Farr in Salinas, CA

On Tuesday, April 18, Chief Economist Keith Collins will address Cotton Incorporated's 13th Annual Engineered Fiber Selection System conference.

On Tuesday, April 18, Chief Financial Officer Sally Thompson will attend the Government-wide Chief Financial Officers' Council Retreat at the National Institutes of Health in Bethesda, MD.

On Tuesday and Wednesday April 18-19, Under Secretary Michael V. Dunn will tour Central ID's Frank Church River Wilderness.

From Wednesday through Friday, April 26-- 28, Under Secretary Catherine Woteki will attend the third Organization for Economic Cooperation and Development Ad Hoc Group on Food

Safety meeting in Paris, France.

On Monday, May 1, Food Safety Inspection Service Administrator Tom Billy will address the American Dairy Products Institute and the American Butter Institute in Chicago, IL.

On Thursday, May 4, Under Secretary Catherine Woteki will address a microbial resistance conference of the British Royal Society of Medicine.

VI. PRESS/MEDIA INQUIRIES

On April 7, Secretary Glickman held conference call press briefing on his recommendation you create a Sequoia National Monument; media outlets briefed included the Fresno Fox News and KMJ Radio, *Los Angeles Times*, *New York Times*, *San Jose Mercury News*, *San Francisco Chronicle*, Associated Press, *Sacramento Bee*, *USA Today*, Gannett News Service, and the *Bakersfield Californian*.

On April 3, a USDA food safety official was interviewed by the *Wall Street Journal* on DES and phenylbutazone, after which came follow up questions on April 6 from the Associated Press, *Cattle Buyers Weekly*, and the *WSJ*.

American Spectator and the *Washington Times* asked about numbers of farmer bankruptcies and related issues.

The Associated Press was referred to the Justice Department about a suit involving farmers' who received low-interest USDA loans, and then charged migrant workers rent.

VII. FOIA REQUESTS

On April 6, the National Pork Producers Council, was denied a list of persons whose names appeared on a petition requesting a pork checkoff referendum, but who denied signing the petition. An injunction against USDA release of the petition resulted in the denial.

VIII. WASTE, FRAUD AND ABUSE

GA Cotton Company Owner Pleads Guilty to Felony Fraud: On April 6, the owner of a Statesboro, GA, cotton company pled guilty to 32 felony counts in U.S. District Court. On February 3, the owner was previously indicted by a Federal grand jury for 88 felony charges involving a scheme in which he defrauded 140 GA and SC farmers of about \$10.5 million.

IX. CLIMATE CHANGE

Nothing significant to report this week.

X. WEEKEND CONTACT

Eric Olsen

April 19, 2000

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF April 16, 2000

USDA Fact of the Week

On April 18, Secretary Glickman released a study showing that USDA's Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) significantly boosts children's intakes of iron, vitamin B-6, and folate. Participating children increased their iron intake by the almost 21% of the nutrient's recommended daily allowance (RDA); increased their vitamin B-6 intake by 23% of RDA; and their folate intake by 91% of RDA. The findings regarding iron and vitamin B-6 are especially important since a large percentage of children, regardless of WIC status, failed to meet the RDA for these nutrients, which help stave off anemia and neurologic abnormalities, respectively. The study can be accessed on the web at <http://www.ers.usda.gov/epubs/pdf/fanrr5/>.

I. KEY DEPARTMENT NEWS

Earth Day Conservation Announcements, Grants, and Awards: On April 13, Secretary Glickman kicked off USDA Earth Day activities by announcing \$350 million in new financial incentives for boosting CREP signups over the next three years.

On April 18, in honor of Earth Day, USDA announced over \$33 million in funds (to leverage an additional \$36 million in other federal, state, local and private funds) for 11 high priority water projects in as many states; including projects that serve an Hispanic community in AZ and a Native American community in ND, and projects to protect the Colorado, Minnesota, Monongehela and Edisto Rivers.

On April 21, in Earth Day Ceremonies on the Mall, Forest Service Chief Mike Dombeck will present the Grand Prize award for the Millennium Smokey Bear and Woodsy Owl Poster Contest. The annual contest, co-sponsored by the Forest Service, National Association of State Foresters, and National Council of State Garden Clubs for over 20 years, helps instill

environmental awareness in young children through a fun, creative, art project that encourages children to take a personal role in preventing forest fires and maintaining a healthy environment.

New Interactive Healthy Eating Index Creates Huge Response: Public response to the new Interactive Healthy Eating Index surpassed all expectations, receiving over 50,000 hits in the first half day and overwhelming the internet server. Developed by USDA's Center for Nutrition Policy and Promotion (CNPP), the IHEI is a new on-line dietary assessment tool that provides a quick measure of a person's diet quality. MSNBC and CNN have both run stories featuring the IHEI in their health segments.

USDA and National Weather Service Join to Boost NOAA Weather Radio: On April 19th, USDA and the All Hazard Warning multi-agency working group will organize delivery of NOAA Weather Radio receivers to the governors of all 50 states and Puerto Rico, in an effort to publicize Weather Radio, and role it plays in delivering weather warnings directly to the public—including up to 30 minutes of advanced tornado warning time.

Pork Checkoff Referendum Procedures Published: On April 18, USDA published proposed procedures for a referendum on the pork checkoff program in the *Federal Register*. Comments are due by May 18, 2000, and the proposed rule and comments can be viewed on the Internet at www.ams.usda.gov/lsg/mpb/rp-pork.htm.

Rapid Response Teams Assessing Smithfield Purchase of Farmland Plant: On April 17 and 18, two USDA rapid response teams moved to IA, IL, and WI to assess the impact on area hog farmers of Smithfield Foods, Inc.'s proposed acquisition of a Farmland Foods, Inc.'s packing plant. The teams will determine whether any aspect of the transaction violates the Packers and Stockyards Act. Smithfield has indicated that slaughtering operations at the plant may end if the acquisition occurs.

First Ever Upstream Dam Rehabilitation Project Celebrated: On April 14, USDA and FEMA signed a MOU celebrating the country's first-ever rehabilitation project for an aging upstream dam in Cheyenne, OK, extending that 50 year-old dam project for another 100 years, and spelling out new joint efforts to help communities reduce their vulnerability to natural disasters such floods, hurricanes, earthquakes, and wildfires.

House Passes Rural Satellite Loan Guarantee Program: On April 13, the House passed the Rural Satellite Loan Guarantee Loan Program by a vote of 375 to 37. Both the House and Senate versions of the bill allocate administration of the program to the Rural Utilities Service; the bills go into conference shortly.

EU Parliament Passes Biotech Approval Process Reforms: On April 11, the European Parliament voted to accept legislation reforming EU regulations for the approval of biotech products. The proposed amendments that most hampered approval were defeated, however, there must now be a reconciliation process between the Commission's January proposals to the

Parliament, and those actually passed. The legislation will likely be finalized toward the end of the year, at which point the Member states will have 18 months to implement the new legislation.

Russia Implements Border Restrictions for U.S. Poultry: On April 10, following numerous postponements, the Russian government implemented Decree #531 restricting entry points for poultry imports and effectively blocking the transshipment of U.S. poultry through the Baltic countries. On April 12, the U.S. Ambassador to Russia sent a letter to the head of the Committee on Protective Trade Measures reiterating the U.S. position that Decree #531 is inconsistent with WTO rules and the U.S.-Russia Bilateral Trade Agreement. Although it is too early to assess the effect on trade, interviews with Russian importers suggest a willingness to comply with the decree if properly enforced.

Mexican Industry Fights Biotech Labeling Bill: During the week of April 10, Mexican agricultural industry representatives began a vigorous campaign against lower house passage of a biotech labeling bill passed by the Mexican Senate on March 30. The Mexican Senate's bill, by requiring the labeling of the specific gene altered in a product, is more restrictive than even EU requirements.

Farm Weather Outlook: The National Weather Service 6-10 day outlook for April 20-24 calls for near- to below-normal temperatures in the West and a return to near- to above-normal temperatures across most of the East. Occasional rain will continue to delay fieldwork in California, where wet soils may become a concern. Wet weather is also forecast in the Northwest, Corn Belt, Mid-Atlantic region, and portions of the central and southern Plains. Near-normal rainfall will benefit summer crops across the South.

Commodity Markets in Review: Cash prices generally declined for major crops. Wheat prices declined because of generally favorable crop conditions, forecasts for rain, and spillover pressure from lower corn prices. Corn prices were weakened by forecasts for rain and fast planting progress. Likewise, short-term forecasts for rain pressured prices for soybeans. Rice prices remained unchanged despite USDA's upward adjustment of global rice stocks. Cotton prices were down following USDA's upward adjustment of China's stocks. Steer prices strengthened as higher boxed beef prices and rising April futures encouraged producers to hold out for increases. Hog prices recorded gains as packers increased bids to attract hogs as marketings declined seasonally. Broiler prices slipped as production of chicken was estimated up 1 percent last week. Dairy products experienced price declines with block cheese trading at the support price of \$1.10. Adequate cream supplies pressured butter prices lower.

Average prices for the week ending April 14, 2000

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.63	-0.04	-0.19
Corn \$/bu	2.17	-0.01	0.03
Soybeans \$/bu	5.18	-0.01	0.45
Rice \$/cwt	6.00	0.00	-2.13
Cotton ¢/lb	53.34	-0.72	-3.62
Steers \$/cwt	73.45	1.53	8.47
Hogs \$/cwt	50.26	2.37	21.52
Broilers ¢/lb	56.22	-0.05	0.07
Cheese \$/lb	1.10	-0.01	-0.23
Butter \$/lb	1.05	-0.05	-0.04
Milk* \$/cwt	9.49	-0.11	NA

* April 2000 Class III futures price from the Chicago Mercantile Exchange

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Welfare Reform:

Release of Food Stamp Program Quality Control Error Rates: By April 27, under provisions of the Food Stamp Act, USDA will release the FY99 Food Stamp Program Quality Control error rates (combined error rates for overpayments and underpayments to active cases), and begin collection action from States subject to liabilities for error rates above tolerance. Current analyses indicate that national combined error rates will fall by more than 0.75%, to about 9.88%; however, 16 States will be subject to about \$33 million in liabilities. These numbers reflect downward adjustments made under Secretary Glickman's authority to waive, adjust, or forgive claims, by standardizing caseload characteristics and removing the effects of errors below \$25.00, reducing the number of States in liability from 24 to 16, and reducing liabilities from \$75 million to \$33 million.

Four States with low error rates are expected to be eligible for enhanced funding totaling \$38 million. USDA is currently resolving issues concerning error rates in IN; and error rates for improper denials of eligibility in SD, WY, and the Virgin Islands, whose rates would disqualify them from enhanced funding otherwise payable based on their rates for active cases

USDA Approves SC, AZ Food Stamp Requirements Waivers: During the period from April 11-18, USDA approved requests from SC and AZ to extend and/or modify their waivers of the Food Stamp Program work requirements. The Department is currently reviewing requests for waivers from AK, CO, MN, NV, PA and WA State.

President's Initiative on Food Safety:

USDA to Hold Public Meeting on *Listeria Monocytogenes*: On May 15, USDA will sponsor a public meeting addressing future plans to further protect the public from foodborne illnesses associated with *Listeria monocytogenes*.

New USDA Web Site Provides Labeling Information: On April 13, USDA announced a new, business-friendly web site providing detailed information for meat and poultry plants on labeling standards, policies, and procedures, including a special section that captures small business issues. The web site address is <http://www/fsis/usda.gov/oppde/larc>.

USDA Enforces Food Safety Requirements: On April 13, Queen City Sausage and Provision, Inc., of Cincinnati, OH recalled approximately 850 pounds of smoked sausage and skinless bratwurst for contamination discovered through routine USDA sampling and testing. No related illnesses have been reported.

On April 11, USDA officials notified Dort Meat Co., Inc., of Flint, MI, that the very small plant will be closed for having an inadequate HACCP plan. Investigation continues.

President's Initiative on EZs/ECs:

Water Program Loans and Grants to IL: On April 18th, USDA announced provision of \$627,000 in loans and \$1,246,000 in grants, to be matched by \$860,000 in IL State grants, for constructing a clear well and standby generator for IL's Southwater Empowerment Zone treatment plant site, allowing the plant to serve an additional 110 rural customers, bringing the total served to over 3,356.

Water Program Loans and Grants to TN: On April 18th, USDA announced provision of a Water and Sewer Loan of \$2,200,000, and Grant of \$1,800,000 to the Fayette/Haywood Enterprise Community in Somerville, TN, enabling the expansion of water and wastewater facilities, the relocation of an existing 500,000 gallon elevated tank, and the construction of a new 200,000 gallon elevated storage tank to supply water to customers in the northern area of town.

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

Report on Genetically Engineered Crops for Pest Management: On May 3, USDA will release a report on the adoption of crops genetically engineered for pest management, and the

dramatic expansion of their use since commercial introduction in the mid-1990's. The report shows that adoption of herbicide-tolerant cotton led to significant increases in yields and net returns, but was not associated with significant changes in herbicide use; adoption of herbicide-tolerant soybeans led to small but significant increases in yields, with no changes in net returns, and significant decreases in herbicide use; and adoption of Bt cotton in the Southeast significantly increased yields and net returns, while significantly reducing insecticide use.

GAO Issues Final Report on Food Stamp Program Recipient Trafficking: At the request of Senator Lugar, GAO has released a report, *Food Stamp Program: Better Use of Electronic Data Could Result in Disqualifying More Recipients Who Traffic Benefits*, finding that EBT transaction data is not being used effectively to identify and investigate food stamp recipients suspected of trafficking. Out of 29 States using EBT to deliver food stamp benefits, only five identify and pursue recipients who traffic in EBT benefits, most notably, TX. GAO states that USDA lacks a reliable estimate of the extent of recipient trafficking, and neither USDA nor States can report with confidence that recipient trafficking is being deterred.

Index of Leading Economic Indicators: On April 19, the 5th annual release of the "Index of Leading Economic Indicators 2000" will occur at the National Press Club, coincident with the 30th Anniversary of Earth Day. USDA information on land use trends was used to calculate the index, which examines the environmental accomplishments of the last 30 years. Other areas of research include air and water quality, land condition, soil erosion, and sustainable development.

HI Food Bank Receives USDA Funds: On April 21st USDA will present a \$20,000 Community Facilities check to Kauai, HI, Food Bank Officials, to facilitate purchase a \$30,000 refrigerated truck to distributes food to 106 local non-profit agencies and churches which feed about 5,000 people each month, half of whom are children.

USDA Cooperative Loan To Fight Fruit Flies: On April 20th, USDA will present a Rural Development Business and Industry \$6,750,000 guaranteed loan to Hawaii Pride-LLC Company, to build a facility equipped for post-harvest quarantine disinfestation treatment for fruit fly and other plant pests, enabling commercial movement of Hawaii-grown tropical fruit to the U.S. mainland and international markets. Hawaii farmers have not been able to sell their tropical fruits in the U.S. and abroad, due to problems with fruit flies. The project will create 28 new jobs and provide additional employment opportunities with local growers.

Sewer Grant Provided in AZ: On April 18, Representative Pastor joined a USDA announcement of \$812,000 in grants for a sewer project in Gadsden, AZ, a small unincorporated community 4 miles north of the U.S./Mexico border in southeast AZ. Grant funds will be used to install a wastewater collection system to replace individual septic tanks that are constantly failing. HUD, through its Community Development Block Grant program will also contribute \$600,000 towards the project. Representative Pastor attended the announcement.

IV. SECRETARY'S SCHEDULE

On Monday, April 24, Secretary Glickman will meet with EU Agriculture Commissioner Fischler on trade issues.

From Tuesday April 25, through Sunday, April 30, Secretary Glickman will lead a Congressional delegation to China.

On Thursday, May 4, Secretary Glickman will address the Hispanic Leadership Summit.

On Thursday, May 4, Secretary Glickman will dedicate the Henry A. Wallace Center for Agricultural and Environmental Policy.

V. SUB-CABINET SCHEDULE

On Thursday, April 20, Deputy Secretary Rominger will attend a ceremony certifying CA's achievement of Tuberculosis-Free Status, in Sacramento, CA.

On Wednesday, April 26, Deputy Secretary Rominger will attend the UN Commission on Sustainable Agriculture, in New York City, NY.

On Thursday, April 27, Deputy Secretary Rominger will address the Animal Transportation Association Livestock Conference, in Houston, TX.

On Friday, April 28, Deputy Secretary Rominger will dedicate the Natural Resources Research Center, in Fort Collins, CO.

On Thursday, April 20, Under Secretary Catherine Woteki will address the Agricultural Biotechnology Forum at the Farm Bureau.

From Tuesday, April 25, through Saturday, April 29, Under Secretary Gus Schumacher will attend the Royal Agricultural College Conference, in London, England.

From Wednesday, April 26, through Friday, April 28, Under Secretary Catherine Woteki will attend the third Organization for Economic Cooperation and Development Ad Hoc Group on Food Safety meeting in Paris, France.

On Thursday, April 27, Under Secretary Jim Lyons will meet with State Conservationists, and state and local governments regarding the Atlantic salmon issue, at the Yale School of Forestry in New Haven, CT.

On Thursday and Friday, April 27-28, Under Secretary Miley Gonzalez will address the Navajo Extension Partnership Program, in Farmington, NM. He will also participate in the annual Indian Livestock Days.

On Monday, May 1, Food Safety Inspection Service Administrator Tom Billy will address the American Dairy Products Institute and the American Butter Institute in Chicago, IL.

On Wednesday, May 3, Deputy Under Secretary Caren Wilcox will attend the second of three HACCP field operations supervisory conferences, this one in New Orleans.

On Thursday, May 4, Under Secretary Catherine Woteki will address a microbial resistance conference of the British Royal Society of Medicine.

On Tuesday and Wednesday, May 9-10, Under Secretary Michael V. Dunn will address the GIPSA Concentration Conference structural changes facing the livestock and grain industries, in Kansas City, MO.

On Monday, May 15, Deputy Under Secretary Caren Wilcox will address the Food Safety Inspection Service's public meeting on listeria.

On Wednesday and Thursday, May 17-18, Under Secretary Jim Lyons will address a Udall Institute & Department of Interior conference on Alternative Dispute Resolution, in Tucson, AZ.

On Thursday, May 18, Associate Agricultural Marketing Service Administrator Margaret Glavin will address the United Egg Producers on the egg safety plan.

VI. PRESS/MEDIA INQUIRIES

On April 20, NPR's Public Interest will conduct a live interview with AMS Administrator Kathleen Merrigan on the mission and activities of AMS.

Bridge News asked about the possible trade implications of Mexico's slaughtering of broiler chickens due to New Castle's disease.

The *Fort Worth Star Telegram* is working on a story analyzing TX food stamp participation under Governor Bush.

Parenting Magazine interviewed Under Secretary Woteki on listeria and risks associated with consuming luncheon meats.

The Associated Press has expressed interest in a lawsuit recently filed by the High Sierra Hikers Association, the Wilderness Watch, and the Forest Service Employees for Environmental Ethics against the U.S. Forest Service, claiming inadequate management of the Ansel Adams and John Muir Wildernesses. These wildernesses are two of four covered by a comprehensive wilderness management revised draft environmental impact statement to be released by summer.

The *New York Times* inquired about an Agricultural Research Service Plant Protection Research

Unit, in Ithaca, NY, regarding a discovery that a clone of a genetically modified potato variety no longer expressed its resistance to the golden nematode. Particular interest was manifested in the effect this incident had on NY potato growers.

The *Fort Lauderdale Sun-Sentinel*, the *Palm Beach Post*, and the Palm Beach NBC affiliate inquired about the detection of citrus canker in Palm Beach County by USDA's Sentinel Survey Project.

VII. FOIA REQUESTS

Representative Paul requested an electronic list of Farm Service Agency (FSA) subsidy recipients. Meanwhile, The Law firm of Chestnut, Sanders, et al, of Selma, AL, requested records on specific producers in GA and MS, and records regarding minority participation in FSA farm programs.

The *New York Times* requested documentation on the use of biocontrol agents.

The Environmental Defense Fund requested records on all FY99 USDA payments to CA farming operations.

VIII. WASTE, FRAUD AND ABUSE

Operation Talon Update: As of April 17, Operation Talon, which tracks down fugitive felons by cross referencing food stamp roles with law enforcement records, has resulted in 6,007 arrests; including the arrests of 40 fugitives were wanted for murder or attempted murder, 27 wanted for child molestation, and 14 wanted for rape or attempted rape.

IX. CLIMATE CHANGE

UN Sustainable Development Conference Nears: From April 24-May 5, the 8th Meeting of the UN Commission on Sustainable Development will be held at UN Headquarters in New York City. This year, topics include Sustainable Agriculture and Rural Development; for which will be negotiated an agreement on how to further pursue implementation of SARD. Also, there will be a two-day multi-stakeholder dialogue session on sustainable agriculture, including domestic and international non-governmental organizations. The report of the Intergovernmental Forum on Forests will also be presented for approval, which includes a recommendation for establishing a new UN entity, the UN Forum on Forests.

X. WEEKEND CONTACT

Eric Olsen

April 26, 2000

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF April 23, 2000

USDA Fact of the Week

USDA will shortly announce the selection of recipients for \$49,601,546 in Section 515 Rural Rental Housing funds, which ended February 22. Under this program, USDA will fund 67 loans to construct 1,709 rural rental housing units. Of these \$49 million in loans, tribal land loans total \$10.6 million (13 loans); loans in under-served areas and colonias total \$6.9 million (6 loans); and loans in EZ/EC or REAP areas total \$14 million (19 loans).

I. KEY DEPARTMENT NEWS

Secretary Leads Delegation to China: From April 24 – 30, Secretary Glickman is leading a delegation of U.S. elected officials on a fact-finding mission to China. During the trip, which includes stops in Beijing, Shanghai, and Hong Kong, the delegation will hold meetings on trade issues with Chinese officials, inspect working conditions at U.S.-owned factories in China, meet with Chinese entrepreneurs and academics on trade and political liberalization issues, announce Chinese purchases of U.S. products, and conduct issue briefings for U.S. business representatives and media. Accompanying the Secretary are Governor Schafer, and Representatives Dicks, Hinojosa, Meeks, and Walden.

