

September 20, 2000

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF September 20, 2000

USDA Fact of the Week

The HHS Health Resources Services Administration has chosen USDA's booklet, *Tips for Using the Food Guide Pyramid for Young Children 2 to 6 years old*, for inclusion in its National Child Health Day promotion kit. Since 1928, this observance has taken place on the first Monday of each October. This year's theme, "Early Childhood: Launching Healthy Futures," is intended to raise awareness that the first five years of a child's life are crucial to his or her physical, mental and social development. Over 4,100 copies of the kit have been sent to nutritionists, caregivers and health professionals nationwide.

I. KEY DEPARTMENT NEWS

Secretary Addresses Central CA Development; Announces Distance Learning and Telemedicine (DLT) Grants: On September 21, Secretary Glickman and Representative Dooley toured the San Joaquin Valley of CA to discuss regional economic development, inspect farm conditions, and highlight the latest DLT grants. In Selma, Raisin, and Bakersfield, CA, the Secretary addressed your plan to establish by Executive Order a Federal Task Force on Developing the San Joaquin Valley, which will extend the country's economic boom to a rural and yet under-developed area of CA, by improving interagency cooperation and using Empowerment Zones and Enterprise Communities. At these events, the Secretary also announced \$18.7 million for 84 DLT grants that will endow 49 distance learning projects to improve information and distance-teaching access to over 300 educational facilities; and to fund 35 telemedicine projects that will improve rural access to high-quality health diagnostics and instruction at over 200 health care facilities.

GAO Report on Packers & Stockyards Program: On September 21, GAO released the findings of an audit of competitive practices investigations made by the Packers and Stockyards Programs (P&SP), and will make 3 sets of recommendations for future USDA investigations of livestock industry concentration and abuse. First, GAO recommends that P&SP economists and

USDA attorneys develop a team approach for investigations; a proposal that will be met by formalizing the already informal consultation process that exists in the early stages of complex investigations. Second, GAO recommends that USDA attorneys be integrated into P&SP's investigative teams early in the investigative process; USDA will attempt to implement this suggestion; however, this approach is contingent on Congressional approval of your requested \$3.7 million budget increase for P&SP activities, so the USDA General Counsel's office can fill positions that were vacated through attrition. Third, GAO recommends that P&SP increase outreach efforts, to inform industry and Congressional representatives of industry changes in business practices affecting market operations. USDA has a well-developed outreach history with industry, farm groups, and Congressional representatives, and will continue to seek new ways to maintain meaningful dialogue and find ways to better serve the agricultural community.

MO Conservation Reserve Program (CREP) Announcement: On September 15, Secretary