Convention on Biological Diversity: From May 13-24, the 5th meeting of the Committee of the Parties (COP-5) on the Convention on Biological Diversity will be held in Nairobi, Kenya. Issues on the agenda include agricultural and forest biodiversity, drylands, invasive species, access to genetic resources, inland water, ecosystem approach, and coral reefs. In addition, the Biosafety Protocol will be presented to the COP during a Ministerial Session and will be open for signing; 50 signatures are needed for the Protocol to go into effect.

Reinvention Efforts in Commodity Nutrition Programs: On May 3, USDA will host a meeting of State, local and industry representatives to solicit input on how best to pilot test

national processing contracts for USDA commodities. Under the proposed test, food vendors would apply to the Department for approval to process USDA commodities into more usable products for schools, saving States thousands of hours of work a year. The use of national processing contracts is one of the recommendations developed under a USDA initiative to reinvent the domestic commodity nutrition programs known as *Food Distribution 2000*.

Snowbasin Land Exchange: The completion of the Snowbasin land exchange is on hold due to unacceptable conditions linked to the Taylor Canyon parcel, one of the four parcels specifically named in the Snowbasin Land Exchange Act of 1996. USDA's regional forester will continue to work towards acquiring the parcel free of unacceptable encumbrances, but the exchange of deeds that was planned for next week will be delayed. This delay will not affect completion of the new access road to Snowbasin, but could delay the construction of other facilities that are planned for the government land that would become part of the Snowbasin in the exchange.

Giant Sequoia National Monument: Conditions related to off-highway vehicles outlined in the President's April 15 declaration of the Giant Sequoia National Monument have become an issue for some national forest users and local communities, and will likely elevate the visibility of Forest Service management plan development. Much of the interest will focus on the conditions restricting motorized and non-motorized use, which continue to raise access-related concerns among some recreational users. Congressional and media interest can be expected in the management plan development.

Environmental Groups Petition USDA on GMOs: On April 26, the National Resources Defense Council, Center for Food Safety, Environmental Defense, Greenpeace, Sierra Club, and the Union of Concerned Scientists petitioned USDA to withdraw current approvals and prevent environmental releases of genetically modified organisms (GMOs) that are indigenous to the U.S., and would have interbreeding wild relatives, or the potential to harm non-target organisms, until three steps are taken: 1) USDA conducts rulemaking to establish prescriptive requirements for field testing and supporting information that must be provided for such crops to be deregulated; 2) USDA initiates an independent research program to assess potential risks from such crops and the data necessary to ensure they do not pose an environmental risk; and 3) USDA prepares, under NEPA, an Environmental Impact Statement (including potential international implications) of its data requirement regulations. The petitioners also specifically requested that USDA immediately withdraw its determination of nonregulated status for two varieties of virus resistant squash developed by Asgrow Company. The petitioners assert that the latter request is supported by some of the findings in the recent National Academy of Sciences report on Genetically Modified Pest-Protected Plants. USDA is studying the petition carefully.

Mexican Biotech Labeling Legislation: On April 26, Mexico's lower house was expected to vote on the biotech labeling bill which was passed by Mexico's Senate on March 30. This legislation would require the labeling of all biotech products, including foods, ingredients, additives, raw materials and mandate that the label must indicate what type of gene has been added to the product, making it more restrictive than related EU legislation. USDA's Mexico

office have met with members of the Mexican lower house Agriculture Committee and with Mexico's Bio-Security Commission to express U.S. concern over the bill's possible negative impact on trade.

MOU on Marine Transportation: On April 25, Under Secretary Dunn joined with Secretary of Transportation Slater and other Federal officials in signing a memorandum of understanding creating an Interagency Committee on the Marine Transportation System. The committee will establish a partnership among 17 Federal agencies to better coordinate policies, strategies, and goals relating to U.S. waterways, ports and their intermodal connections. The Interagency Committee is one outcome of a strategic planning process undertaken by a Marine Transportation System Task Force made up of Federal, state, and local government officials, as well as broad private sector representation.

UN Commission on Sustainable Development: From April 24 through May 5, the 8th Meeting of the UN Commission on Sustainable Development (CSD-8) will be held in New York, NY. Deputy Secretary Rominger will address the Commission on April 26. One of this year's featured topics is Sustainable Agriculture and Rural Development (SARD, chapter 14 of Agenda 21). In addition to negotiating an agreement on how to further pursue implementation of SARD, there will be a two-day multi-stakeholder dialogue session on sustainable agriculture, including domestic and international non-governmental organizations, farmers, trade unions, agri-business, and environmental organizations. In addition, the report of the Intergovernmental Forum on Forests will be presented to the CSD for approval, including a recommendation for establishment of a UN Forum on Forests.

National Advisory Committee for Tobacco Inspection Recommendations: On April 20, the National Advisory Committee for Tobacco Inspection Services recommended that the current user fee for domestic grading of each hundred pounds of tobacco be increased from 83 cents to \$1.00. The Committee also recommended a reduction in the level of service (number of sets of graders) for the 2000-2001 tobacco marketing season, from 41 in 1999 to 37 in the burley region, and from 37 in 1999 to 31 in flue-cured region.

Relief for Indonesian Urban Poor: During the week of April 17, the International Relief and Development's (IRD) Noodle Program for Disadvantaged People in Indonesia began operation, using 30,000 tons of USDA-provided wheat supplied under the FY99 Food for Progress Program. This is an innovative project aimed at providing food assistance to urban poor, while simultaneously boosting employment and overall economic recovery by assisting small noodle factories in restarting or expanding their production. The factory was able to hire more than 80 local Indonesians, with an additional 183 starting in May to meet the increased utilization at the factory. An estimated 30 million packets will be sold each month in the poorer areas of Jakarta, Semarang, and Solo.

Farm Weather Outlook: The NWS 6-10 day outlook for April 27 to May 1 calls for near- to above-normal temperatures across most of the Nation, except along the southern Atlantic

Seaboard, where below-normal temperatures are predicted. Near- to below-normal rainfall is forecast for the southern Plains and much of the Corn Belt, with no rain expected over southern California and the Southwest. Above-normal rainfall is forecast for the Northwestern and Southeastern corners of the Nation, including Florida.

Commodity Markets in Review: Wheat prices were down slightly, pressured by improving winter wheat conditions, rapid spring wheat planting progress, and widespread rains across the Great Plains. In contrast, corn prices edged up marginally because of moisture concerns and larger-than-expected weekly export sales. Likewise, soybean prices recorded a small increase despite recent rain in the Corn Belt. Cotton prices were stable as reports of tighter world supplies of good-quality cotton from the 1999 crop were offset by generally favorable new-crop prospects. Hog prices declined as narrower margins caused packers to reduce bids and stronger wholesale beef prices pushed cattle prices higher.

Average prices for the week ending April 21, 2000

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.62	-0.01	-0.16
Corn \$/bu	2.18	0.01	0.00
Soybeans \$/bu	5.21	0.03	0.41
Rice \$/cwt	5.94	-0.06	-2.19
Cotton ¢/lb	53.91	0.57	-1.35
Steers \$/cwt	74.29	0.66	9.39
Hogs \$/cwt	49.54	-0.72	19.03
Broilers ¢/lb	56.13	-0.09	-0.59
Cheese \$/lb	1.10	-0.01	-0.23
Butter \$/lb	1.03	-0.03	-0.00
Milk* \$/cwt	9.46	-0.03	NA

*April 2000 Class III futures price from the Chicago Mercantile Exchange

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Welfare Reform:

Release of Food Stamp Program Quality Control Error Rates: On April 27, under provisions of the Food Stamp Act, USDA will release the FY99 Food Stamp Program Quality

Control error rates (combined error rates for overpayments and underpayments to active cases), and begin collection action from States subject to liabilities for error rates above tolerance. Current analyses indicate that national combined error rates will fall by more than 0.75%, to about 9.88%; however, 16 States will be subject to about \$33 million in liabilities. These numbers reflect downward adjustments made under Secretary Glickman's authority to waive, adjust, or forgive claims, by standardizing caseload characteristics and removing the effects of errors below \$25.00, reducing the number of States in liability from 24 to 16, and reducing liabilities from \$75 million to \$33 million.

Four States with low error rates are expected to be eligible for enhanced funding totaling \$38 million. USDA is currently resolving issues concerning error rates in IN; and error rates for improper denials of eligibility in SD, WY, and the Virgin Islands, whose rates would disqualify them from enhanced funding otherwise payable based on their rates for active cases.

Conference on Rural Dimensions of Welfare Reform: On May 4-5, USDA the Joint Center for Poverty Research, and the Rural Policy Research Institute will co-sponsor a conference on the rural dimensions of welfare reform at the Georgetown University Conference Center. Presenters will address the nature of rural poverty in a post-welfare reform era; determinants of Food Stamp, Temporary Assistance to Needy Families, and Medicaid program dynamics; the effects of welfare reform on workforce participation, incomes, and migration of rural low-income families; and determinants and consequences of food insufficiency in rural areas.

USDA Approves Food Stamp Program Work Waivers: During the period from April 18-25, USDA approved requests from AK, CO, MN, NV, PA, TN and WA to extend and/or modify their waivers of the food stamp work requirements, based on insufficient jobs.

President's Initiative on Food Safety:

USDA Enforces Food Safety Requirements: On April 21, USDA announced the impending closures of Akopyan Food Dist., of Montebello, CA, for inadequate HACCP provisions and deficiencies in its sanitation standard operating procedures (SSOPs).

In related matters, on April 20, USDA announced the impending closure of the following small HACCP plants: of Schneider Packing Company, of St. Louis, MO, for maintenance and repairs needed to prevent unsanitary conditions; of Lam Foods, Inc. of Kansas City, MO, for failing to maintain appropriate records as stated in its HACCP plan; of Carso's Pasta Co., of Seattle, WA, for HACCP record keeping and monitoring inadequacies; for Sala Meat Market, Inc., of Honolulu, HI, for failing to take appropriate corrective and preventive measures concerning a positive *Listeria monocytogenes* finding in a luncheon meat product; of Godshall's Quality Meats, Inc., of Telford, PA, for failing to act to correct a positive test result for *Listeria monocytogenes* in a sausage product; and of Better Baked Foods Inc., of North East, PA, for SSOP inadequacies.

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

CA Farm Labor Housing Facility: On May 15, the Beverly Terrace farmworker housing facility will begin construction in Linda, CA, providing 40 units of apartments and townhouses for farmworkers. USDA has provided \$2.28 million in loans and grants, with \$1.5 million coming from Yuba County disaster money. The complex will contain a large community building that will offer child-care facilities.

IV. SECRETARY'S SCHEDULE

From Monday, April 24, through Sunday, April 30, Secretary Glickman will lead a delegation of elected officials to Beijing, Shanghai, and Hong Kong, PRC.

On Wednesday, May 3, Secretary Glickman will open the U.S.-WTO Consultative & Technical Assistance Forum for African Ministers.

On Thursday, May 4, Secretary Glickman will address the Hispanic Leadership summit.

On Thursday, May 4, Secretary Glickman will dedicate the Henry A. Wallace Center for Agricultural and Environmental Policy.

On Monday, May 15, Secretary Glickman will address the Wichita Rotary Club, in Wichita, KS.

On Tuesday, May 16, Secretary Glickman will address the National Drought Policy Commission.

On Thursday, May 18, Secretary Glickman will address the Invasive Species Council.

On Tuesday, May 23, Secretary Glickman will address the American Forest and Paper Association Conference.

On Friday, May 26, Secretary Glickman will give the Georgetown University Public Policy School commencement address.

V. SUB-CABINET SCHEDULE

On Wednesday, April 26, Deputy Secretary Rominger will address the UN Conference on Sustainable Agriculture in New York, NY.

On Thursday, April 27, Deputy Secretary Rominger will address the Animal Transportation Association Livestock Conference, in Houston, TX.

On Friday, April 28, Deputy Secretary Rominger will dedicate a Natural Resources Research Center in Fort Collins, CO.

On Tuesday, May 16, Deputy Secretary Rominger will address the National Drought Policy Commission.

From Tuesday April 25 – Saturday, April 29, Under Secretary Gus Schumacher will address the Royal Agricultural College Conference in London, England.

On Tuesday, April 25, Under Secretary Catherine Woteki and Deputy Under Secretary Caren Wilcox will attend an interagency trade policy staff meeting to report on the March Special Session of the WTO Committee on Agriculture.

From Wednesday, April 26, through Friday, April 28, Under Secretary Catherine Woteki will attend the third OECD Ad Hoc Group on Food Safety meeting, in Paris, France.

On Wednesday, April 26, Under Secretary Michael V. Dunn addressed the Invasive Species Stakeholders Roundtable.

On April 27, Under Secretary Lyons will meet with State Conservationists, and state and local governments on the Atlantic salmon issue, at the Yale School of Forestry in New Haven, CT.

On Friday, April 28, USDA Chief Information Officer Joseph Leo will attend a Rockefeller Institute and GAO working seminar on the role of information technology in delivering social service programs.

On Friday, April 28, Under Secretary Jill Long Thompson will address a Federal Reserve Bank of Kansas City conference on Rural America policy, in Kansas City, MO.

On Saturday, April 29, Under Secretary Jill Long Thompson will deliver the commencement address to Northwest Missouri State University, in Maryville, MO.

On Monday, May 1, Food Safety and Inspection Service Administrator Tom. Billy address the American Dairy Products Institute and the American Butter Institute, in Chicago, IL.

On Tuesday, May 2, Under Secretary Catherine Woteki will chair a meeting of the U.S. Codex Steering Committees to discuss agenda items for the May 9-12 Codex Committee on Food Labeling meeting in Ottawa, Canada.

On Tuesday, May 2, Deputy Under Secretary Caren Wilcox will attend the second of three field operations supervisory conferences, this one in New Orleans, LA.

On Thursday, May 4, Under Secretary Catherine Woteki will address the implications of increasing resistance to antibiotics by disease at the Royal Society of Medicine's Washington microbial resistance conference.

On Tuesday and Wednesday, May 9-10, Under Secretary Michael V. Dunn will address the Grain Inspection, Packers and Stockyards Administration Concentration Conference on the implications of structural changes in the livestock and grain industries, in Kansas City, MO.

On Tuesday, May 9, Food Safety and Inspection Service Administrator Tom Billy will address the Codex Committee on Labeling meeting in Ottawa, Canada.

On Thursday May 11 and Friday May 12, respectively, Under Secretary Miley Gonzalez will address the University of Arizona Hispanic Alumni organization; and receive an alumni achievement award at the University of Arizona commencement, in Tucson, AZ

On Monday, May 15, Deputy Under Secretary Caren Wilcox will address a Food Safety and Inspection Service public meeting on Listeria.

On Monday, May 15, Under Secretary Michael V. Dunn will dedicate the Animal and Plant Health Inspection Service Eastern Regional Hub office, in Raleigh, NC.

On Wednesday May 17 and Thursday, May 18, Under Secretary Jim Lyons will address a Udall Institute & Department of Interior conference on alternative dispute resolution, in Tucson, AZ.

On Thursday, May 18, Under Secretary Michael V. Dunn will attend Binational Commission Meetings.

On Friday May 19 and Saturday, May 20, Under Secretary Jim Lyons will address the Idaho Conservation League Conference, in Stanley, ID.

On Saturday, May 20, Under Secretary Shirley R. Watkins will give the commencement address at Johnson and Wales University, in Providence, RI.

VI. PRESS/MEDIA INQUIRIES

Nothing of significance to report.

VII. FOIA REQUESTS

Nothing of significance to report.

VIII. WASTE, FRAUD AND ABUSE

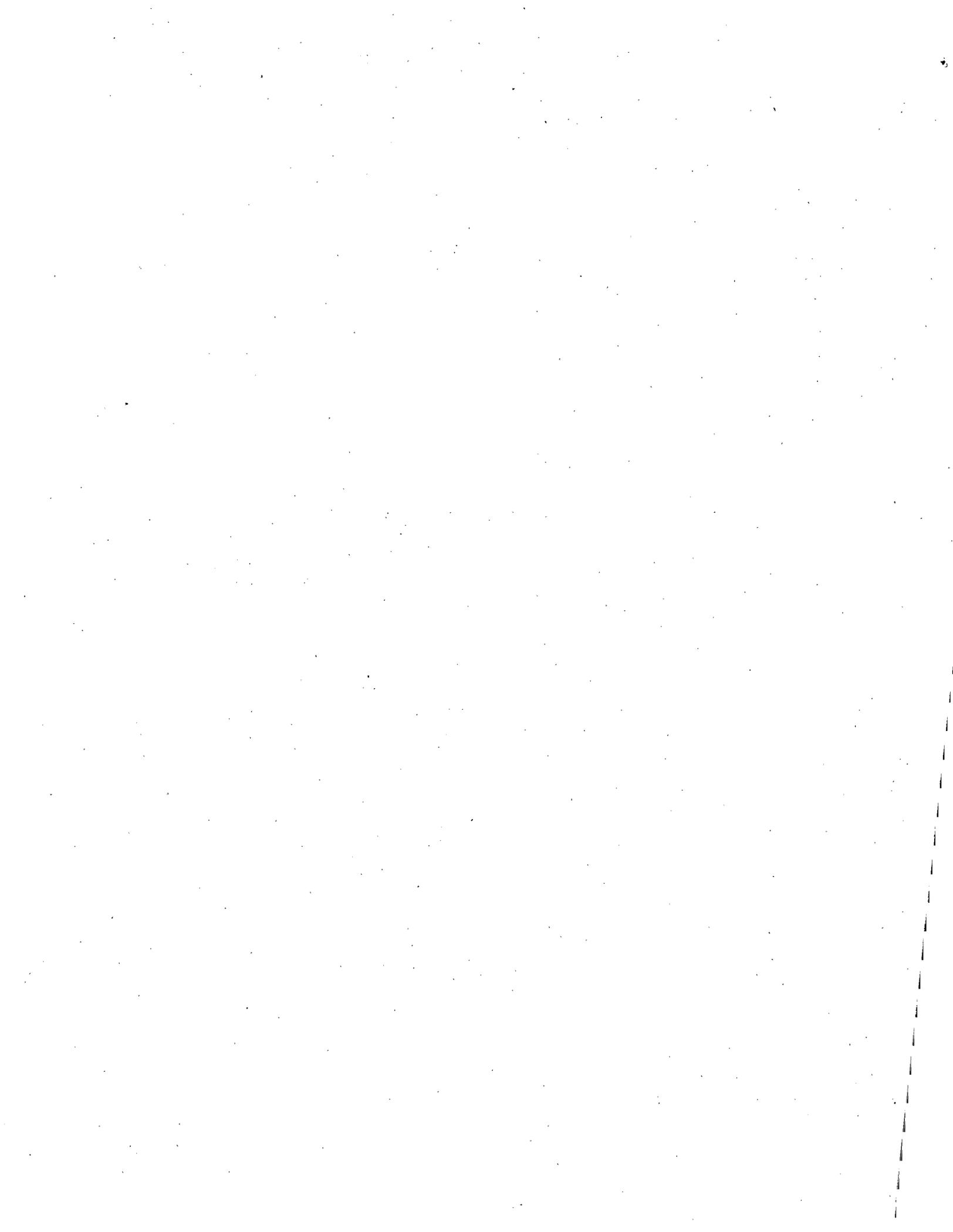
Nothing of significance to report.

IX. CLIMATE CHANGE

Nothing of significance to report.

X. WEEKEND CONTACT

Eric Olsen



May 3, 2000

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF April 30, 2000

USDA Fact of the Week

While the number of U.S. farmers has been in decline for decades, from 1992 to 1997, the number of Hispanic farmers has increased by nearly a third—from 20,966, to 27,717. Each year, Hispanic operators make over \$3 billion in agricultural sales—\$2 billion of which comes from crops (fruits, nuts, berries, vegetables, nursery, cotton, and hay), and \$1 billion from livestock sales.

I. KEY DEPARTMENT NEWS

Secretary Leads Delegation to China: From April 24–30, Secretary Glickman, at your request, led a delegation of U.S. elected officials on a Presidential Mission to China, in preparation for the effort to establish Permanent Normal Trade Relations for China. The trip included stops in Beijing, Shanghai, and Hong Kong, where the delegation held meetings on trade issues with Chinese officials, inspected working conditions at U.S.-owned factories in China, met with Chinese entrepreneurs and academics on trade and political liberalization issues, announced Chinese purchases of U.S. products, and conducted issue briefings for U.S. business representatives and media. Accompanying the Secretary were Governor Schafer, and Representatives Dicks, Hinojosa, Meeks, and Walden.

USDA Hispanic Leadership Summit: On May 4, Secretary Glickman will be joined by Deputy Director of OPM Sepulveda and senior USDA officials in opening USDA's first-ever Hispanic Leadership Summit. —See USDA Work on Presidential Initiatives

Small Farm-to-School District Workshop: On May 1, Under Secretary Michael Dunn represented USDA at a workshop on helping small and limited-resource farms develop direct business relationships with nearby school districts. The workshop was sponsored by USDA, the University of Kentucky's Cooperative Extension Service, and the Kentucky Department of Agriculture at the Georgetown College Conference and Training Center in Georgetown, KY.

Internet Cotton Merchandising Successful: On April 28, USDA reported the successful end of testing on the newly developed Farm Service Agency internet-based cotton merchandising system. Over the past several months, 65 cotton merchants from around the world participated in 12 separate catalog sales, made over the internet. More than 27 million pounds of CCC-owned upland and pima cotton, worth about \$18 million, were sold during the testing period. About 26 million pounds of 1998-crop cotton remain to be offered online. Additionally, 135 cotton warehouses have registered on this system to allow for electronic invoicing and fund transfer payments for CCC storage obligations.

Early Soybean Production System (ESPS) Boosts Delta Soy Yields: On April 26, USDA's Crop Genetics and Production Research Unit, in Stoneville, MS, reported that the newly developed ESPS, which involves the early (April and May) planting of early maturing soybean varieties, produced consistently greater-yielding fields than those planted using the 25-year old conventional system. Additionally, recent research shows that deep fall tillage of fields under the ESPS will even further increase yields and net returns.

West Nile Virus (WNV) Media Event, Trapping Study: On April 25, USDA, EPA, National Wildlife Health Center, and Centers for Disease Control and Prevention officials held a WNV media event to overview work related to combating the WNV outbreak that began in 1999, and current preparations for a possible recurrence in 2000. Participating media included NBC News, *New York Times*, *Washington Post*, *Los Angeles Times*, *CNN.com*, Gannett News Service, Reuters, *Philadelphia Inquirer*, National Public Radio, *Science Magazine*, *New York Newsday*, and *New York Daily News*.

In a related item, on April 17-18, USDA scientists at the Mosquito and Fly Research Unit, in Gainesville, FL, met with scientists from the Wildlife Conservation Society and Yale University in New York City to develop plans for the use of USDA-developed insect trapping technology to collect, identify, and control potential mosquito vectors of West Nile virus.

Dead Fruit Fly in China Mistakenly Attributed to U.S. Citrus: On April 20, the *China Daily* printed a misleading article indicating that Guangzhou, China, quarantine authorities intercepted a Mediterranean fruit fly (Medfly) in fruit boxes on a ship from Long Beach, CA. USDA officials investigating the story learned that the incident occurred more than a month ago—before the first shipment of U.S. citrus was permitted into China, and that the Medfly was dead and found on paper rubbish on used food trays aboard the ship. *Bloomberg News* printed a clarification of the initial *China Daily* report.

Natural Resources Conservation Service (NRCS) Celebrates AG Earth Day: On April 15, Deputy Secretary Rominger, NRCS Chief Reed and OMB Associate Deputy for Natural Resources, Energy and Science Warren celebrated Ag Earth Day at a 107 acre private farm in Davidsonville, MD. The event, titled "'Conservation 2000-Making Everyday Earth Day,'" showcased a variety of conservation practices to over 800 visitors.

Farm Weather Outlook: The NWS 6-10 day outlook for May 4-8 calls for warmer-than-normal weather to prevail across most of the United States. Mostly dry weather is forecast in the Southwest and Southeast, but a beneficial pattern of near- to above-normal rainfall is expected elsewhere, including the Corn Belt.

Commodity Markets in Review: Generally favorable crop conditions and sluggish exports led wheat prices lower for the week. Cash corn and soybean prices rose as rapid planting progress slowed farmer selling, but futures fell on prospects for precipitation in the western Corn Belt. Rice cash prices held steady, but futures dropped under the pressure of good new-crop prospects and weak world markets. Cotton prices fell in thin trade, despite reports of increased U.S. mill use and good export sales. Lower slaughter levels led to a sag in cattle prices. Slower marketings, in the face of more intensive fieldwork in the Midwest, accounted for the jump in hog prices. Broiler prices rose as brisk food service demand outpaced sluggish retail sales. Cheese prices hovered just above support. Butter prices moved up on good seasonal demand, despite adequate stocks and active churning schedules.

Average prices for the week ending April 28, 2000

Commodity		Weekly cash price	Change from a week ago	Change from a year ago
Wheat	\$/bu	2.58	-0.04	-0.13
Corn	\$/bu	2.20	0.02	0.06
Soybeans	\$/bu	5.31	0.10	0.58
Rice	\$/cwt	5.94	0.00	-2.12
Cotton	¢/lb	53.42	-0.49	-4.59
Steers	\$/cwt	73.88	-0.48	8.57
Hogs	\$/cwt	51.62	2.09	17.99
Broilers	¢/lb	56.30	0.17	-1.12
Cheese	\$/lb	1.10	0.00	-0.23
Butter	\$/lb	1.09	0.06	-0.00
Milk*	\$/cwt	9.46	0.00	NA

* April 2000 Class III futures price from the Chicago Mercantile Exchange

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Welfare Reform:

USDA Approves Welfare Reform Waiver: During the week of April 25, USDA approved a request from OR for a new waiver of Food Stamp Program work requirements, due to insufficient jobs.

President's Initiative on Food Safety:

MI Firm Recalls Roast Beef and Ham for Possible *Listeria*: On April 26, Meat Block, Inc., a processing firm in Muskegon, MI, recalled approximately 180 pounds of ready-to-eat sliced cooked roast beef and sliced boneless ham for *listeria monocytogenes* contamination discovered through routine USDA sampling and testing.

Public Meeting on *Listeria Monocytogenes* Approaches: On May 15, USDA will hold a public meeting to discuss an action plan for the control and prevention of *Listeria monocytogenes*. Deputy Under Secretary Caren Wilcox and Administrator Tom Billy will review USDA initiatives undertaken after its February 1999 public meeting, as well as the agency's future plans to protect the public from *listeria*.

USDA Enforces Food Safety Requirements in MO and OK: On April 27, USDA closed the very small Schneider Packing Co. plant, in St. Louis, MO, for unsanitary standard operating procedures. On April 27, USDA closed the very small Fenix, LLC plant, in Oklahoma City, OK, for producing product without a HACCP plan; processing product not under USDA inspection; and for sanitary standard operating procedures failures.

President's Initiative on Race:

USDA Hispanic Leadership Summit: On May 4, Secretary Glickman will be joined by Deputy Director of OPM Sepulveda and senior USDA officials in opening USDA's first-ever Hispanic Leadership Summit. The summit will bring the leaders of 15 national Hispanic organizations to a day-long symposium at USDA to discuss ways of improving the representation of Hispanics in the USDA workforce; learn more about the Hispanic organizations and the services they provide; explain USDA's mission, culture, organization, and occupations; and to discuss and obtain feedback on USDA's initiatives and commitments.

USDA Holds Listening Sessions for Native Americans: On April 25, USDA's Farm Service Agency Administrator Keith Kelly, and staff from USDA's Risk Management Agency, Washington State Farm Service Agency, and Natural Resources Conservation Service held a listening session on USDA programs and reform in Ellensburg, WA, for representatives from the twenty-eight Federally recognized American Indian Tribes located throughout the State, and members of the Intertribal Agriculture Council (IAC) in Billings, MT.

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

\$46 Million in Rural Development Aid to Mississippi Delta Region: On May 10, USDA is

prepared to have you announce over \$46 million in loans and grants for 45 rural development projects throughout the Mississippi Delta. Projects range from aiding water and infrastructure development, to supporting housing, community facilities, and rural business assistance.

\$4 Million for IN Electric Infrastructure: On May 2, USDA announced a Rural Electric Program loan for \$4,000,000 to the Daviess-Martin County Rural Electric Membership Corporation of Washington, IN, to be used to serve 1,160 new consumers, construct 82 miles of distribution line and make other system improvements.

\$6.89 Million Supporting Families Initiative Recipient Selection Begins: On May 1, the deadline ended to apply for \$6.89 million in loans and grants from the Supporting Families initiative -- a joint effort of USDA, the Robert Wood Johnson Foundation, and HHS. The program provides technical assistance loans and grants to up to 22 States and large counties to improve their enrollment and redetermination processes for Medicaid, State Children's Health Insurance Program (SCHIP), and food stamps. A national advisory committee comprised of experts in the field will assist in proposal review and site selection.

\$269.9 Million in Electric Loans to AL: On May 1, USDA announced a Rural Electric Program loan for \$269.9 million to the Alabama Electric Cooperative, Inc., of Andalusia, AL. The loan will be used to construct 495 megawatts of generating capacity and 17 miles of transmission line for the co-op, which provides power to 16 distribution cooperatives, 4 municipal systems and 1 industrial distributor in AL and FL.

\$58.6 Million in Electric Loans to MS: On May 1, USDA announced a Rural Electric Program loan in the amount of \$58.6 million to the South Mississippi Electric Power Association, in Hattiesburg, MS. The loan will be used to connect 3,600 consumers with 183 miles of distribution line, and to build a new substation and switching station for the cooperative, which provides electric power to 11 distribution members in MS.

\$25.8 Million in Electric Loans to KY: On May 1, USDA announced a Rural Electric Program loan in the amount of \$25.8 million to the Blue Grass Energy Cooperative Corporation, in Nicholasville, KY. The loan will be used to connect 3,600 consumers and construct 183 miles of distribution lines for the co-op, which maintains 3,400 miles of electrical lines and serves 32,000 consumers.

\$4 Million Available for Rural Cooperative Development Grants: On April 25, the Rural Business-Cooperative Service (RBS) announced the availability of approximately \$4 million in competitive Rural Cooperative Development Grant (RCDG) funds for FY00. The Federal Register notice specifies June 2, as the deadline for receipt of preapplications by the State Rural Development Offices. Information for the RCDG program is listed on the website: <http://www.rurdev.usda.gov/rbs/coops/rcdg.htm>

Minimum Wage Impact on Food Prices: On May 10, USDA will release an Economic

Research Service report showing that a simulated \$0.50 (fifty cent) increase in the minimum wage, if entirely passed on to consumers, would increase food prices by less than one percent for most of the foods at food stores, and by one percent at eating and drinking places. Additionally, the economic model used assumes that firms do not alter production processes despite being faced with higher minimum wages, leading the estimates to show likely higher price increases than would actually occur.

IV. SECRETARY'S SCHEDULE

On Thursday, May 4, Secretary Glickman will address USDA's Hispanic Leadership Summit.

On Thursday, May 4, Secretary Glickman will address the inaugural event for the Winrock International Wallace Center for Agriculture and the Environment.

On Tuesday, May 9, Secretary Glickman will address the National Association of Farm Broadcasters.

On May 10, Secretary Glickman will join you and Secretary Slater at a Mississippi Delta conference in Arlington, VA.

On Monday, May 15, Secretary Glickman will address the Wichita, KS Rotary Club.

On Tuesday, May 16, Secretary Glickman will address the National Drought Policy Commission.

On Wednesday, May 17, Secretary Glickman will testify before the House Agriculture Committee on Chinese PNTR.

On Thursday, May 18, Secretary Glickman will open a meeting of the invasive Species Council.

On Friday, May 26, Secretary Glickman will give the Commencement address for the Georgetown University School of Public Policy.

V. SUB-CABINET SCHEDULE

On Wednesday, May 3, Deputy Secretary Rominger addressed the opening ceremony of the USTR-WTO Consultative & Technical Assistance Ministerial Forum with African Trade Ministers.

On Thursday, May 4, Deputy Secretary Rominger will address the first meeting of the National Research Council Standing Committee on Biotechnology Food and Fiber Production, and the Environment.

On Monday, May 8, Deputy Secretary Rominger will address the Association of Farm

Broadcasters 2000 Washington Watch meeting.

On Monday, May 8, Deputy Secretary Rominger will address the USDA Hammer Awards Ceremony.

On Monday, May 8, Deputy Secretary Rominger will address members of the California Farm Bureau.

On Wednesday, May 10, Deputy Secretary Rominger will address a conference on Family Farms in Kansas City, MO.

On Tuesday May 16, Deputy Secretary Rominger will address the National Drought Policy Commission.

On Thursday, May 18, Deputy Secretary Rominger will address an announcement of a Rural Development Council Memorandum of Understanding between USDA and CA, in Sacramento, CA.

On Friday, May 26, Deputy Secretary Rominger will address the U.S. – China Chamber of Commerce conference, in Los Angeles, CA.

On Wednesday May 3, and Thursday, May 4, USDA Chief Information Officer Joseph Leo will attend an executive briefing at the Dell computer company in Austin, TX.

On Thursday May 4, Under Secretary Gus Schumacher will address the Harvard University Policy Seminar on Food Security, in Boston, MA.

On Thursday, May 4, Under Secretary Catherine Woteki will address the British Royal Society of medicine “Perspectives of Health Care: Implications of Increasing Resistance in the U.S.” conference.

On Thursday May 4, Chief Economist Keith Collins will testify on the carbon cycle, best management practices, and production agriculture before the Senate Subcommittee on Production and Price Competitiveness of the Senate Committee on Agriculture, Nutrition, and Forestry.

On Friday May 5, Under Secretary Gus Schumacher will attend the New Entry Sustainable Farming Project Annual Meeting, in Lowell, MA.

On Friday May 5, Under Secretary Michael V. Dunn will address the Food Biotechnology Conference in Montreal, Quebec.

On Monday May 8, Deputy Under Secretary Schroeder will attend bilateral meetings in

Johannesburg, South Africa.

On Monday, May 8, Under Secretary Jill Long Thompson will update the Border Trade Alliance conference on the White House Taskforce for the Southwest Border Region.

From Tuesday, May 9 – Friday, May 12, Deputy Under Secretary Jim Schroeder will attend the U.S./Southern Africa Development Council Forum, in Maputo, Mozambique.

On Tuesday, May 9, Food Safety Inspection Service Administrator Tom Billy will open the Codex Committee on Labeling meeting in Ottawa, Canada.

On Tuesday May 9 and Wednesday, May 10, Under Secretary Michael V. Dunn will address the Grain Inspection, Packers and Stockyards Administration conference on impending structural changes in the livestock and grain industries, in Kansas City, MO.

On May Wednesday, May 10, Chief Economist Keith Collins will address the Commodity Marketing Outlook conference for family farms, in Kansas City, MO.

On Thursday, May 11, Under Secretary Miley Gonzalez will address the University of Arizona Hispanic Alumni organization in Tucson, AZ, and on Friday, May 12, will attend the spring commencement of the University of Arizona and receive an Alumni Achievement Award.

On Monday, May 15, Under Secretary Michael V. Dunn will attend the dedication of the Animal and Plant Health Inspection Service's Eastern Regional Hub office, in Raleigh, NC.

On Tuesday, May 16, Under Secretary Catherine Woteki and Administrator Tom Billy will address a meeting of the National Advisory Committee on Meat and Poultry Inspection.

On Wednesday May 17 and Thursday, May 18, Under Secretary Jim Lyons will address a Udall Institute and Department of Interior conference on alternative dispute resolution, in Tucson, AZ.

On Thursday, May 18, Associate Administrator Margaret Glavin will address the United Egg Producers on the egg safety plan.

On Thursday, May 18, Under Secretary Michael V. Dunn will attend the Binational Commission Meeting.

On Friday, May 19 and Saturday, May 20, Under Secretary Lyons will address the Idaho Conservation League Conference, in Stanley, ID.

On Saturday, May 20, Under Secretary Shirley R. Watkins will give the commencement address at Johnson and Wales University, in Providence, RI.

From Sunday May 21 through Tuesday, May 23, Under Secretary Miley Gonzalez will address the International Conference on the Characteristics of Extension Systems in the World and their Use as Models in Developing Countries, in Kiev, Ukraine.

On Tuesday, May 23, Under Secretary Michael V. Dunn will address the 63rd Annual Market Administrators conference, in Louisville, KY.

On Wednesday, May 24, Under Secretary Catherine Woteki will address the National Institutes of Health's Staff Training in Extramural Programs committee meeting.

On Thursday, May 25, Under Secretary Lyons will attend the dedication of the National Wildland Firefighter Monument, in Boise, ID.

On Friday, May 26, Under Secretary Catherine Woteki will give the commencement address to the University of Texas-San Antonio's Graduate School of Biomedical Sciences, in San Antonio, TX.

On Wednesday, May 31, Under Secretary Catherine Woteki will attend the National Research Council and National Academy of Sciences Task Force on Goals and Objectives' meeting, in Woods Hole, MA.

On Thursday, June 1, Under Secretary Michael V. Dunn will address the Animal and Plant Health Inspection Service's veterinary services managers conference, in Charlottesville, VA.

VI. PRESS/MEDIA INQUIRIES

Military Update newsletter requested USDA comment on Secretary Cohen's recommendation that military personnel housing allowances not be counted as income for food stamp purposes; and *Time* magazine requested food stamp program information for a related story.

The Washington Post requested information on restricting use of antibiotics in food animal production. AP and *McClatchy* Newspaper asked for USDA's comment on the Natural Resources Defense Council's legal petition demanding that USDA stop approving GE crops without more extensively determining threat to other plants. *Congressional Quarterly* asked about the level of funding expended on biotechnology research by the public and private sectors.

USA Today, NPR's *Marketplace*, CNN Radio, and ABC's *Good Morning America* asked about USDA's annual report on the cost of raising a child.

VII. FOIA REQUESTS

Representatives Combest and Stenholm requested information on the co-location of twenty-five Farm Service Agency State Offices.

Animal Protection of New Mexico, Inc., requested copies of contracts, cooperative agreements, and video footage of aerial gunning conducted by the Wildlife Services program, in conjunction with a complaint filed in U.S. District Court for NM against USDA for declaratory and injunctive relief.

VIII. WASTE, FRAUD AND ABUSE

Former Columbus, OH NRCS Budget Officer Sentenced: On April 27, a former Columbus, OH, Natural Resources and Conservation Service Budget Officer was sentenced to 18 months in Federal prison and ordered to make restitution in the amount of \$311,193, after having pled guilty to one-count of Theft of Public Money on February 3.

IX. CLIMATE CHANGE

Carbon and Climate Change Hearing: On May 4, Deputy Secretary Rominger will testify before the Production and Price Competitive Subcommittee of the Senate agriculture committee on carbon cycle research and the role of agriculture in climate change.

X. WEEKEND CONTACT

Eric Olsen

May 10, 2000

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF May 7, 2000

USDA Fact of the Week

May 8 marked the first time a public hearing on amending an agriculture program was broadcast live over the Internet. Webcasts of the hearing, which is expected to last several days, can be accessed at http://www.ams.usda.gov/dairy/ClassIII_IV.htm. Being discussed at the hearing is legislation proposed to amend the Federal milk marketing orders Class III and IV pricing provisions.

I. KEY DEPARTMENT NEWS

White House Conference on the Mississippi Delta: On May 10, Secretary Glickman addressed and moderated an economic development panel as part of the White House Conference on the Mississippi Delta. During his remarks, the Secretary announced that USDA is approving \$45 million in loans and grants to help improve living standards and create jobs throughout the Mississippi Delta region.

USDA to Launch New Food Safety Mascot: The week of May 22, Secretary Glickman and Under Secretary Catherine Woteki will kick-off a thermometer education campaign, encouraging consumers to use food thermometers and cook meats to temperatures. The kick-off is expected to include one or two events with the Secretary, and will introduce the "Thermy the thermometer" food safety mascot nationwide message: "It's Safe to Bite When the Temperature is Right." Thermy (TM) brochures, refrigerator magnets, a public service announcement, and campaign materials have been developed for the launch.

USDA to Release Recipe Book Meeting Dietary Guidelines: On May 16, USDA will unveil *Recipes and Tips for Healthy, Thrifty Meals*, at an event at the Waterside Mall Safeway supermarket which includes a sample tasting. The cookbook is designed to help working families meet dietary guidelines on a budget. Seven USDA regional offices will concurrently release the recipe book at media events in their respective areas. Published by the Center for

Nutrition Policy and Promotion, the recipes were developed at The Pennsylvania State University, and meet Recommended Daily Allowances of nutrients, the Dietary Guidelines for Americans, and the Food Guide Pyramid.

Iranian Delegation Explore's U.S. Trade Opportunities: From May 15-19, an Iranian Delegation will attend conferences at USDA headquarters to explore opportunities for purchasing grains and vegetable oils. During the visit with USDA officials, the delegation will meet with the U.S. Grains Council, U.S. Rice Federation, USA Poultry and Egg Export Council, American Seed Trade Association, USA Dairy Export Council, and U.S. Wheat Associates, after which it will travel to St. Louis, MO, to meet with the American Soybean Association and Dupont.

Ag Appropriations Progresses: Both the House and Senate moved forward this week with subcommittee and full committee mark ups of USDA's FY 2001 appropriations bill. In general, the Senate has much less objectionable funding levels than the House bill, which is \$1 billion below the President's request is about \$230 million below the 2000 enacted levels. While details of the House markup are unavailable at this time, the Senate included a number of FY 2000 supplemental appropriations in its markup, including salaries and expenses for USDA's Farm Service Agency, additional funds for conservation technical assistance, and additional funds for certain supplemental payments to producers. Both bills contain a number of objectionable riders, including restrictions on the Administration's egg safety action plan, limits on the environmental quality incentives program, and prohibitions against establishing a support services bureau. Senate floor debate may begin as early as next week.

USDA Releases Roadless Areas Proposed Rule: On May 9, Secretary Glickman, accompanied by Under Secretary Jim Lyons and Forest Service Chief Mike Dombeck released USDA's proposed rule for managing over 54 million acres of roadless inventoried landscapes in national forests and grasslands. A Draft Environmental Impact Statement (DEIS) was also released explaining the basis for the proposal. Briefings are planned for congressional staffs, Governors, and Forest Service employees. Over 300 public meetings are scheduled at every national forest and grassland to facilitate public comment on the proposal by the July 17 deadline.

China Releases Detained Citrus Containers: On May 9, the Chinese Inspection and Quarantine agency (CIQ) announced that it has accepted U.S. explanations for problems associated with two recently detained citrus containers in the port of Tianjin, China. CIQ will instruct the specific ports of entry to immediately inspect and release the U.S. citrus containers previously detained. In addition, eighteen new containers also cleared customs without any problems. The buyer of the above mentioned citrus (approximately 20 containers) is COFCO, a Chinese state-owned buyer.

WTO Agriculture, and Trade-Related Aspects of International Property Rights (TRIPS) Committees Chairmen Announced: On May 9, the WTO General Council approved Ambassador Jorge Voto-Bernales of Peru for Agriculture Committee Chair; approved Yoichi Suzuki, the Deputy Chief of Mission from Japan, for Agriculture Committee Vice Chair; and

approved Ambassador See from Singapore for Chair of the TRIPS Committee.

Final Rule on School Lunch Menu Planning: On May 9, USDA published a final rule expanding the methods schools may use to plan menus under the National School Lunch and School Breakfast Programs. In addition to the options established under the Healthy Meals for Healthy Americans Act of 1994, schools will now be allowed to use the traditional meal pattern in effect in 1994-95 and "any reasonable approach," as determined by the Secretary.

USDA Hispanic Leadership Summit: On May 4, Secretary Glickman attended USDA's first-ever Hispanic Leadership Summit, accompanied by Deputy OPM Director Sepulveda and the heads of 15 of the country's largest Hispanic organizations. The Secretary laid out USDA efforts to build a workforce that expands Hispanic employment as part of an ongoing effort to look like America, and promised continued improvement. Secretary Glickman specifically directed his Subcabinet to recruit Hispanics for professional and administrative jobs, and announced his designation of Nancy Santiago Robinson to fill a long-standing vacancy as USDA Hispanic Employment Program Manager.

Secretary Makes Biotech Initiative Announcements: On May 4, in an address to the National Academy of Sciences' standing committee on Biotechnology, Food, and Fiber Production and the Environment, Secretary Glickman amplified the priorities of the Administration's Food Safety Initiative, which you announced May 3. See USDA Work on Presidential Initiatives.

President's Plan to Strengthen Farm Safety Net: On May 4, Secretary Glickman announced the transmission to Congress of legislation to enact your \$11.5 billion plan to significantly strengthen the farm safety net for American family farmers and ranchers. The Administration plan, the Secretary said, will "enhance farm income, increase environmental protections, expand crop insurance, and expand economic opportunity in rural America."

USDA Effected by "Love Bug" Computer Virus: On May 4, numerous USDA email users received the "ILOVEYOU" computer virus, which struck organizations worldwide. The virus, which destroys files, corrupts personal computers, and propagates itself via the user's address book, forced some USDA agencies to shutdown email services for a period of time for repair and recovery. The Department has taken steps to block "copycat" variants of the virus, and continues assessing and repairing virus-caused damage.

Farm Weather Outlook: The National Weather Service's outlook for May 11-15 calls for hot, dry weather to continue across the south-central U.S. Near-normal rainfall will help offset the effects of hot conditions in the Southeast. In contrast, cool, wet weather will slow fieldwork and crop development from CA to the northern Plains. In the Corn Belt, wet conditions are expected across northern areas, with near-to below-normal rainfall forecast elsewhere.

Commodity Markets in Review: Wheat prices rose last week, supported by concern over

disease problems in the soft red winter wheat crop, dry conditions in a number of countries, and sharply higher corn prices. Forecasts for hot, dry conditions in the Western Corn Belt sent soybean and corn prices up strongly. Rice cash prices held steady, but old-crop futures fell with a drop in world prices and new-crop futures moved slightly higher, mostly due to a weather premium. Dry conditions in West Texas sent cotton prices sharply higher. Declining boxed beef prices sent cattle prices lower. Hog prices were up for the week, despite some erosion by week's end. Higher production and light retail demand sent broiler prices down. Cheese prices remained near the support price; CCC continues to purchase both block and process cheese. Butter prices were up for the second consecutive week as ice cream production accelerates.

Average prices for the week ending May 5, 2000

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.66	0.08	-0.13
Corn \$/bu	2.27	0.07	0.11
Soybeans \$/bu	5.51	0.20	0.78
Rice \$/cwt	5.94	0.00	-2.06
Cotton ¢/lb	55.16	1.74	-2.04
Steers \$/cwt	72.71	-0.95	8.39
Hogs \$/cwt	52.08	0.46	15.44
Broilers ¢/lb	56.12	-0.18	-2.13
Cheese \$/lb	1.09	-0.01	-0.17
Butter \$/lb	1.17	0.08	0.13
Milk* \$/cwt	9.63	-0.08	NA

*May 2000 Class III futures price from the Chicago Mercantile Exchange

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Welfare Reform:

Food Stamp Requirements Waiver for CO: USDA approved a request from CO to extend one of its waivers of food stamp work requirements, based on insufficient jobs.

President's Initiative on Food Safety:

President Accelerates USDA Fight Against *Listeria monocytogenes (Lm)*, Public Meeting to

Be Held: In your May 6 weekly radio address, you announced a directive requiring USDA and HHS to take aggressive steps aimed at significantly reducing the risk of illness and death from *Listeria monocytogenes* in ready-to-eat foods. Based on your directive, USDA will propose new *Lm* rules within four months, collecting public input in the process. *Listeria* is blamed for about 500 deaths each year, with approximately 20% of those who are infected with the bacteria suffering death, making it the mostly deadly pathogen found in the food supply.

In a related item, On May 15, USDA's Food Safety Inspection Service will hold a public meeting to discuss the agency's future plans, and to gather public input on ways to further protect the public from foodborne illnesses associated with *Lm*. Representatives from government, industry, consumer groups, and academia will lead discussions on several topics, including (1) the public health impact of foodborne *Lm* contamination; (2) results of FSIS' review of plants' response to a May 1999 *Federal Register* notice to reassess HACCP plans in response to the *Lm* threat; (3) proposed revised instructions for FSIS field employees on testing and sampling of ready-to-eat products; (4) a petition received from Center for Science in the Public Interest; (5) consumer education about *Lm*; and (6) research on *Lm*.

USDA Enforced Food Safety Requirements: On May 1, USDA closed the Fenix LLC. plant, in Oklahoma City, OK, for producing product without a HACCP plan; processing product not under inspection; and for sanitary standard operating procedures failures.

TX Firm Recalls Ground Beef for *E. coli*: On May 7, Brookshire's (retail) Store, in Red Oak, TX, recalled approximately 160 pounds of ground beef for possible contamination by *E. coli* discovered through routine USDA sampling and testing.

MD and MI Firms Recall Ready-to-Eat Meats for *Listeria monocytogenes*: On May 5, Hahn Brothers., Inc., a processing firm in Westminster, MD, recalled approximately 450 pounds of beef bologna and beef salami for possible *Listeria monocytogenes* contamination discovered through routine USDA sampling and testing.

In a similar item, on May 3, Meat Block, Inc., a processing firm in Muskegon, MI, recalled approximately 215 pounds of sliced turkey, corned beef, ham, and roast beef for possible *Listeria monocytogenes* contamination discovered through routine USDA sampling and testing. This follows an April 26, recall by the same plant of approximately 180 pounds of sliced roast beef and ham for possible *Listeria* contamination.

President's Initiative on Biotech:

Secretary Makes Biotech Initiative Announcements: On May 4, Secretary Glickman addressed the National Academy of Sciences' standing committee on Biotechnology, Food, and Fiber Production and the Environment, announcing that, as part of the biotechnology initiative which you announced May 3, the Administration will strengthen the nation's science-based regulation of agricultural biotechnology; provide consumers with accurate information; ensure

food safety; prepare for future innovations; and promote commerce and market opportunities for U.S. farmers. On the same day, Secretary Glickman announced that USDA will help standardize the identification of biotechnology-derived grains by accrediting labs and evaluating tests used to detect the presence of genetically modified grains.

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

Rural Business Grant to AZ: On May 26, USDA will award a \$199,000 Rural Business Enterprise Grant to an employee-owned sewing cooperative and communities making up the Arizona Border Enterprise Community.

North American Development Bank (NADBank) Loans to MO, LA: USDA, Treasury and the Small Business Administration have unanimously approved providing a \$2,220,260 Community Adjustment and Investment Program (CAIP) loan to Woodpro Cabinetry of Cabool, MO, for real estate improvements, consolidation of existing debt, improve cash flow, and aid purchase of new machinery/equipment and working capital. This is the first USDA/CAIP loan in MO, and will create an added 30 jobs at a CAIP cost of \$2427 each.

In a similar decision, USDA, Treasury, and the SBA have approved a \$4,128,055 CAIP loan for Prime Directional Systems of Broussard, LA, for equipment acquisition and working capital. The borrower is creating 48 new jobs created at a CAIP cost of \$2,821 per job.

Fee Increase Announced for Egg Products Inspection: On May 5, USDA published a notice in the *Federal Register* proposing to increase the fee on egg product plants charged by the Food Safety inspection Service to provide overtime and holiday inspection services. While costs for mandatory inspection are borne by FSIS; plants pay for inspection services performed on holidays or on an overtime basis. There has not been an increase in these fees since 1995.

IV. SECRETARY'S SCHEDULE

On Friday, May 12, Secretary Glickman will accompany you to PNTR events in MN and OH.

On Monday, May 15, Secretary Glickman will announce a School Breakfast Research Pilot Project in Wichita, KS.

On Monday, May 15, Secretary Glickman will address the Kansas Alliance for GOTrade, at Wichita State University in Wichita, KS.

On Tuesday, May 16, Secretary Glickman will address the Western Growers and United Fresh Fruits and Vegetables Associations.

On Tuesday, May 16, Secretary Glickman will address the National Drought Policy Commission.

On Wednesday, May 17, Secretary Glickman will testify before the House Agriculture Committee on China PNTR.

On Wednesday, May 17, Secretary Glickman will address the Invasive Species Advisory Council.

On Thursday, May 18, Secretary Glickman will address the Invasive Species Council.

On Tuesday, May 23, Secretary Glickman will address the American Forest and Paper Association.

On Thursday, May 25, Secretary Glickman will hold a kickoff for the new Food Safety education campaign, introducing the new Food Safety mascot "Thermy."

On Friday, May 26, Secretary Glickman will give the Georgetown School of Public Policy commencement address.

V. SUB-CABINET SCHEDULE

On Tuesday May 9, and Wednesday, May 10, Under Secretary Michael V. Dunn is addressing the Grain Inspection, Packers and Stockyards Administration conference on structural changes facing the livestock and grain industries, in Kansas City, MO.

On Thursday, May 11, Under Secretary Miley Gonzalez will address the University of Arizona Hispanic Alumni organization in Tucson, AZ, and on Friday, May 12, will attend the University of Arizona commencement, receiving an Alumni Achievement Award.

On Thursday, May 11, USDA Chief Information Officer Joseph Leo will address the National Defense University on the development of the Federal Electronic Benefits Transfer program.

On Monday, May 15 Under Secretary Shirley R. Watkins will join Secretary Glickman at a School Breakfast Research Pilot Project announcement in Wichita, KS.

On May 15, Under Secretary Michael V. Dunn will attend the government streamlining initiative inspired-dedication of the Animal and Plant Health Inspection Service's consolidated Eastern Regional Hub, in Raleigh, NC.

On Tuesday, May 16, Under Secretary Catherine Woteki and Administrator Tom Billy will address the National Advisory Committee on Meat and Poultry Inspection.

On Thursday, May 18, Under Secretary Shirley R. Watkins will join a Major Cities Roundtable in Chicago, IL

On Thursday, May 18, Under Secretary Michael V. Dunn will attend the Binational Commission Meeting of U.S. and Mexican officials.

On Saturday, May 20, Under Secretary Shirley R. Watkins will give the commencement address at Johnson and Wales University, in Providence, RI.

From Sunday May 21 through Tuesday, May 23, Under Secretary Miley Gonzalez will address the International Conference on the Characteristics of Extension Systems in the World and their Use as Models in Developing Countries in Kiev, Ukraine.

On Wednesday, May 24, Under Secretary Catherine Woteki will address the National Institutes of Health's staff training in extramural programs committee meeting on the scientific rationale for genetically modified foods and their impact on public health and the environment.

On May 25, Under Secretary Lyons will attend the Dedication of a National Wildland Firefighter Monument, in Boise, ID.

On Friday, May 26, Under Secretary Catherine Woteki will give the commencement address to the University of Texas-San Antonio's Graduate School of Biomedical Sciences.

VI. PRESS/MEDIA INQUIRIES

Under Secretary Woteki amplified your Saturday May 6, radio address on *Listeria monocytogenes* with over 30 rural media outlet broadcasters attending a National Association of Farm Broadcasters' media event at USDA. Food Safety Inspection Service Administrator Tom Billy also briefed reporters from Reuters, AP, Bloomberg News, *BNA*, and *Food Regulation Weekly* on your *Listeria* address.

New York Times Health Watch, *Webster Ag Letter*, *Nightly Business Report*, *McClatchy Newspapers*, *Belo*, *ABC News*, *Food Chemical News*, *Christian Science Monitor*, *Washington Trade Report*, and *USA Today* asked about USDA's May 3 Biotech announcement.

VII. FOIA REQUESTS

McClatchy Company, a newspaper chain, requested Market Access Program applications, marketing plans, evaluations, and associated documents for the Wine Institute for 1998 and 1999.

Two requests were received from the Physicians Committee for Responsible Medicine (Committee), asking for information on the National Fluid Milk Processor Promotion Board, and the American Egg Board. The Committee has also requested information on memoranda of understanding between USDA and the Federal Trade Commission regarding advertisements.

VIII. WASTE, FRAUD AND ABUSE

Country's Largest Food Distributor Failed to Pay Millions to Suppliers: USDA's Grain Inspection, Packers and Stockyards Administration (GIPSA) has completed an investigation finding that AmeriServe Food Distributors, Inc., failed to pay suppliers for over \$47 million in meat products. AmeriServe was the largest food distributor in the nation until it filed Chapter 11 bankruptcy on January 31. It is unlikely that meat purchased prior to the bankruptcy will ever be paid for, though AmeriServe is under court order to pay for purchases made subsequent to the bankruptcy filing.

IX. CLIMATE CHANGE

Nothing of significance to report this week.

X. WEEKEND CONTACT

Bart Chilton

Home: 301.261.5574

Cell: 202.316.7176

May 17, 2000

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF May 14, 2000

USDA Fact of the Week

On May 17, a 49 year old man identified by the Associated Press as Daniel Chagashvili, of Australia, was arrested after smashing two glass bottles during a House hearing on Chinese PNTR, demanding an audience, and threatening suicide. A USDA Office of Inspector General Security Agent and U.S. Capitol Policeman subdued and arrested the man, suffering reportedly minor injuries in the process. Secretaries Glickman and Daley, and USTR Barshefsky were testifying at the time of the attack. The officers were provided medical attention after the incident.

I. KEY DEPARTMENT NEWS

SOUTHWEST FIRE UPDATE: THE CERRO GRANDE FIRE, IGNITED BY A NATION TO DEVASTATE THE AREA NORTH OF LOS ALAMOS, NM. IN RESPONSE TO THE PRESCRIBED BURNS FOR ALL FEDERAL LANDS WEST OF THE 100TH MERIDIAN. FINDINGS ON THE FIRE'S CAUSE. THE CERRO GRANDE FIRE IS REPORTED TO CONTINUE TO COMPLICATE FIREFIGHTING EFFORTS, AND MAKE FIREFIGHTERS SOUTHWEST INCLUDING THE OUTLET FIRE IN GRAND CANYON NATIONAL P

Agriculture Appropriations Move Forward: The Agriculture Appropriations Bill, which funds all USDA programs except for the Forest Service, continues moving forward in both Houses of Congress. Both the House and Senate versions of the bill have left the Appropriations Committees; and could move to floor debate by May 25. While the overall Senate bill is acceptable, there remain a number of problems USDA would like addressed. Should it survive conference committee, the House version of the bill, due to limited funding and several objectionable riders, could instead draw a recommendation for a veto. OMB Director Lew has addressed these concerns in draft letters to each House, and USDA has prepared correspondence noting key concerns with farm aid, the need to pursue Administration farm safety net proposals, conservation funding levels, and food safety funding in each bill.

International Trade Commission (ITC) Rules Against Chinese Apple-juice Dumping: On May 15, the ITC ruled unanimously that Chinese apple-juice concentrate imports are causing U.S. producers economic harm. The juice imports now face duties of 52% for being sold in the U.S. market at prices well-below production costs—a practice called dumping. The ruling should restore a level playing field for U.S. apple juice producers, who have been suffering economic loss for 5 years.

WTO Panel Supports U.S. in Korea Beef Case: On May 10, a WTO Dispute Settlement Panel examining a U.S. complaint against Korea's beef import regime announced an initial ruling that the U.S. prevailed in all substantive aspects of the case. The Panel found that Korea's dual retail system and certain requirements for the handling of imported beef were violations of the national treatment provisions of the GATT; practices of the state trading enterprise charged with importing beef constituted unfair import restrictions; and that Korea incorrectly calculated that domestic support level for beef, while actually exceeding its annual Aggregate Measure of Support limits for 1997 and 1998. The report and findings will be publicly released on June 15.

Codex Approves Organic Livestock Guidelines, Fails to Clarify Biotech Labeling: On May 10, the Codex Committee on Food Labeling approved guidelines for organic livestock products during a meeting in Ottawa, Canada. USDA staff at the meeting also held bilateral meetings with EU representatives to identify additional ways to streamline procedures for U.S. organic shipments to Europe.

Meanwhile, the committee failed to reach agreement on how to label genetically modified foods, instead deferring the matter to a committee for further study. Despite the deadlock, Codex delegates believe the balance of opinion has shifted toward mandatory labeling of genetically modified foods. The U.S. position supports labeling food based only on the nature of the product rather than the process used to create it, with requirements for labeling based on the level of significant differences introduced into the product in question by biotechnology.

USDA Scientists Recognized for Benefits to Private Sector: On May 10, USDA scientists with the Appalachian Fruit Research Station, in Kearneysville, WV; the Yakima Agricultural Research Laboratory, in Wapato, WA; the Small Grains Research Unit, in Aberdeen, ID, and the Animal Diseases Research Unit, in Pullman, WA, received the Federal Laboratory Consortium (FLC) Award for Excellence in Technology Transfer. The ceremony, which took place aboard the USS Yorktown in Charleston, SC, recognized outstanding work in transferring technology to the commercial marketplace.

Visions for the Millennium Family Farms Conference: On May 9 and 10, more than 450 people attended USDA's "Visions for the Millennium conference" on impending structural changes facing the livestock and grain markets. Deputy Secretary Rominger and USDA and Justice Department staff were joined by representatives of industry, academia, state governments, and farmers and ranchers in discussing the major challenged to agriculture posed by significant

changes in technology, trade patterns, consumer demand, and industry concentration.

Secretary Announces Loans for On-farm Storage: On May 9, Secretary Glickman announced that USDA will begin making 7 year, low cost loans to farmers to help build commodity storage and handling facilities. Eligible farmers, and farmers who bought or built storage facilities between February 2, and May 30, may file applications for loans starting May 30.

USDA Releases Crop Production and Supply and Demand Forecasts: The May 12 USDA *Crop Production* report published the first survey-based 2000 forecasts for area, yield, and production of U.S. winter wheat. Projections for 2000 production of other U.S. crops, and projections of U.S. and world supply and use for 2000/01 were published in *World Agricultural Supply and Demand Estimates (WASDE)*. Highlights of the *Crop Production* and WASDE reports include:

All Wheat. The 2000/2001 outlook for U.S. wheat is for a smaller crop, increased exports, lower ending stocks, and slightly higher prices. Total production is projected down 3% from 1999/2000, to 2.239 billion bushels. With total use exceeding production, ending stocks are expected to drop around 100 million bushels, but would still remain relatively large. Global 2000/2001 wheat production is projected to drop around 1% from a year earlier. China is expected to import more wheat.

Winter Wheat. U.S. 2000 winter wheat production is forecast at 1.649 billion bushels, 3% below 1999. The forecast yield of 47.5 bushels/acre is only 0.3 bushels below the record set in 1999. A strong increase in production in the Pacific Northwest is more than offset by declines in TX and KS.

Rice. U.S. rice production in 2000/2001 is projected at 200 million hundredweights (cwt), down 5% from the record 1999/2000 crop. Despite the smaller production, record large supplies will continue to pressure prices.

Corn. The U.S. 2000/2001 corn crop is projected at 9.740 billion bushels, up 3% from last year. The projected production is based on March *Prospective Plantings*, harvested-to-planted acreage relationships for recent years, and a trend yield adjusted for the extremely rapid planting progress to date. Normal weather is assumed.

Soybeans and Products. Soybean production for 2000/2001 is forecast to rise 11.8% from 1999/2000 to a record 2.955 billion bushels, based on record intended planting of 74.9 million acres and a trend yield of 40.0 bushels per acre. Soybean supplies are projected to reach a record 3.258 billion bushels. Supply growth will outpace increases in domestic crush and exports, resulting in a large carryover projected at 495 million bushels. Projected exports of 970 million bushels and crush of 1.620 billion bushels would set records. Soybean exports will be helped by a slowdown in foreign oilseed supply increases and demand growth in a number of Asian, Latin American, North African and Middle Eastern countries. However, U.S. export growth will be

tempered by a weak euro and anticipated larger oilseed crops in China.

Cotton. Higher production, disappearance, and stocks characterize the first U.S. projections for the 2000/2001 season. Production is projected at 19.0 million bales, the largest crop since 1994, based on *Prospective Plantings* and average abandonment and yields for the 1990/1999 period. Domestic mill use is projected up marginally from the current season at 10.2 million bales as continued strong retail demand, combined with larger textile exports, are expected to offset rising textile imports, lower foreign production, and record foreign demand.

Sugar. U.S. sugar production for fiscal year 2000/2001 is projected at 9.02 million short tons, raw value, down slightly from 1999/2000. U.S. beet sugar production is projected down 5%, to 4.7 million tons. Projected cane sugar output is up 4.7 %, to 4.32 million tons.

Livestock. Total U.S. red meat and poultry production is projected to increase in 2001 as declines in beef production are offset by a slight increase in pork and continued expansion in broiler and turkey output. Beef production will continue to decline through 2001 as herds are rebuilt. Pork production is projected to continue declining into early 2001 and then begin increasing gradually as favorable returns encourage producers to expand. Meat exports are projected to increase fractionally in 2001.

Dairy. Milk production is expected to decline slightly in 2000/2001. Production has been increasing in response to earlier strong milk prices and moderate feed prices, but despite continued gains in milk output per cow, cow numbers are expected begin falling later this year.

Farm Weather Outlook: The NWS 6-10 day outlook for May 18-22 calls for above-normal temperatures in most areas east of the Rockies. Near- to below-normal temperatures are expected in the West. Near- to above-normal rainfall will favor crop development across the northern half of the United States, with especially significant precipitation expected in the northern Corn Belt. Widespread rainfall will also aid summer crops from central and northern Texas to the southern Appalachians. Unfavorably dry conditions are forecast, however, in the Southwest and the southern Atlantic States.

Commodity Markets in Review: Wheat prices rose on USDA's forecasts for lower U.S. and world stocks, weather concerns, and a slight boost in export sales. Rain in the Western Corn Belt sent corn and soybean prices lower. Rice prices dropped on prospects for a large crop and weakening export demand. Cotton prices moved up sharply on poor weather in Texas and USDA's forecast of a drawdown in world stocks. Ample supplies in feedlots drove cattle prices down. Declines in wholesale pork prices helped lead hog prices lower. Broiler prices rose in good pre-Mothers' Day holiday food service demand. Cheese prices remained just above support, but butter prices rose as ice cream demand accelerated.

Average prices for the week ending May 12, 2000

Commodity		Weekly cash price	Change from a week ago	Change from a year ago
Wheat	\$/bu	2.71	0.05	-0.07
Corn	\$/bu	2.24	-0.03	0.08
Soybeans	\$/bu	5.45	-0.06	0.80
Rice	\$/cwt	5.88	-0.06	-1.93
Cotton	¢/lb	57.87	2.71	2.09
Steers	\$/cwt	72.09	-0.62	8.20
Hogs	\$/cwt	51.32	-0.76	12.96
Broilers	¢/lb	56.33	0.21	-2.38
Cheese	\$/lb	1.11	0.01	-0.11
Butter	\$/lb	1.20	0.03	0.08
Milk*	\$/cwt	9.54	-0.08	NA

*May 2000 Class III futures price from the Chicago Mercantile Exchange

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Food Safety:

USDA Public Meeting on *Listeria monocytogenes (Lm)*, Sara Lee Lawsuit Settled : On May 15, USDA held a public meeting to discuss plans to further protect the public from foodborne illnesses associated with *Lm*. Representatives from government, industry, consumer groups, and academia covered the public health impact of foodborne *Lm* contamination, the results of USDA's review of plants' response to the May 1999 *Federal Register* notice to reassess HACCP plans to ensure *Lm* is adequately addressed, and research and consumer education on *Lm*. On May 12, USDA released its revised action plan for the enhanced control of *Lm* for the prevention of foodborne listeriosis.

In a related item, on May 12, a federal judge gave preliminary approval to a settlement agreement in the lawsuit filed against the Sara Lee Corp stemming from a multistate outbreak of *Lm* linked to the Bil Mar Foods plant in Zeeland, MI. It is reported in the media that Sara Lee Corp. expects to pay \$5 million to settle lawsuits filed against the company.

MS Firm Recalls Smoked Sausage for Possible *Listeria Monocytogenes (Lm)*: On May 12, Polk's Meat Products, Inc., of Bay Springs, MS, recalled about 5,900 pounds of ready-to-eat smoked sausage products for possible *Lm* contamination. The products were distributed to retail

stores in AL, AR, FL, IL, LA, MS, and TN.

HI Firm Recalls Cooked Sausage for Possible *Listeria Monocytogenes (Lm)*: On May 11, Designer Meats, Inc., of Hilo, HI, recalled approximately 1,125 pounds of cooked sausage for possible *Lm* contamination discovered through routine USDA testing. On May 10, USDA officials closed the plant due to a possible contamination problem.

ME Firm Recalls Pork Spread for Possible *Lm* Contamination: On May 10, the E.W. Mailhot Sausage Co., of Lewiston, ME, recalled approximately 210 pounds of pork spread for *Lm* contamination discovered through routine USDA testing. Product was distributed only at the retail level in ME, NH, and MA.

Puerto Rico Firm Recalls Chicken Nuggets for Possible *Lm* Contamination: On May 9, Freskomax Food Processors, Inc., of Vega Baja, PR, recalled approximately 7,000 pounds of cooked chicken nuggets for contamination with *Lm* discovered through routine USDA testing.

USDA Enforces Food Safety Requirements: On May 10, USDA closed Hsin-Chih Enterprises, a very small plant in College Point, NY, for failures in the plant's HACCP plan for cooked and raw ground products.

Vice President's Initiative on Reinventing Government:

USDA Conservation Program Wins Hammer Award: On May 8, the Vice President's National Partnership for Reinventing Government awarded its Hammer Award to the Conservation Reserve Enhancement Program (CREP) Team. CREP is a Federal-State partnership targeted to address specific State and nationally significant water quality, soil erosion and wildlife habitat issues related to agricultural use.

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

Pacific Southwest Region to Announce Grants: Within the next 2 weeks, the Pacific Southwest region is expected to nearly \$600,000 in rural assistance and planning grants under 3 programs. Just over \$200,000 will be shared among eleven Sierra Nevada counties through a number of Economic Recovery Program grants supporting community planning and economic diversification; \$290,000 will be provided to 9 counties in 18 grants through the Rural Economic Assistance program of the Northwest Economic Adjustment Initiative and \$100,000 will be provided to the Hale Halawai Ohana O'hanalei Community Center of Hanalei, HI, for watershed protection and enhancement planning in the Hanalei River watershed.

IV. SECRETARY'S SCHEDULE

On Thursday, May 18, Secretary Glickman will attend the annual U.S. Mexico, Binational Commission meeting, after which he will meet with the Mexican Agriculture Minister.

On Thursday, May 18, Secretary Glickman will open a meeting of the Invasive Species Council.

On Monday, May 22, Secretary Glickman will address a meeting of the Western Growers and United Fresh Fruits and Vegetables Associations.

On Monday, May 22, Secretary Glickman will attend the Vice President's lunch in honor of President Mbeki.

On Monday, May 22, Secretary Glickman will meet with the Kansas Wheat Commission.

On Tuesday, May 23, Secretary Glickman will address the American Forest and Paper Assn. Conference.

On Thursday, May 24, Secretary Glickman will attend a Food Safety education campaign kickoff.

On Friday, May 26, Secretary Glickman will give the Commencement address to the Georgetown University School of Public Policy.

V. SUB-CABINET SCHEDULE

On Thursday, May 18, Deputy Secretary Rominger will address an announcement of a Rural Development Council Memorandum of Understanding between USDA and CA, in Sacramento, CA.

On Friday, May 26, Deputy Secretary Rominger will address the U.S. – China Chamber of Commerce conference, in Los Angeles, CA.

On Wednesday, May 17, Under Secretary Shirley R. Watkins met with Governor Musgrove on nutrition and food stamp issues, in Jackson, MS

On Wednesday May 17, and Thursday, May 18, Under Secretary Jim Lyons will address a Udall Institute & Department of Interior conference on Alternative Dispute Resolution, in Tucson, AZ.

On Thursday, May 18, Under Secretary Shirley R. Watkins will join a National School Lunch/ School Breakfast Programs Industry Roundtable, in Chicago, IL

On Thursday, May 18, Under Secretary Michael V. Dunn will attend the U.S./Mexico Binational Commission Meeting.

On Saturday, May 20, Under Secretary Shirley R. Watkins will give the commencement address at Johnson and Wales University, in Providence, RI.

From Sunday, May 21, through Tuesday, May 23, Under Secretary Miley Gonzalez will address the International Conference on the Characteristics of Extension Systems in the World and their Use as Models in Developing Countries, in Kiev, Ukraine.

On Monday, May 22, Under Secretary Jim Lyons will meet with the Sawtooth Natural Resources Association, Congressional Staff, and Forest Service Staff regarding the Sawtooth National Recreation Area in Ketchum, ID.

On Monday, May 22, Under Secretary Shirley R. Watkins will lead USDA's Food Buying Guide Revision Roundtable in Chicago, IL

On Tuesday, May 23, Under Secretary Michael V. Dunn will address the 63rd Annual Market Administrators Conference in Louisville, KY.

On Wednesday, May 24, Under Secretary Catherine Woteki will address the National Institutes of Health's Staff Training in Extramural Programs Committee meeting, on the scientific rationale for genetically modified foods, and their impact on public health and the environment.

On Thursday, May 25, Under Secretary Miley Gonzalez will address participants of the Strategic Planning Workshop of the Caribbean Center for Applied Biosystems Research on "Technologies for High Value Market-Oriented Agriculture in Jamaica and the Caribbean" in Kingston, Jamaica.

On Thursday, May 25, Under Secretary Lyons will participate in the Dedication of National Wildland Firefighter Monument Ceremony in Boise, ID.

On Friday, May 26, Under Secretary Catherine Woteki will give the commencement address to the University of Texas-San Antonio's Graduate School of Biomedical Sciences.

On Wednesday, May 31, Under Secretary Catherine Woteki will attend the National Research Council, National Academy of Sciences, Task Force on Goals and Objectives' meeting, in Woods Hole, MA.

VI. PRESS/MEDIA INQUIRIES

NBC *Nightly News* contacted USDA's Economic Research Service for background information on farm debt, agricultural interest rates, and related matters.

The Washington Post requested information from the Animal and Plant Health Inspection Service about possible Animal Welfare Act violations by the Coulston Foundation following a September 1999 settlement agreement. The Foundation is currently under investigation, so no new information was available.

The *Economist* requested information about U.S. exports to China and the U.S.-China WTO Accession Agreement.

USA Today, trade press and others called seeking information about the May 15 *Listeria* public meeting.

Associated Press in Topeka, KS, called for information on a Natural Resources Conservation Service study on livestock nutrients that seemed to show a phosphorus problem in SW Kansas.

VII. FOIA REQUESTS

Nothing of significance to report this week.

VIII. WASTE, FRAUD AND ABUSE

Nothing of significance to report this week.

IX. CLIMATE CHANGE

Nothing of significance to report this week.

X. WEEKEND CONTACT

Eric Olsen

May 24, 2000

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF May 21, 2000

USDA Fact of the Week

Futures prices declined for the week on an advancing wheat harvest, spillover pressure from lower corn prices, and good conditions for recently planted spring wheat. The wheat crop, which will mature up to 10 days ahead of average, will pressure prices, though price breaks will be limited as long as drought concerns support corn prices. Cash prices averaged higher for the week, but declined with futures and dropped below week-earlier levels by Thursday.

I. KEY DEPARTMENT NEWS

China PNTR Passes House, Chinese Accept American Products: On May 24, the House passed PNTR for China by a vote of 237 to 197. The vote clears the way for final passage in the Senate, after which extensive Chinese agricultural tariff and quota cuts will remove a tremendous impediment to exporting U.S. agricultural products to China.

In a related item, on May 23, the Director General of China's Inspection and Quarantine Service (CIQSA) announced to USDA that China will agree to allow imports of American tobacco, previously banned due to concern over possible contamination with tobacco blue mold, a harmful disease to tobacco crops. USDA had assured China there was no risk of the disease being transported in U.S. dried tobacco.

In an additional related item, on May 20, Chinese authorities released 20 containers of U.S. citrus products, valued at \$642,000, being held in four Chinese ports. The release followed USDA assurances that the fruit was from approved counties, orchards, and packing houses.

Crop Insurance Reform Package Clears Conference Committee: On May 24, the joint House and Senate Conference Committee met and approved the Conference Report for the Agricultural Risk Protection Act of 2000. The Conference Report now goes to the House and

Senate floors along with the \$7.1 billion package to strengthen the farm safety net for producers, most of which will be distributed by September 30. Action on the bill is expected soon, possibly as early as May 25.

Fire Soon Contained at Los Alamos, NM: The Cerro Grande Fire, which covered 47,650 acres as of the morning of May 23, was then 95% contained. Full containment is expected as of the end of May 24. 613 USDA personnel are assigned to fire control efforts.

Agriculture Appropriations Move Forward: The Agriculture Appropriations Bill, which funds all USDA programs except for the Forest Service, continues moving forward in both Houses of Congress. Both the House and Senate versions of the bill have left the Appropriations Committees; and should move to floor debate following the Memorial Day recess. While the overall Senate bill is acceptable, there remain a number of problems USDA would like addressed. Should it survive conference committee, the House version of the bill, due to limited funding and several objectionable riders, could instead draw a recommendation for a veto. OMB Director Lew has addressed these concerns in draft letters to each House, and USDA has prepared correspondence noting key concerns with farm aid, the need to pursue Administration farm safety net proposals, conservation funding levels, and food safety funding in each bill. USDA letters are pending OMB approval.

Secretary to Launch Food Safety Education Campaign: On May 25, Secretary Glickman will help launch a food safety consumer education program featuring a new food safety mascot "Thermy the Thermometer," promoting the use of thermometers when cooking meat, poultry, and egg products, to ensure adequate elimination of possible pathogens. Under Secretary Woteki, Deputy Under Secretary Wilcox, and Administrator Billy will help the Secretary answer media questions about the campaign, while the Secretary is joined by a master chef in demonstrating proper thermometer use. The unveiling of a new public service announcement will follow.

USDA In Weapons of Mass Destruction (WMD) Exercise: From May 20-30, USDA, which has jurisdiction over detecting contamination of vast sectors of the food supply, and engages in extensive biogenetic research, will participate in the TOP OFFICIALS (TOPOFF) terrorist simulation exercise, the largest such exercise ever held by the Federal Government. The exercise will allow senior officials to assess the nation's crisis management capacity under the conditions of a series of simulated incidents of terrorist use of WMDs.

President Signs African/Caribbean Basin Initiative Trade Bill: On May 18, You signed the Trade and Development Act of 2000, granting certain trade benefits to Sub-Saharan African countries, and extending North American Free Trade Agreement benefits to Caribbean Basin Initiative countries.

Senate Passes Freedom to E-file Act: On May 18, the Senate passed the Freedom to E-file Act by unanimous consent. It is anticipated that the House will act this week on the bill, as amended

by the Senate. The bill requires USDA to establish an Internet based filing system enabling farmers to complete and submit forms electronically. To ensure speedy and effective implementation of the bill, USDA Service Center agencies will require full funding for the Common Computing Environment initiative.

Plans Made for Limiting Grasshopper Damage: From May 17-19, USDA officials attended a Fort Collins, CO, meeting on how to prevent rangeland grasshopper infestations in the western states, once Congress makes funding for that purpose available. USDA has received \$404,000 in contingency funds to conduct spring surveys assessing the level of crop protection activities needed to prevent the migration of grasshoppers from public to private lands, with resultant destruction of high value crops. Additionally, the Interior Department has made \$288,000 available for treatment activities in ID, and \$100,000 available for treatment activities in UT. USDA estimates, however, that crop protection activities in western states, including UT, ID, ND, and OR, could cost as much as \$1.3 million.

Glassy-Winged Sharpshooters Threaten CA Wine: On May 17, glassy-winged sharpshooter (GWS) eggs were found for the first time in Sonoma County, CA, threatening CA's major wine producing area. The GWS spreads Pierce's (a bacterial) disease, attacking and destroying grape vines. Nearly \$30 million is being spent to eradicate the pest, including \$360,000 in contingency funds provided by USDA. Governor Davis is expected to declare a state of emergency in response to this newest detection.

Farm Weather Outlook: The NWS 6-10 day outlook for May 25-29 calls for cool weather to return along the West Coast as far south as northern California, and overspread much of the nation's northern tier. Near- to above-normal temperatures will prevail elsewhere. Near- to above-normal rainfall will favor summer crops and immature winter wheat in the Plains and Corn Belt, but unfavorably dry weather will affect the lower Southeast, including Florida. Dry weather is expected to prevail in the West.

Commodity Markets in Review: Wheat cash prices were up for the week in slow farmer selling, but futures fell as the winter wheat harvest advanced. Rapid planting progress and rain in the Midwest sent corn and soybean prices down. Rice cash prices held steady, while futures received a boost from increased export demand. Cotton cash prices rose for the week, but futures fell on reports that China's 2000 crop could be larger than expected. Ample feedlot supplies helped push cattle prices down. Weak wholesale pork prices led hog prices lower. Good food service and retail demand sent broiler prices up slightly. Cheese prices moved below support as supplies remain ample and milk prices continue to fall. Butter prices bounded higher as several buyers jumped unexpectedly into the market.

Average prices for the week ending May 19, 2000

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.74	0.03	0.00
Corn \$/bu	2.18	-0.06	0.04
Soybeans \$/bu	5.29	-0.16	0.70
Rice \$/cwt	5.88	0.00	-1.87
Cotton ¢/lb	59.23	1.36	4.29
Steers \$/cwt	71.02	-1.07	7.17
Hogs \$/cwt	50.68	-0.64	13.64
Broilers ¢/lb	56.60	0.27	-2.26
Cheese \$/lb	1.09	-0.02	-0.12
Butter \$/lb	1.29	0.09	0.04
Milk* \$/cwt	9.41	-0.13	NA

*May 2000 Class III futures price from the Chicago Mercantile Exchange

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Food Safety:

GA Firm Recalls Ground Beef for Possible *E. Coli* O157:H7 Contamination: On May 17, Eaves Food Inc., a processing firm in Elberton, GA, recalled approximately 28,860 pounds of ground beef for possible *E. coli* O157:H7 contamination discovered during routine USDA testing. The products were distributed to grocery stores in FL, GA, IL, NC, and SC.

USDA Enforces Food Safety Requirements in NJ, NC, MS: On May 16, USDA closed Homestead Gourmet Foods Co., Inc., a very small plant in Linden, NJ, for producing product without a HACCP plan.

On May 16, USDA closed Vanguard Culinary Group, Ltd., a small plant in Fayetteville, NC, for ineffectiveness of corrective and preventive measures established following an April shutdown.

On May 12, USDA closed Polk's Meat Products, Inc., a very small plant in Bay Springs, MS, following detection of *Listeria monocytogenes* in cooked sausage product.

President's Initiative on New Markets:

Community Investment Loans Approved for CA and LA: On May 18, USDA, Treasury Department, and SBA officials, unanimously recommended approval of two Community Adjustment and Investment Program (CAIP) loans totaling \$3.7 million. The first loan, for \$1,735,000 to be made to the Spanish Peaks Brewing Company of King City, CA, will help diversify the economy of King City, CA, which has been largely dependent on agriculture-related industries. The company (also receiving a USDA Business and Industry loan for \$250,000), will be able to create an additional 28 jobs.

The second loan approved will be made to W.H.C. Incorporated of New Iberia, LA, in the amount of \$1,980,000, providing this existing business with working capital and refinancing for short-term debt taken on in a 1999 expansion. The company provides services to the oil and gas industry, specializing in gas transportation systems (pipelines) and pipeline compressor stations, and the financing will allow for 15 new jobs, and the securing of 32 existing jobs—all of which are high quality, and provide living wages of \$12/hour.

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

Drought Report and Recommendations Released: The National Drought Policy Commission (NDPC) has released its recommendations for dealing with the threats and impacts of droughts in the U.S. The Commission, created by Congress in 1998, recommended that national drought policy: Provide adequate funding for conservation technical assistance and the Environmental Quality Incentives Program; Call for the completion of soil surveys nationwide; Expand SNOTEL and the Soil and Climate Analysis Network; and Provide drought preparation aid to local governments through the Small Watersheds Program. Secretary Glickman has embraced the Commission's recommendations. The report and its summary are available at <http://www.fsa.usda.gov/drought/finalreport/accesstoreports.htm>.

Community Food Projects Proposals Requested: On May 17, USDA published requests for applicants to the Community Food Projects Competitive Grants Program in the *Federal Register*. Under the program, Federal grants are awarded to support the development of community food projects designed to meet the food needs of low-income people; increase the self-reliance of communities in providing for their own food needs; and promote comprehensive responses to local food, farm, and nutrition issues. All proposals must be received on or before June 29. The RFP is available at <http://www.reeusda.gov/crgam/cfp/community.htm>.

IV. SECRETARY'S SCHEDULE

On Thursday, May 25, Secretary Glickman will kick-off a new food safety education campaign.

On Friday, May 26, Secretary Glickman will give the commencement address to the Georgetown School of Public Policy.

On Tuesday, May 30, Secretary Glickman will address the USDA/HHS National Nutrition

Summit.

On Wednesday, May 31, Secretary Glickman will give closing remarks to the USDA/HHS National Nutrition Summit.

On Tuesday, June 6, Secretary Glickman will address the Women Involved in Farm Economic legislative breakfast.

On Tuesday, June 6, Secretary Glickman will address the renaming of the USDA Beltsville Agriculture Research Center in honor of former Vice President and Agriculture and Commerce Secretary Henry A. Wallace.

On Tuesday, June 6, Secretary Glickman will address the National Council of Farmer Cooperatives.

On Wednesday, June 7, Secretary Glickman will address the Council on Foreign Relations.

V. SUB-CABINET SCHEDULE

On Tuesday, May 30, Deputy Secretary Rominger will open the National Nutrition Summit.

On Tuesday, May 30, and Wednesday, May 31, Deputy Secretary Rominger will address a symposium on the rural landscape of the Great Lakes Basin, in Toledo, OH.

On Thursday, May 25, Under Secretary Gus Schumacher will address the Farm Credit Administration.

On Thursday, May 25, Under Secretary Jim Lyons will dedicate a National Wildland Firefighter Monument in Boise, ID.

On Thursday, May 25, Under Secretary Miley Gonzalez will address the Strategic Planning Workshop of the Caribbean Center for Applied Biosystems Research, in Kingston, Jamaica.

On Friday, May 26, Under Secretary Gus Schumacher will address the American Forestry and Paper Association.

On Friday, May 26, Under Secretary Catherine Woteki will give the commencement address to University of Texas -San Antonio Graduate School of Biomedical Sciences.

On Wednesday, May 31, Under Secretary Catherine Woteki will attend a National Research Council of the National Academy of Sciences Task Force on Goals and Objectives' meeting in Woods Hole, MA.

On Tuesday, June 6, Under Secretary Schumacher will address the British American Business Council of New England, in Boston, MA.

On Tuesday, June 6, Under Secretary Miley Gonzalez will attend a ceremony naming the USDA Beltsville Agriculture Research Center in honor of former Vice President, Secretary of Commerce, and Secretary of Agriculture Henry A. Wallace.

On Tuesday, June 6, Under Secretary Jill Long Thompson will give the keynote address at the 4th Annual Rural Community Development National Training Conference, in Silver Spring, MD.

On Thursday, June 8, Under Secretary Catherine Woteki will be interviewed by New York

On Friday, June 9, Under Secretary Catherine Woteki and Food Safety Inspection Service (FSIS) Administrator Tom Billy will address an FSIS public meeting on the In-Distribution Inspection Pilot Test Project.

From Monday, June 5, through Wednesday, June 7, Under Secretary Michael V. Dunn will attend the Animal and Plant Health Trade Symposium 2000, in Mexico City, Mexico.

VI. PRESS/MEDIA INQUIRIES

CNN interviewed Food Safety Inspection Service Administrator Billy, livestock industry, and food safety advocacy groups about food pathogens and safe food preparation for a segment to air Memorial Day weekend.

New York Newsday contacted USDA for information on Asian longhorned beetle eradication efforts.

KUOW Radio in Seattle, WA; *Fox News* in New York City; and the *New Yorker* requested information on the proposed organic rule.

Time magazine, *USA Today*, *Newsweek*, and CNN asked about the upcoming Nutrition Summit.

Reuters and ABC News asked about prescribed fires; Associated Press and KCN (CBS affiliate in Denver) asked about CO Governor Owens' letter to the Secretary about prescribed burns.

VII. FOIA REQUESTS

The Los Angeles Times requests copies of all travel records for Secretary Glickman from January 1, 1998 through March 31, 2000.

The Physicians Committee for Responsible Medicine requests a copy of a memorandum of understanding between USDA and FTC on each agency's role in ensuring health and nutrition

claims made in advertisements; and information regarding the National Fluid Milk Processor Promotion Board.

The *Arizona Republic* requested copies of all reports on prescribed burns in fires went beyond planned limits from January, 1990, up to the recent NM fire.

VIII. WASTE, FRAUD AND ABUSE

Nothing to report this week.

IX. CLIMATE CHANGE

Agricultural Dialogue on Global Climate Change: On May 18 and 19, USDA staff attended the second of three discussions with agribusiness on the opportunities presented by our response to global climate change, and the potential impacts if climate change is permitted to continue unchecked.

X. WEEKEND CONTACT

Eric Olsen

May 31, 2000

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF May 28, 2000

USDA Fact of the Week

March's export value was up 14% from March 1999, indicating that export value for the first half of FY00 now exceeds the previous year's by 2 %. This strong performance was propelled by monthly volume gains for soybeans and meal (up 54% and 45%), cotton (up 347%), red meats (up 12%) and poultry meat (up 22%). Thus far, agricultural exports are up 5% to Asia and 8% to our NAFTA partners, but down 13% to the EU.

I. KEY DEPARTMENT NEWS

National Nutrition Summit (Summit): On May 30, Secretaries Glickman and Shalala, joined by Ambassador McGovern and former Senator Dole, opened the first session of the National Nutrition Summit. The Summit, sponsored jointly by USDA and HHS, has brought together over 1800 people from a wide variety of public and private health and nutrition organizations to address both progress made, and challenges encountered since the last Nutrition Summit in 1969. Among issues being discussed are: the continuing problem of hunger; the dramatic increase in overweight and obesity; and the role of nutrition and physical activity in health promotion and chronic disease prevention. During his opening remarks at the Summit, Secretary Glickman was offered an unexpected opportunity to highlight nutrition after he was attacked by a tofu-pie-wielding anti-meat activist – said the Secretary: “That wasn't a very well-balanced meal she threw at me. . . .”

Congress Passes \$15 billion Crop Insurance Reform and Safety Net Package, Plant Protection Act: On May 25, both the House and Senate passed the \$15 billion Agricultural Risk Protection Act of 2000. Of the \$15 billion, about \$8 billion will go toward reducing premiums on Federally subsidized crop insurance over the next five years. The bill also makes a series of changes in the crop insurance program designed to get more farmers to buy the coverage. The legislation also provides \$5.5 billion in direct producer payments to be distributed between September 1 and 30. Additionally, \$1.6 billion is earmarked for a variety of specialty

commodities including peanuts, soybeans, tobacco and various fruits and vegetables that are not covered by the market-transition contacts.

Also within the bill passed was the Plant Protection Act (PPA), which consolidates 11 existing pest exclusion statutes into one comprehensive law, and eliminates authority gaps and outdated and ambiguous provisions. The PPA also establishes more effective deterrents against smuggling prohibited plants and pest species; provides a comprehensive set of investigatory tools; and ensures market transparency for U.S. trading partners.

Supreme Beef Decision: On May 25, Judge Fish of the Federal District Court of TX, ruled that USDA improperly withdrew inspection from Supreme Beef, because USDA tests for Salmonella did not necessarily correctly measure the sanitary conditions of the plant in question. The plant had been closed after failing 3 consecutive rounds of salmonella testing. You issued a statement that praised the efficacy of the HACCP inspection system, and addressed the continuing need to provide for adequate food safety safeguards. USDA has announced it will petition the Justice Department to appeal the decision. –See USDA Work on Presidential Initiatives.

Expansion of Meat and Poultry Nutrition Labeling Rule Proposed: On May 25, USDA sent a proposed rule to OMB requiring nutrition labeling for raw, ground or chopped meat and poultry products (such as hamburger and ground turkey), as well as major cuts of single-ingredient raw products (such as chicken breast, steak, and pork chops). These requirements will provide consumers with the ability to accurately and easily compare nutrition information, such as fat, calorie, and cholesterol content for these products. You announced the proposal during your weekly radio address.

USDA Lab to be Named After Henry A. Wallace: On June 6, Secretary Glickman will name the 6,615 acre Beltsville Agriculture Research Center after former Vice President, Secretary of Commerce, and Secretary of Agriculture Henry A. Wallace. The center is celebrating its 90th anniversary this year, and the ceremony will be highlight the legacy of the New Deal in agriculture. Former Senator John Culver, who recently published a biography of Vice President Wallace, will also attend.

USDA Proposes Cranberry Marketing Controls: On May 30, USDA published in the *Federal Register* a proposed rule establishing the first cranberry marketing order volume controls in 30 years, in order to stabilize marketing conditions and improve grower returns. The proposed rule offers three alternative options to limit the quantity of cranberries that handlers may purchase from, or handle for, growers during the 2000-2001 crop year. Fresh and organically grown cranberries would be exempt from the volume limitations to facilitate marketing of these products. Comments on the proposed rule are due by June 14.

Irradiation of Fruits and Vegetables: On May 26, USDA published a proposed rule in the *Federal Register* providing for use of irradiation as a phytosanitary treatment for fruit flies in fruits and vegetables imported into the U.S. The rule would provide an alternative to currently

used treatments including fumigation, cold, and heat treatments, and systems approaches like greenhouse growing. Comments are due by July 25.

USDA Kicks Off Food Safety Education Campaign: On May 25, Secretary Glickman launched a USDA-sponsored, multi-year, national consumer education campaign to encourage consumer use of food thermometer when cooking meat, poultry and egg products. At the event, USDA introduced a new public service announcement featuring the new food safety mascot, "Thermy (TM) the Thermometer," and the food safety slogan "It's Safe to Bite When the Temperature is Right!" The event drew significant media attention, including Fox News, ABC News, ABC Radio, and the *Washington Post*. Additional campaign kick-offs are being sponsored by grocery chains in NY, MO, and MI.

Baca Ranch Bill Passes House Resources Committee: On Wednesday, May 24, the "Valles Caldera Preservation (or Baca Ranch-) Act" sponsored by Senator Domenici passed the House Resources Committee without amendment. Representative Udall expressed concern about a mandated trust imposing additional licenses, fees, or other charges on hunters or fishermen in the Preserve who have already obtained a valid license issued by the NM Department of Game and Fish. Representative Duncan is concerned that the taxpayers are paying far more than the fair market value for the property, and may request a roll call vote on the matter.

USDA Fights Cerro Grande Fire Damage: USDA personnel from throughout NM have mobilized to provide a variety of post-disaster assistance to landowners in fire-ravaged areas near Los Alamos. Funds from the Emergency Watershed Protection Program will be used to restore burned areas; an emergency team from a USDA State Office has trained personnel to help prepare Disaster Survey Reports, which provide the basis for funding through EWP; USDA has set up a disaster assistance center in Los Alamos where landowners receive technical aid for erosion and flood prevention measures; and USDA is organizing several large-scale volunteer efforts to attract a corps of volunteers from throughout the U.S. More than 2,000 volunteers volunteered to break up severely burned soil during the Memorial Day weekend.

Farm Weather Outlook: The NWS 6-10 day outlook for May 25-29 calls for cool weather to return along the West Coast as far south as northern California, and overspread much of the nation's northern tier. Near- to above-normal temperatures will prevail elsewhere. Near- to above-normal rainfall will favor summer crops and immature winter wheat in the Plains and Corn Belt, but unfavorably dry weather will affect the lower Southeast, including Florida. Dry weather is expected to prevail in the West.

Commodity Markets in Review: Wheat prices nosed higher on the combination of an early freeze, recent hot and dry conditions, and reports of insect problems. Recent rains in the Western Corn Belt drove both corn and soybeans lower, but concern over midsummer dryness stemmed losses for the week. Rice cash prices fell in thin trading but futures were boosted by a pickup in long-grain export demand. Drought concerns in West Texas boosted cotton prices for the fourth consecutive week. Falling boxed beef prices and ample Memorial Day supplies led cattle prices

lower. Declining pork cutout values sent hog prices down. Broiler prices increased on retail and fast food demand leading up to the holiday weekend. Cheese prices were unchanged, while butter prices increased slightly in active trading.

Average prices for the week ending May 26, 2000

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	+2.80	+0.06	+0.12
Corn \$/bu	+2.14	-0.04	+0.06
Soybeans \$/bu	+5.28	-0.01	+0.79
Rice \$/cwt	+5.81	-0.07	-1.94
Cotton ¢/lb	+60.50	+1.27	+6.23
Steers \$/cwt	+70.09	-0.93	+5.46
Hogs \$/cwt	+49.77	-0.91	+14.66
Broilers ¢/lb	+56.88	+0.55	-1.98
Cheese \$/lb	+1.09	0.00	-0.18
Butter \$/lb	+1.30	+0.01	-0.15
Milk* \$/cwt	+9.38	-0.03	NA

*May 2000 Class III futures price from the Chicago Mercantile Exchange

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Food Safety:

Supreme Beef Decision: On May 25, Judge Fish of the Federal District Court of TX, ruled that USDA improperly withdrew inspection from Supreme Beef, because USDA tests for Salmonella did not necessarily correctly measure the sanitary conditions of the plant in question. The plant had been closed after failing 3 consecutive rounds of salmonella testing. You issued a statement that praised the efficacy of the HACCP inspection system, and addressed the continuing need to provide for adequate food safety safeguards. USDA has announced it will petition the Justice Department to appeal the decision.

The full scope of this ruling is unknown as Judge Fish has yet to issue a judgment, instead giving counsel for Supreme Beef 15 days to submit a proposed form of judgment consistent with his order. Under USDA regulations, a ground beef processor fails if more than 5 out of 53 samples test positive for Salmonella. The decision received nationwide media coverage including the

New York Times, AP, Reuters, Bridge, Bloomberg, Dow Jones wire service, CNN, and trade and other local media.

Food Recalls in NC, AL, MI, KY: Routine sampling and testing of food product resulted in the following contamination-related recalls from May 24-29: on May 29, Curtis Packing Co., of Greensboro, NC, recalled 15,000 pounds of hot dogs for *Listeria monocytogenes*; on May 24, Cray HRI Food Service, Inc., of Mobile, AL, recalled approximately 45 pounds of sliced ham, turkey breast, and cooked beef round for *Listeria monocytogenes*; on May 24, Midwest Sausage Corp., of Hamtramck, MI, recalled 2,800 pounds of hot dogs for *Listeria monocytogenes*; and on May 24, A. Thomas Food Service, of Louisville, KY, recalled 300 pounds of ground for *E. coli* O157:H7.

USDA Enforces Food Safety Requirements in AL, MA, NJ: On May 26, USDA closed Cray HRI Food Service, In., of Mobile, AL, for *Listeria monocytogenes* discovered in cooked sliced ham. On May 24, USDA closed Miranda Brothers, Inc., and Acoreana Manufacturing of Fall River, MA, for, respective, failures in the plants' HACCP plan for monitoring and verifying shipment reviews, and for failing to maintain records for the production of two Portuguese products. Also on May 24, USDA closed Gaiser's European Style Provisions, of Union, NJ, for failures in the plant's HACCP plan to monitor and verify shipment reviews. On May 23, USDA closed Corte & Co., of Jersey City, NJ, for failing to maintain records for raw product, which is part of its HACCP plan.

Presidential Initiative on Welfare Reform:

USDA Approves Waivers for NM, TN, WY: During the week of May 23, USDA approved requests from NM, TN, and WY to extend or modify current waivers of food stamp work requirements.

President's Initiative on Food Aid:

New Food for Progress Agreement to Aid Russian Children: On May 24, USDA signed a Food for Progress Agreement with the Vishnevskya-Rostropovich Foundation providing for the donation of 13,500 tons of crude degummed soybean oil to be sold in Russia, the proceeds from which will purchase vaccinations over a 3 year period for 500,000 children living in the Nizhny Novgorod oblast in Russia.

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

Childcare Facility: On June 3rd, USDA will help in the grand opening of the Oroville, CA Gymnastics Academy and childcare facility. This facility benefitted from a \$952,000 Business and Industry Guaranteed Loan to provide long-term financing for the purchase and development of a 6.5 acre commercial property to be used as a child training childcare facility. 15 jobs will be retained and 16 created.

Electrification Loan for MT: On May 30, USDA made a \$1,000,000 electrification loan to the Sheridan Electric Cooperative, of Medicine Lake, MT, to serve 78 new consumers, construct 11 miles of distribution line and make other system improvements.

Electrification Loan for TX: On May 30, USDA made a \$1,707,000 electrification loan to the McLennan County Electric Cooperative, in McGregor, TX, to serve 494 new consumers, construct 38 miles of distribution line and make other system improvements.

IV. SECRETARY'S SCHEDULE

On Tuesday, June 6, Secretary Glickman will address the Women Involved in Farm Economics Legislative Breakfast,

On Tuesday, June 6, Secretary Glickman will attend a ceremony naming the USDA Beltsville Agriculture Research Center in honor of former Vice President, Secretary of Commerce, and Secretary of Agriculture Henry A. Wallace.

On Wednesday, June 7, Secretary Glickman will address the Council on Foreign Relations.

V. SUB-CABINET SCHEDULE

On Monday, June 5, Deputy Secretary Rominger will address the membership of the American Agri-Women group.

On Wednesday, June 7, Deputy Secretary Rominger will address an event for the Washington Internships for Native Students of American University.

On Monday, June 12, Deputy Secretary Rominger will address an event celebrating Great Outdoors Week.

On Saturday, June 3, Under Secretary Jim Lyons will attend a National Trails Day event on the Bronx River in New York, NY.

From Monday, June 5 through Wednesday, June 7, Under Secretary Michael V. Dunn will attend the Animal and Plant Health Trade Symposium 2000, in Mexico City, Mexico.

On Tuesday, June 6, Under Secretary Gus Schumacher will address the British/American Business Council of New England, in Boston, MA.

On Friday, June 9, Under Secretary Catherine Woteki and Administrator Tom Billy will address a Food Safety Inspection Service public meeting on the agency's In-Distribution Inspection Pilot Test Project.

On Monday, June 12, Under Secretary Gus Schumacher will address the Southern Association of State Departments of Agriculture, in Louisville, KY.

On Tuesday, June 13, Under Secretary Jill Long Thompson will address Representative Stenholm's Summit 2000 conference on Oil and Gas, Agriculture, World Trade and Economic Development, in Abilene, TX.

From Thursday June 15, through Saturday, June 17, Deputy Under Secretary Caren Wilcox will attend a meeting of the Transatlantic Platform for Consumer Concerns and International Trade, in the Netherlands.

VI. PRESS/MEDIA INQUIRIES

On June 1, NBC's *Today Show* will run a story on the number and nature of protest group-related attacks on Secretary Glickman.

The Supreme Beef court decision received extensive nationwide media coverage including from the *New York Times*, *Washington Post*, NPR, AP, Reuters, Bridge, Bloomberg, Dow Jones wire service, CNN, and trade and other local media.

NBC's *Today Show* taped demonstrations of mosquito and tick repellent testing procedures and new mosquito trapping technology for a May 29 story.

The *Wall Street Journal* has requested an interview to discuss the dietary guidelines announcement and how the guidelines will be implemented in the school lunch and breakfast programs.

Time magazine contacted USDA on "Ugly Duckling Corn" that resists European corn borers.

The *Los Angeles Times* and *USA Today* asked about the Nutrition Summit.

New York Times asked about agricultural research in Peru, and U.S./Russian grain trade policy.

The Associated Press and Bloomberg asked about USDA's position on crop insurance legislation.

Financial Times asked about the EU ban on beef.

VII. FOIA REQUESTS

The *Los Angeles Times*, received financial data on Secretary Glickman's FY98-99 travel, in response to a FOIA request.

VIII. WASTE, FRAUD AND ABUSE

Nothing of significance to report this week.

IX. CLIMATE CHANGE

Nothing of significance to report this week.

X. WEEKEND CONTACT

Eric Olsen

June 7, 2000

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF June 4, 2000

Fact of the Week

In the 48 hours following the President's May 27 release of the 2000 Dietary Guidelines for Americans, the guidelines were downloaded 62,000 times from the USDA Center for Nutrition Policy and Promotion website.

I. KEY DEPARTMENT NEWS

National Agricultural Library Building to be Named for President Lincoln: On June 14, Secretary Glickman and Deputy Secretary Rominger will name the National Agricultural Library facility in Beltsville, MD, after President Abraham Lincoln. At the ceremony, the Secretary and Deputy Secretary will be presented with copies of President Lincoln's 1862 proclamation creating the U. S. Department of Agriculture, that were carried into orbit by the Deputy Secretary's nephew, Commander Kent Rominger, USN, aboard the STS-96 Discovery in June 1999. The papers will become a permanent part of the facility's Lincoln exhibit.

Argentine Citrus Final Rule: USDA has prepared and transmitted to OMB a final rule regulating the importation of Argentine citrus, the final step in the rulemaking process prior to publication in the *Federal Register*. The U.S. citrus industry and various Members of Congress have previously opposed these imports, due to concerns over the risk of introducing certain citrus diseases to the U.S. The final rule will allow the importation of Argentine citrus under a three-stage limited distribution plan that would be in effect until the 2004 citrus shipping season, under certain overlapping systems safeguards aimed at detecting any pests or diseases of concern.

USDA Reviews of Foreign Country Residue Programs: Three USDA multi-disciplinary teams are reviewing the meat inspection systems of Belgium, France, and Italy, with an emphasis on auditing national residue control programs, and laboratory activities. The Belgium audit began May 15, while French and Italian officials have requested rescheduling of audits originally planned for July 10 and 17, respectively. USDA has notified French officials that the audit must

be completed by mid-August.

Supreme Beef Update: Since the May 25 decision of Judge Fish overruling USDA's suspension of inspection operations at Supreme Beef in the northern district of TX, several Members of Congress have expressed interest in addressing the issue via legislation. USDA awaits the judge's issuance of a final order, and is working to expedite an appeal of this decision.

Pork Checkoff Program: As of the May 18 deadline for public feedback on the final pork checkoff program referendum rule, USDA had received 1,000 comments. USDA is readying the final referendum rule for publication in June, and expects to hold the referendum by the end of September. Pork producers and importers are currently assessed about \$50 million annually on hog marketings to fund Pork Promotion, Research, and Consumer Information activities.

Conference on Impact of E-Commerce on Rural America: On June 23, USDA, the Commerce Department, and Small Business Administration (SBA) will hold a day-long e-commerce conference providing small business owners, farmers, ranchers, and educators with information on the impact of electronic commerce on their respective industries. The conference will be held at the U.S. Department of Commerce, and will be attended by the Vice President, Secretaries Glickman and Daley, and SBA Administrator Alvarez.

USDA Announces Sugar Purchase: On June 6, USDA announced the purchase of 132,000 short tons of refined white sugar, totaling \$54,125,900. The purchase was made in order to bolster domestic sugar prices and reduce or avoid forfeitures of Commodity Credit Corporation nonrecourse loan collateral. USDA is evaluating the need for additional purchases this year.

USDA Signs Inter-American Agricultural Cooperation Agreement: On June 1, Deputy Secretary Rominger and Inter-American Institute for Cooperation on Agriculture (IICA) Director General Carlos Aquino signed an updated agreement on agricultural development cooperation in the hemisphere. Rominger raised the U.S. interest in increasing IICA's transparency and accountability, and in increasing the IICA's employment of American citizens.

USDA and Industry Discuss Ractopamine Control: On June 1, USDA officials met with representatives from feed and packer associations to discuss a control program to ensure that hogs fed Ractopamine, a feed additive recently approved by FDA, are not slaughtered for export to the EU, which does not approve of the additive. Once Ractopamine marketing begins in July, USDA certification of pork exports to the EU must cease unless programs are in place to control the compound's use, and conduct laboratory analyses verifying the compound is not present in products exported to the EU.

Farm Weather Outlook: The NWS 6-10 day outlook for June 8-12 calls for above-normal temperatures nearly nationwide. However, cooler-than-normal weather may affect areas along the West Coast. Mostly dry weather is expected across the southern two-thirds of the nation except in the southern Rockies and southern Plains. In contrast, near- to above-normal rainfall is

forecast in the northern one-third including the northern Corn Belt.

Commodity Markets in Review: Harvest pressure pushed wheat prices lower for the week. Rains across the Midwest helped push corn and soybean prices down. However, soybean futures received a boost late in the week on strong export sales. Lackluster domestic demand produced a fall in rice cash prices, but new-crop futures rose on ideas that rice area planted may be less than indicated by USDA in March. Beneficial rain in West Texas led to a sharp drop in cotton prices. Full feedlots and falling wholesale beef prices forced cattle prices lower. Holiday-shortened slaughter schedules caused a slide in hog prices. Broiler prices moved fractionally higher as production slowed. Cheese prices rose marginally above support. Butter prices moved up slightly on reports of shortages in some areas.

Average prices for the week ending June 2, 2000

Commodity		Weekly cash price	Change from a week ago	Change from a year ago
Wheat	\$/bu	2.76	-0.05	0.01
Corn	\$/bu	2.07	-0.07	-0.05
Soybeans	\$/bu	5.14	-0.12	0.60
Rice	\$/cwt	5.75	-0.06	-1.88
Cotton	¢/lb	58.32	-2.16	3.00
Steers	\$/cwt	69.13	-0.45	3.67
Hogs	\$/cwt	48.06	-1.61	13.73
Broilers	¢/lb	57.10	0.22	-2.73
Cheese	\$/lb	1.11	0.02	-0.19
Butter	\$/lb	1.33	0.03	-0.18
Milk*	\$/cwt	9.89	-0.03	NA

*June 2000 Class III futures price from the Chicago Mercantile Exchange

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Food Safety:

Food Safety Strategic Plan Going Into Clearance by June 16: In accordance with your mandate of August, 1998, during the week of June 23-16, a draft interagency national food safety system strategic plan will enter the USDA clearance process. In July, the Strategic Plan Working Group expects to submit the draft plan to your Food Safety Council for final approval. The plan

provides guidance for U.S. food safety agencies to adequately perform their mission over a five-year period. A FY02 budget, coordinated among federal food safety agencies by the Council's Coordinated Budget Working Group, is being produced as a companion to the strategic plan.

USDA Enforces Food Safety Requirements: On May 30, Foods of New Mexico, in Albuquerque, NM, recalled approximately 45 pounds of chicken enchiladas for possible *Listeria monocytogenes* contamination discovered through routine USDA sampling and testing.

President's Initiative on Africa Trade:

USDA Implementing Africa Growth and Opportunity Act (AGOA): On May 31, USDA staff attended the first interagency meeting for implementing the AGOA, an effort being directed by a USTR-led interagency team. One of the team's first tasks will be developing an eligible country list using various economic, political, and market access criteria specified in the AGOA. This group will also develop an eligible product list using existing GSP criteria. Agricultural products subject to tariff-rate quotas will not be affected.

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

Oilseeds Payments: On June 5, USDA began issuing more than \$462.5 million in disaster payments to oilseed producers, helping to offset the impact of continuing low prices. More than 601,000 farmers in 48 states will receive payments based on historical prices and plantings in 1999. The program was designed to help farmers who planted soybeans, sunflowers, flaxseed, canola, rapeseed, safflower seed, mustard, and crambe in 1999. Program signup was highest in IL, IN, IA, MN, NE, ND, SD, AR, MS, southern MO, part of DE, coastal NC, and eastern OH.

Pasture Restoration Program (PRP): By June 15, USDA expects to begin issuing payments under the \$40 million Pasture Restoration Program.

USDA Supports AZ Enterprise Community: On June 15, USDA will help the Four Corners Enterprise Community Board, of Window Rock, AZ, implement their strategic action plan by providing a \$175,000 Rural Business grant.

USDA Food Safety Educator Published: USDA has published the latest quarterly edition of the *Food Safety Educator*, which includes articles on the "Thermy™" cooking thermometer education campaign; goals and objectives of the Healthy People 2010 initiative; the decline of illnesses from foodborne pathogens; USDA public health fellowships; the Fight BAC! national consumer education campaign; and short news briefs. The publication is distributed to approximately 9,000 subscribers, including public health offices, extension services, schools, hospitals, food producers and retailers. Free subscriptions can be requested at www.fsis.outreach@usda.gov.

Southern Perspectives: A USDA Economic Research Service economist has published an

article on child poverty in the rural south, in the Southern Rural Development Center's *Southern Perspectives* Spring 2000 issue. The article notes that child poverty in the rural South, at 27%, remains high despite the record period of national economic expansion. Nationwide, child poverty in rural areas averages 17%.

U. S. Agricultural Trade Update: On June 23, USDA will release the *U.S. Agricultural Trade Update*, including farm trade data for April 2000, and summarizing data for the first seven months of FY00.

IV. SECRETARY'S SCHEDULE

On Wednesday, June 7, Secretary Glickman addressed a D-Day Commemorative tree planting ceremony at the French Embassy.

On Thursday, June 8, Secretary Glickman will be interviewed on C-SPAN on Drought issues, and the Nutrition Summit.

On Thursday, June 8, Secretary Glickman will address the "Friends of the National Arboretum Great Arboretum Cookout."

On Saturday, June 10, Secretary Glickman will inspect the Donald Danforth Plant Science Center, in St. Louis, MO.

On Tuesday, June 13, Secretary Glickman will address the USDA G.L.O.B.E. Pride celebration.

On Wednesday, June 14, Secretary Glickman will attend a ceremony naming the National Agricultural Library facility after President Lincoln, in Beltsville, MD.

V. SUB-CABINET SCHEDULE

On Tuesday, June 20, Deputy Secretary Rominger will address the National Academies' Roundtable of Environment, Health Sciences, Research and Medicine.

On Monday, June 12, Under Secretary Gus Schumacher will address the Southern Association of State Departments of Agriculture, in Louisville, KY.

From Wednesday, June 14, through Friday, June 16, Under Secretary Gus Schumacher will attend the International Grain-Exporting Countries 2000 Conference, in Regina, Canada.

From Wednesday, June 14, through Friday, June 23, Deputy Under Secretary Caren Wilcox will attend the Transatlantic Platform for Consumer Concerns and International Trade, and conduct food safety meetings with European Commission members, in Belgium.

On Friday, June 16, Under Secretary Shirley R. Watkins will attend the dedication of a courthouse, for National Homeownership Week Events in Baldwin, MI.

VI. PRESS/MEDIA INQUIRIES

Numerous calls were received from the trade press and wire services requesting follow-up information on the Supreme Beef decision. Because the final ruling has not been entered in the case, there is little new information to add.

Requests came in from media nationwide for information on the Nutrition Summit and the Dietary Guidelines. On June 8, the Secretary will be interviewed on this and other subjects on C-SPAN.

Kansas City Star, KMOX News (St. Louis), *U.S. News and World Report*, Fox National News, Fox News Chicago, the *Virginian Pilot*, the Associated Press, and the *Los Angeles Times* requested information on Animal Welfare Act regulations regarding air pet travel.

PBS *NOVA* requested information on USDA's role fighting invasive species in HI.

Bloomberg News, the Food Institute's *Washington News*, the Bureau of National Affairs, and KMUD radio requested information on the proposed rule on irradiation for pathogen reduction.

NBC interviewed the Secretary on drought and its impact on consumers and farmers. The Secretary will be interviewed on this and other subjects on C-SPAN, June 8.

The Washington Post is doing a story on efforts to find a substitute for the pesticide methyl bromide.

USA Today asked for census data on farm numbers and sizes.

The *Miami Herald* called for information on phosphorus and nitrogen water pollution around the country.

VII. FOIA REQUESTS

The Justice Department referred a request for documents pertaining to the 1963-1965 bankruptcy fiasco of Allied Crude Vegetable Oil Refining Corporation. The FBI located documents in their files that originated in USDA.

VIII. WASTE, FRAUD AND ABUSE

Nothing of significance to report this week.

IX. CLIMATE CHANGE

Nothing of significance to report this week.

X. WEEKEND CONTACT

Eric Olsen

June 14, 2000

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF June 11, 2000

USDA Fact of the Week

In January and February of 2001, USDA will join with the National Institute for Occupational Safety and Health in making a Minority Childhood Injury and Occupational Health Survey, sampling 60,000 minority-operated farms for data on childhood injuries. The survey will also study the occupational health status of minority and women operators, as compared with a sample of white male operators.

I. KEY DEPARTMENT NEWS

USDA Asks Supreme Beef for Voluntary Suspension Following 4th Testing Failure, School Lunch Program Will Not Use Product: On June 13, USDA requested that Supreme Beef Processors, Inc. of Dallas, TX, voluntarily suspend ground beef production operations, immediately begin reassessing its food safety inspection system plan, and provide USDA with written assurances that detail actions taken to correct the plant's **INSPECTION SYSTEM FOR BETT REDUCING, OR PREVENTING THE PREVALENCE OF PATHOGENS IN GROUND** fourth consecutive set of *Salmonella* tests, which had been made to verify that corrective changes made by the plant in February were effective.

Because of a June 13, Federal District Court decision in TX, USDA is precluded from shutting down the plant's ground beef operations, even though Supreme Beef has failed to meet a national food safety standard met by other plants. The *Salmonella* performance standard has helped reduce *Salmonella* in raw meat and poultry nationwide by as much as 50%. USDA has previously purchased product from Supreme Beef for the school lunch program, which is the subject of some media interest. USDA has requested that this product be returned to Federal control. Additional product from Supreme Beef is expected to be delivered to USDA under a preexisting contract, but none of this product will be utilized in Federal nutrition and feeding programs. In addition, USDA is actively evaluating ways to enhance safety standards for purchases for Federal nutrition and feeding programs.

National Agricultural Library Building Named for President Lincoln: On June 14, Secretary Glickman and Deputy Secretary Rominger named the National Agricultural Library facility in Beltsville, MD, after President Lincoln. At the ceremony, the Secretary and Deputy Secretary were presented with copies of President Lincoln's 1862 proclamation creating the USDA, that were carried into orbit by the Deputy Secretary's nephew, Commander Kent Rominger, USN, aboard the STS-96 Discovery in June 1999. The papers will become a permanent part of the facility's Lincoln exhibit.

Freedom to E-File Bill Passes: On June 6, the House agreed with the Senate version of the Freedom to E-file bill, sending the bill on to the White House for signature. The legislation requires USDA to establish an Internet based filing system, enabling farmers and ranchers to submit required forms electronically. USDA recommends approving the bill, but has concerns over the Department's current readiness to implement the legislation. Most importantly, service center agencies need full funding for the Common Computing Environment to achieve the intent of the legislation.

Chinese Inspection Officials to Visit U.S.: During the week of June 18, Chinese food safety inspection officials will meet with Secretary Glickman and USDA personnel on the recent agricultural agreement between our two countries. Discussions will include information on the structure of the Chinese food safety agency, experiences in implementing the SPS agreement, inspection and customs processes, and a preliminary discussion on a WTO, SPS, TBT seminar that China will host in October 2000.

Preparations for World Peace and Prayer Day: From June 17-22, World Peace and Prayer Day will be held at the Black Hills National Forest (SD). Between 3,000-5,000 people are expected to camp in the forest and assemble daily for educational seminars and other meetings. USDA and group leaders are working together to limit the amount of damage to the area. Local media coverage is expected.

Argentine Citrus Final Rule: On June 15, USDA will publish in the *Federal Register* the final rule allowing limited importation of Argentine citrus fruit into the U.S., under a three-stage limited distribution plan that will be in effect until the 2004 citrus shipping season. Citrus producers, and members of the CA congressional delegation expressed concern that the proposal could result in the introduction of citrus diseases and exotic fruit flies into the U.S. The rule's systems-based limitations are designed to minimize that risk.

Under Secretary Watkins Receives Good Housekeeping Award: In the July issue of *Good Housekeeping* magazine, Under Secretary Shirley R. Watkins has been honored with the Good Housekeeping Award for Women in Government. The award is given in collaboration with the Center for American Women and Politics (CAWP), a unit of the Eagleton Institute of Politics at Rutgers University. CAWP is the nation's oldest think tank on women's political participation. Under Secretary Watkins was chosen from among other outstanding women leaders in

government, by a panel led by former Representatives Molinari and Schroeder.

\$90 Million Market Access Program (MAP) Allocations Announced for FY00: On June 9, Secretary Glickman announced FY00 allocations of \$90 million to 65 U.S. trade organizations for export promotion activities under MAP. All program applications have undergone a competitive review process comparing the performance of each applicant on the basis of four weighted criteria: the degree to which the applicant will contribute resources to the program, historic export performance, projected export goals, and accuracy of past export goals.

West Nile Virus (WNV) Detected in NY Crows: On June 9, the NY State Department of Health announced that WNV had been isolated from two crows submitted from Rockland County, NY. Rockland County also had positive WNV crows last year. This is the first report of birds infected with WNV in the United States during the 2000 mosquito season. There are no reports in 2000 of any positive mosquito pools or sentinel birds in the U.S. There have been no known cases of human or equine illness caused by WNV this year, nor are there any ongoing investigations of illness in horses or livestock suspected of being caused by WNV.

New Study Shows No Butterfly Damage by Genetically Modified Crops: On June 6, University of Illinois researchers published the results of a new study which determined that butterflies are unharmed by the main type of genetically modified corn used in the U.S. These findings differ sharply from a (highly publicized) May 1999 Cornell University laboratory test. The IL research team chose the Black Swallowtail Butterfly, common throughout eastern North America, which feeds on plants located along the narrow strips between cornfields and roads.

Proposal to Establish Cranberry Volume Regulations: On June 6, members of the Cranberry Marketing Committee, which locally administers the cranberry marketing order with USDA oversight, met in Arlington, VA, to discuss USDA's proposal to establish a volume regulation for the 2000-2001 season. Under volume regulation, growers receive marketable allotment based on their sales histories. In response to industry concerns, USDA proposed that the sales history calculation be modified so that existing growers would use the best single sales year in the past six years to calculate their sales histories. The Committee has recommended further modification of that proposal to include an allotment percentage of 85% (15% restricted) and modified the marketable quantity and total sales histories to 5,468,000 barrels and 6,432,000 barrels, respectively. The proposed rule to establish volume regulations was published in the May 30 *Federal Register* and public comments are being accepted through June 14.

USDA Begins Reviewing Foreign Country's Residue Control Programs: During the week of June 5, USDA began reviewing residue testing programs in foreign countries that are eligible to export to the U.S. A revised questionnaire has been provided to those countries, to be returned with each country's 1999 residue testing results and residue sampling plan for 2000. USDA is now examining incoming documentation.

USDA Releases Supply and Demand Forecasts: On June 9, *Crop Production* reported survey-

based 2000 forecasts for area, yield and production of U.S. winter wheat. Projections for 2000 production of other U.S. and world crop supply and use were published in the *World Agricultural Supply and Demand Estimates (WASDE)* report. Country-specific 2000/01 projections were made only for wheat, corn, and coarse grains. Individual country projections for rice, cotton, and oilseeds will be published in July. The *WASDE* report also featured projections of U.S. livestock and dairy supply and use for the coming year (2001 for animal products and 2000/01 for milk). Highlights of the *Crop Production* and *WASDE* reports include:

Winter Wheat: Production is forecast at 1.62 billion bushels, down 2% from May 1 and 5% below 1999. Yield is forecast at 46.7 bushels per acre, down 0.8 bushels from the last forecast.

All Wheat: Projected U.S. 2000/01 ending stocks of wheat are down 28 million bushels from last month as a smaller supply more than offsets reduced use. Forecast winter wheat production is 27 million bushels below last month because of reduced yields. Forecast beginning stocks are off 21 million bushels, but projected imports are up 5 million.

Rice: No changes are made to the U.S. supply for 1999/2000 or 2000/01. The brisk pace of rough rice exports in 1999/2000 is expected to continue in 2000/01, particularly to the Western Hemisphere (especially Mexico, the largest U.S. market), the Middle East (most notably Turkey), and Western Europe.

Corn: The outlook for U.S. 2000/01 corn is for lower supplies, higher use, and lower ending stocks than last month. Projected production is unchanged.

Soybeans and products: Soybean production for 2000/01 is forecast at a record 2.955 million bushels, unchanged from last month. Projected U.S. soybean exports are increased 10 million bushels to a record 980 million bushels based on stronger import demand by China.

Cotton: No changes are made in this month's 2000/01 U.S. projections of production, consumption and trade. For 1999/2000, U.S. exports are raised 200,000 bales, reflecting continued strong export sales and recent attractive Step 2 payment rates, which have encouraged shipments.

Sugar: Projected 2000/01 production is unchanged from last month, but carryin stocks are lowered 29,000 short tons, raw value. Total use is unchanged.

Livestock: Meat exports in 2000 and 2001 are raised from last month, reflecting robust first-quarter sales and expectations of continued strong foreign demand. Despite falling U.S. beef production, demand for high-quality U.S. beef in the recovering Asian markets is expected to bolster U.S. exports. Pork exports are also expected to remain high as economic growth continues in major importing countries. Imports are raised from last month as Canada continues to expand production.

Farm Weather Outlook: The NWS 6-10 day outlook for June 15-19 calls for near- to above-normal rainfall from the Plains to the East Coast, including parched areas in the Southeast. While the rain will benefit summer crops, cool, wet conditions may slow the Plains' winter wheat harvest activities. Meanwhile, hot, mostly dry weather is expected in the West, while above-normal temperatures are forecast to persist along the Atlantic Coast states.

Commodity Markets in Review: Wheat prices were down slightly, as the usual harvest pressure almost evaporated in the face of worsening U.S. crop conditions and declining world supplies. Beneficial rains across the Midwest, and forecasts for more, helped drive corn lower. Cash soybean prices rose on positive short-term trade prospects, but improved moisture in major growing areas sent futures down sharply. Rice cash prices held steady and futures were almost unchanged. Cotton cash prices were down in thin trade, but new-crop futures received a boost from an increase in China's import quota. Cattle prices reversed their recent slide as wholesale beef prices advanced. Slow marketings in the face of hot weather and increases in slaughter sent hog prices higher. Broilers gained with brisk fast food movement. Warm temperatures slowed cheese production, boosting prices. Heavy ice cream production continues to support butter prices.

Average prices for the week ending June 9, 2000

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.73	-0.03	-0.06
Corn \$/bu	2.00	-0.07	-0.10
Soybeans \$/bu	5.16	0.02	0.57
Rice \$/cwt	5.75	0.00	-1.81
Cotton ¢/lb	56.13	-2.19	1.41
Steers \$/cwt	70.14	0.84	4.29
Hogs \$/cwt	50.66	2.60	13.93
Broilers ¢/lb	58.02	0.92	-1.99
Cheese \$/lb	1.13	0.02	-0.20
Butter \$/lb	1.34	0.01	-0.16
Milk* \$/cwt	9.70	-0.16	NA

*June 2000 Class III futures price from the Chicago Mercantile Exchange

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Food Safety:

U.S. Detains Canadian Product for Metal Contamination: A U.S. plant discovered metal contamination in a Canadian shipment of approximately 23,500 pounds of a canned pork luncheon product. All of the product has been detained. The Canadian Food Inspection Agency has suspended operations at the Canadian export plant until corrective actions are taken.

USDA Testing Protects Public in MO, NY: Due to routine USDA testing, on June 7, Schnuck Markets Inc., of O'Fallon, MO, recalled 60 pounds of product for *Listeria monocytogenes* contamination; and on June 6, Mega Meats, Inc., of the Bronx, NY, recalled 420 pounds of ground beef for *E. coli* O157:H7 contamination.

USDA Enforces Food Safety Requirements: On the following dates, USDA closed the listed plants for violating food safety requirements: June 9, Konanyan Meat, of Los Angeles, CA, for producing product without a HACCP plan, and repackaging sliced cooked chicken breast meat as turkey breast meat; June 8, San Antonio Packing Co., of San Antonio, TX, for sanitation standard operating procedure (SSOP) failures; June 7, K& K Meats, of Lamar, CO, for inadequate implementation of SSOP and HACCP plans.

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

Nothing of significance to report this week.

IV. SECRETARY'S SCHEDULE

On Tuesday, June 13, Secretary Glickman addressed the organization of USDA Gay Lesbian or Bisexual Employees (G.L.O.B.E.) on civil rights issues relating to sexual orientation.

On Wednesday, June 14, Secretary Glickman attended a ceremonial renaming of the National Agricultural Library facility after the founder of USDA, President Lincoln, in Beltsville, MD.

On Wednesday, June 14, Secretary Glickman was interviewed on childhood nutrition and obesity by *Newsweek*.

On Monday, June 19, Secretary Glickman will attend a Bronx River cleanup event with Bette Midler, in New York City, NY.

On Wednesday, June 21, Secretary Glickman will testify before a House Agriculture Committee hearing on export promotion programs.

On Tuesday, June 27, Secretary Glickman will co-host a National Farmers' Union reception with Senator Daschle.

On Tuesday, June 27, Secretary Glickman will receive an award from the Food Research and Action Center in honor of his lifelong commitment to improving childhood nutrition, and expanding access to nutrition for poor and working children and families.

On Wednesday, June 28, Secretary Glickman will address the White House Community Empowerment Conference, in Columbus, OH.

V. SUB-CABINET SCHEDULE

On Wednesday, June 14, Deputy Secretary Rominger accompanied Secretary Glickman to the renaming of the National Agriculture Library facility after President Lincoln, in Beltsville, MD.

On Tuesday, June 20, Deputy Secretary Rominger will address the Institute of Medicine of the National Academies Roundtable of Environment, Health Sciences, Research and Medicine.

From Tuesday, June 13, through Wednesday, June 21, Deputy Under Secretary Caren Wilcox will attend food safety related conferences at The Hague, Netherlands; and Brussels, Belgium.

On Wednesday, June 14, Under Secretary Catherine Woteki will attend The Consumer Federation of America's 30th Annual Awards Dinner.

On Wednesday, June 14, Under Secretary Miley Gonzalez will meet with university officials at Cornell University in Ithaca, NY, on information technology programs for agriculture research, teaching, and extension.

From Wednesday, June 14, through Friday, June 16, Under Secretary Gus Schumacher will attend the International Grain Exporting Countries 2000 Grains Conference, in Regina, Canada.

On Thursday, June 15, Under Secretary Miley Gonzalez will meet with university officials at the State University of New York in the College of Environmental Science and Forestry in Syracuse, NY, on biobased products and bioenergy research.

On Friday, June 16, Under Secretary Shirley R. Watkins will attend the dedication of the Lake County, MI courthouse, in Baldwin, MI, as part of National Homeownership Week.

On Monday, June 19, Under Secretary Jim Lyons will accompany Secretary Glickman to a Bronx River Cleanup Event with Bette Midler in New York City, NY.

On Monday, June 19, Under Secretary Catherine Woteki will address the Association of Food and Drug Officials' Millennium Conference, in Burlington, VT.

On Tuesday, June 20, Under Secretary Miley Gonzalez will host the next meeting of the Interagency Council on Biobased Products and Bioenergy, in Beltsville, MD.

On Friday, June 23, Under Secretary Catherine Woteki will give the keynote address at a Harvard Medical School symposium on food safety, in Cambridge, MA.

From Saturday, June 24, through Monday, June 26, Under Secretary Jim Lyons will attend the 20th Annual Environmental Systems Research Institute International User Conference, in San Diego, CA.

From, Tuesday, June 27, through Friday, June 30, Under Secretary Gus Schumacher will attend WTO Meetings in Geneva, Switzerland.

On Wednesday, June 28, Food Safety Inspection Service Administrator Tom Billy will open the Codex Executive Committee meeting, in Geneva, Switzerland.

On Thursday, June 29, and Friday, June 30, Under Secretary Jim Lyons will attend the Forest Service Outdoor Recreation Tour, in Atlanta, GA.

VI. PRESS/MEDIA INQUIRIES

The *Washington Post* requested background on nationwide food stamp and school lunch participation for a story on Jewish immigrants in NY.

The *Washington Post* interviewed Under Secretary Catherine Woteki on nutritional labeling for a story to run in its health section Tuesday, June 20.

USA Today, and *The Wall Street Journal*, requested data on the price and per capita use of garlic over the past 20 years, after which ABC News requested the same for a Peter Jennings story.

The *Wall Street Journal* printed an article about changes made to testimony on agricultural concentration made during the USDA clearance process. The *WSJ* had obtained information on the changes from the May 2000 newsletter of the Western Organization of Resource Councils.

CNN, *Verde Media* (an environmental website), *The Palm Beach Post*, *Farm Progress News*, *Food Nutrition and Labeling News*, and *Reuters Health* inquired about the Revised Proposed Organics Standards Rule.

VII. FOIA REQUESTS

Mercatum Corporation researched a meeting between Chilean and USDA officials in October 1999, that discussed the importation of fresh produce into the U.S. from Chile.

APBnews.com requested USDA records from the Biological Control and Mass Rearing Research Laboratory concerning the Department of Defense between January 1, 1996 to the present.

The Doris Day Animal League requested all documents concerning certain exemptions from Animal Welfare Act regulations, in furtherance of a lawsuit filed by the League against the Department in May.

VIII. WASTE, FRAUD AND ABUSE

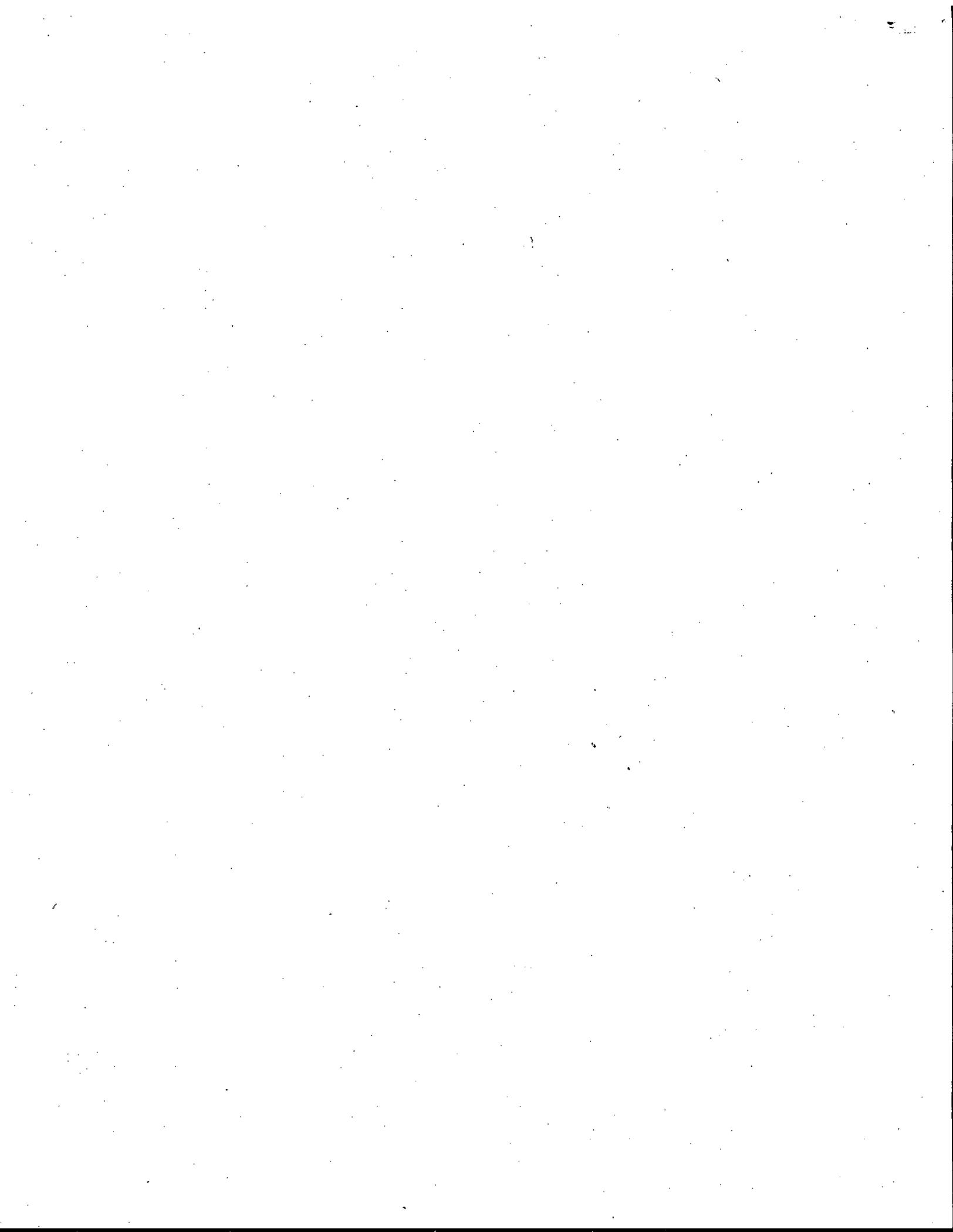
Nothing of significance to report this week.

IX. CLIMATE CHANGE

National Assessment on Climate Variability and Change: On June 12, two reports from the National Assessment on Climate Variability and Change Team will be available for a 60-day public review through the U.S. Global Change Research Program. These reports synthesize results from studies conducted by regional and sector teams and from the broader scientific literature. Forest Service authors contributed to the reports. Regional and sector activities in support of this assessment have been funded by the Forest Service.

X. WEEKEND CONTACT

Eric Olsen



June 21, 2000

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF June 18, 2000

USDA Fact of the Week

On June 12, Secretary Glickman approved the transfer of \$46.7 million from the guaranteed loan operating program to the direct farm ownership loan program, which has run out of funds. Beginning the week of June 19, the transfusion of money will enable USDA to help nearly 450 families realize their shared dream of buying a farm or ranch. Through June 14, USDA had already made 2,689 direct farm ownership loans.

I. KEY DEPARTMENT NEWS

Agricultural Safety Net Bill Signed: On June 20, you signed the Agricultural Risk Protection Act of 2000 into law, providing \$8 billion for reforming the Federal crop insurance program over five years, making available \$7.1 billion for the agricultural safety net, and allocating \$5.5 billion for September market loss assistance payments. The legislation also authorizes a pilot livestock insurance program, improves multi-year loss coverage and encourages private-sector development of new types of insurance products. For most producers, the higher premium subsidies will be available to protect 2001 crops. Coincident with your signing of the bill, USDA announced that it will quickly move to make new program benefits available to farmers for insuring the 2001 crop, especially by increasing premium subsidies, and adjusting formulas used to calculate coverage. Under the new bill, all Federally backed insurance plans, including revenue insurance plans, will receive the same percentage premium subsidy, a change producing significant cost savings for producers purchasing revenue insurance, compared to previous years.

The bill also supports USDA's Child Care Management Improvement Initiative; helps states identify and enroll children in state health insurance programs by making available to them free and reduced price meal eligibility information; and includes funding for conservation programs; anti-invasive species efforts; marketing assistance; and the biomass initiative.

Supreme Beef Update: Supreme Beef has rejected a June 13, USDA request that the processor

voluntarily suspend ground beef operations and review its food safety procedures, made following the plant's 4th consecutive failure of *Salmonella* contamination tests. After the test, USDA began an in-depth review of the processors' food safety enforcement systems, however, the Department cannot close the plant for food safety violations due to a June 13 final ruling signed by Judge Fish of the Northern District of TX barring USDA from using *Salmonella* test results to close a facility. Some Members of Congress, particularly Senators Harkin and Daschle, are exploring legislative options to address this issue, including amendments to the USDA appropriations bill. USDA continues seeking mechanisms to protect the country's food safety.

New Food Safety Standards Planned for School Lunch Program: On June 19, following an order from Secretary Glickman, USDA officials began planning future rulemaking and enforcement for a new school lunch safety certification program. The Secretary has ordered new health standards for ground beef bought by the government for the school lunch program, requiring testing and specified tolerance levels for disease-causing bacteria –similar to pathogen testing requirements used by fast-food restaurants and supermarket chains.

In a related item, USDA removed about 1,200 tons of Supreme Beef-supplied ground beef from schools in 16 states in the South, Midwest and Northeast, after the plant failed its fourth set of *Salmonella* tests.

Secretary Announces \$30 Million to Help Sheep and Lamb Farmers: On June 19, as part of a 3-tier, \$100 million aid program for U.S. sheep and lamb farmers, Secretary Glickman announced that these suffering producers will receive a total of \$30 million in direct cash payments to help improve their production efficiency, and the marketability of lamb meat. During the first year of the program – July 22, 1999 to September 30, 2000 – payments may be made for rams, sheep improvement, and facility improvement, with a maximum combined payment per farm of \$5,500, according to the interim final rule for the program, soon to be published in the *Federal Register*. Over the last several years, poor market conditions and record low prices have caused major losses for America's sheep and lamb producers.

Secretary Sets IN Food Stamp Error Rate: Having reviewed information provided by state officials, Secretary Glickman has decided that IN's FY98 Food Stamp Program error rate of 6.79% will be used as an acceptable error rate for FY99. This decision was made necessary by issues relating to IN's Quality Control sample for FY99, which require establishment of a new acceptable rate. In an effort to enhance the partnership between the Federal and state Food Stamp quality control processes, Secretary Glickman and Governor O' Bannon have also made agreements on how to improve the IN quality control sampling method, how to enhance intergovernmental communication, and how to protect the rights of Food Stamp recipients, while enhancing program integrity.

Plum Pox Update: On June 20, Deputy Secretary Rominger and other USDA and OMB officials met with PA Agriculture Secretary Hayes to discuss the Federal and State response to an outbreak of plum pox in Adams County, PA. Plum pox is an extremely serious disease of stone

fruits (apricots, almonds, nectarines, peaches, and plums), first detected in Adams County last fall. Since that time, USDA and PA have been actively involved in an eradication program that has involved destruction of approximately 700 acres in five infested orchards, as well as nurserystock. As a result of the June 20 meeting, USDA, OMB, and the PA have agreed upon a formula for compensating growers for their losses, and are now proceeding with appropriate rulemaking action. USDA will pay 85% of the costs of compensation through the Commodity Credit Corporation, with PA paying the remaining 15%.

Glassy-winged Sharpshooter/Pierce's Disease: USDA and CA have developed a detailed action plan for responding to southern and central CA infestations of the Glassy-winged Sharpshooter, an extremely efficient vector of Pierce's disease, which poses a serious threat to CA's grape, almond, citrus, and peach industries, valued at about \$10 billion per year. Although infected plants cannot be cured, insecticide treatments are effective in controlling the insect which spreads it. USDA is preparing to issue a declaration of emergency and direct approximately \$22 million in Commodity Credit Corporation funds for program operations, research, methods development, and biological control, while CA is prepared to provide approximately \$14 million.

Citrus Canker Update: USDA and FL are involved in a massive effort to eradicate citrus canker in the state. Citrus canker is a devastating exotic disease that threatens the viability of FL's citrus industry; the only way to eradicate the disease is to remove and burn infected and exposed trees. OMB is preparing to apportion \$56.6 million in funds from the Commodity Credit Corporation toward our cooperative eradication efforts with FL (with another \$49 million projected to be apportioned for next year's efforts). Compensation for infected groves remains an issue, and the FL Congressional delegation recently wrote you urging that USDA provide compensation to growers, in accordance with provisions included in the new Crop Insurance Reform/Disaster Assistance law. Discussions are pending between OMB and USDA regarding interpretation of congressional language that provided compensation funds, as well as a formula for dispersing those funds.

Sugar Update: Despite having purchased 132,000 tons of sugar earlier in June, USDA is evaluating requests from the sugar industry and Members of Congress to purchase additional sugar, and establish a Payment in Kind (PIK) program to reduce production later this year.

Fire Update: Since June 14, new large fires have been reported in the Southwest and Northern CA, while strong winds, low relative humidity, and predictions of dry lightning hinder fire suppression activities in CO and NM. Because of drought conditions and wildland fires, closures and use restrictions have been placed on forest lands in UT, AZ, NM, and CO, however, the 30-day moratorium on prescribed burns west of the 100th meridian imposed by Secretaries Glickman and Babbitt expired June 12th for all Federal agencies but the National Park Service.

The following new fires are burning: in CO: the Bobcat fire has burned nearly 7,000 acres on the Arapaho-Roosevelt National Forest, with no date of containment yet known; meanwhile, the

High Meadow fire has charred nearly 7,000 acres on CO State Forest Service land, destroying 39 homes; in CA: the 4,000 acre Berryessa fire has forced over 40 evacuations on CA Department of Forestry land; in NM: the Saliz fire has burned nearly 900 acres on the Gila National Forest; the Viveash fire in the Santa Fe National Forest has blackened close to 28,300 acre; and the Pot Mountain fire has burned 700 acres on Bureau of Land Management land; in AZ: the Outlet fire has burned 14,118 acres of land in the National Park Service Grand Canyon; and in FL: the Louise fire has burned 4,000 acres of Florida State Division of Forestry land.

Conservation and Reinvestment Act (CARA) Mark Up: On June 27, the Senate Energy and Natural Resources Committee will mark up legislation allocating part of the royalties from offshore drilling to conservation activities. Secretary Glickman has sent a letter to Senator Bayh supporting the legislation, the House version of which passed on May 18.

USDA Estimates Impact of GMOs on Pesticide Use: On July 11, USDA will present estimates of the impact on pesticide use of adopting genetically engineered crops. The estimates will be released at the *6th International Symposium on the Biosafety of Genetically Modified Organisms* in Saskatoon, Canada. Aggregate estimates are based on farm-level impacts published in April in the USDA report *Genetically Engineered Crops for Pest Management in U.S. Agriculture*. Media attention is expected

Farm Weather Outlook: The NWS 6-10 day outlook for June 22-26 calls for cooler conditions to overspread much of the West, accompanied by scattered showers in the Northwest and dry weather elsewhere in the region. Above-normal temperatures and abundant rainfall will favor summer crop development but slow fieldwork from the Plains to the East Coast. Near-normal precipitation may further ease stress on drought-affected crops in the Southeast. Meanwhile, above-normal rainfall will generally benefit corn and soybeans in the Midwest, although portions of the northern and eastern Corn Belt may remain unfavorably wet.

Commodity Markets in Review: Slow new-crop sales helped sustain wheat cash prices, but futures dropped as the harvest moved into Kansas and corn prices plummeted. Much improved growing conditions sent corn and soybean prices down for the week. The drop in soybeans was less dramatic due to large purchases by China. Rice cash prices were down sharply, following Asia prices lower, but new-crop futures were boosted by ideas that the 2000 crop will be smaller than USDA inventory forecasts. Cotton cash prices dropped slightly despite worsening conditions in the Southeast, as the Texas and California crops made good progress. Cattle prices were up slightly as retailers bought briskly for the July 4th holiday. Heavy packer purchases at the start of the week sent hog prices up, but futures dropped with lower belly prices. Broiler prices slumped as poor retail demand more than offset good movement into food service uses. Cheese prices surged as milk production slowed seasonally. Reports of large deliverable stocks at the Chicago Mercantile Exchange sent butter prices sharply lower.

Average prices for the week ending June 16, 2000

Commodity	Weekly price	Change from a week ago	Change from a year ago
Wheat \$/bu	+2.74	+0.01	-0.01
Corn \$/bu	+1.86	-0.14	-0.23
Soybeans \$/bu	+5.09	-0.07	+0.49
Rice \$/cwt	+5.50	-0.25	-2.06
Cotton ¢/lb	+55.36	-0.77	+1.95
Steers \$/cwt	+70.10	+0.24	+3.79
Hogs \$/cwt	+51.34	+0.68	+16.08
Broilers ¢/lb	+57.11	-0.91	-2.96
Cheese \$/lb	+1.20	+0.08	-0.19
Butter \$/lb	+1.24	-0.10	-0.26
Milk* \$/cwt	+9.58	-0.12	NA

*Class III futures price from the Chicago Mercantile Exchange

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Food Aid:

Food Aid to North Korea: On June 15, Secretary Glickman announced the donation of 50,000 metric tons of wheat to the World Food Program's emergency feeding operations in North Korea. USDA is also studying the amount of nonfat dry milk available for aid.

President's Initiative on Food Safety:

Chicken Recalled from 12 States for Glass Contamination: On June 16, Allen's Family Food's Inc., of Seaford, DE, recalled approximately 387,000 pounds of fresh chicken products due to glass discovered in packing/shipping ice. Product had been distributed to wholesalers in CT, DE, DC, ME, MD, MA, NH, NJ, NY, PA, RI, and VA. No reports of injury associated with the recall have been received.

USDA Testing Results in Contaminated Food Recalls: Recent USDA inspection efforts have resulted in the recall of the following products for food safety violations: on June 16, Farmland Foods Inc., of Kansas City, MO, recalled approximately 86,000 pounds of ready-to-eat turkey for contamination with non-food grade lubricating oil; on June 14, Demes Gourmet Corp., of

Fullerton, CA, recalled approximately 1,800 pounds of ham for *Listeria*; on June 14, AALA Meat Market, Inc., of Honolulu, HI, recalled approximately 270 pounds of ham for *Listeria*; on June 14, Packerland Packing Co., of Green Bay, WI, recalled approximately 196,000 pounds of ground beef for *E. coli* O157:H7; and on June 13, Del Gould Meats., Inc., of Lincoln, NE, recalled approximately 7,160 pounds of ground beef for *E. coli* O157:H7.

USDA Enforces Food Safety Requirements: On June 12, USDA closed AALA Meat Market, Inc., of Honolulu, HI, for *Listeria monocytogenes*, after which the firm recalled approximately 270 pounds of contaminated ham; on June 13, USDA closed Champlain Beef Co., Inc., of Whitehall, NY, for slaughter and processing failures in the plant's HACCP plan; and on June 15, USDA closed Feller's Pre-Cooked Meats, of North Salt Lake, UT, for *Listeria* contamination in a roast beef product, and sanitation standard operating procedure failures.

President's Initiative on Race:

White House Strategy Session on Improving Hispanic Student Achievement: On June 15, Secretary Glickman announced the creation of the National Hispanic Serving Institutions Scholars program, one of several new steps the Administration is taking to close the achievement gap between Hispanic students and their peers. The new USDA scholarship program was unveiled at the White House Strategy Session on Improving Hispanic Student Achievement.

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

Electric Loan in GA: On June 20, USDA presented the Jefferson Energy Cooperative of Louisville, GA, with a loan for \$23,693,000, to be used to serve 5,308 new consumers, construct 374 miles of distribution line, and make other system improvements.

Housing Preservation Grant for Choctaw Nation: On June 21, USDA officials presented the Chief of the Choctaws with a Housing Preservation Grant of \$250,000, in Duran, OK.

Rural Housing Partnership with Cherokee Nation: On June 22, the Chief of the Cherokee Nation will be joined by USDA officials to announce a Rural Housing Partnership with the Cherokees, Fannie Mae, USDA, and local Oklahoma Banks, in Telequah, OK.

IV. SECRETARY'S SCHEDULE

On Wednesday, June 21, Secretary Glickman testified before the House Agriculture Committee on export promotion programs.

On Wednesday, June 21, Secretary Glickman addressed the Good Housekeeping Award for Women in Government Ceremony, which presented an award to Under Secretary Shirley Watkins.

On Tuesday, June 27, Secretary Glickman will co-host a National Farmers' Union reception with Senator Daschle.

On Tuesday, June 27, Secretary Glickman will receive an award from the Food Research and Action Committee.

On Wednesday, June 28, Secretary Glickman will make opening remarks before the White House Community Empowerment Conference, in Columbus, OH.

On Thursday, June 29, Secretary Glickman will tape and interview on food safety with the Learning Channel.

On Friday, June 30, Secretary Glickman will host an event naming a wing of the USDA South Building complex after Deputy Secretary Rominger.

V. SUB-CABINET SCHEDULE

On Tuesday, June 20, Deputy Secretary Rominger addressed the Institute of Medicine of the National Academies "Roundtable of Environment, Health Sciences, Research and Medicine.

On Sunday, June 25, Deputy Secretary Rominger will hold a Rural American Agriculture Event, in Sacramento, CA.

On Friday, June 30, Deputy Secretary Rominger will attend an event at which a wing of the USDA South Building complex will be named after him by Secretary Glickman.

On Friday, June 23, Under Secretary Catherine Woteki will give the keynote address at a Harvard Medical School symposium on food safety, and participate in a roundtable discussion on antibiotic resistance, foodborne infections, "mad cow disease," and other food safety issues, in Cambridge, MA.

On Saturday June 24, and Monday, June 26, Under Secretary Jim Lyons will attend the 20th Annual Environmental Systems Research Institute (ESRI) International User Conference, in San Diego, CA.

From Tuesday, June 27, through Friday, June 30, Under Secretary Gus Schumacher will attend WTO Meetings in Geneva, Switzerland.

On Wednesday, June 28, and Thursday, June 29, Administrator Tom Billy will attend meetings of the Codex Executive Committee of the Codex Alimentarius Commission, and to participate in a World Health Organization meeting, in Geneva, Switzerland.

On Thursday, June 29 and Friday, June 30, Under Secretary Jim Lyons will attend a Forest

Service Outdoor Recreation Tour, in Atlanta, GA.

From Tuesday, July 4, through Saturday, July 8, Under Secretary Gus Schumacher will attend bilateral meetings in Russia, Poland, Germany, and Italy.

VI. PRESS/MEDIA INQUIRIES

Numerous requests continue to come on the Supreme Beef court case, and how USDA's position that the plant should be closed impacts purchases of product for the school lunch program, given Judge Fish's ruling that the plant must be reopened. The Associated Press, ABC News, Bloomberg News, *Education Week*, *Nutrition Week*, *Food Chemical News*, Bridge News, and local Dallas print and television press have filed requests, and on June 14, Food Safety Inspection Service Administrator Billy was interviewed by the *New York Times* and *Wall Street Journal*.

CNN has interviewed the Animal and Plant Health Inspection Service Deputy Administrator on the frequency of inspection, and regulations on the selling of dogs to research facilities.

Petplace.com, World Airline News, KTRK TV in Houston, and the *Oprah Winfrey Show* requested information on traveling with your pet by air.

The Packer, Bridge News, the *Fresno Bee*, *Los Angeles Daily News*, *Riverside Press-Enterprise*, *America Fruit*, Gannett New Service, and the CA Farm Bureau requested information about the Argentine citrus rule.

The *Washington Post* interviewed Under Secretary Woteki on nutritional labeling, for a story to run in its health section.

VII. FOIA REQUESTS

Representative LoBiondo requested information on Meredith Farms of Gloucester County, NJ, on behalf of Mays Landing, NJ, Mayor Ferruesi.

During the week of June 12, CNN and *Time* magazine submitted separate requests for the full investigative file on C.C. Baird, an animal dealer licensed under the Animal Welfare Act, and the most recent listing of random source animal dealers as well as lists from previous years.

VIII. WASTE, FRAUD AND ABUSE

On June 13, USDA's Inspector General office, INS, and IRS Criminal Investigations Division, arrested 36 individuals in Rochester, NY, for food stamp trafficking and immigration law violations. The operation resulted in the seizure of over \$122,000 and more than \$18,000 in food stamp coupons.

IX. CLIMATE CHANGE

Nothing to report this week.

X. WEEKEND CONTACT

Eric Olsen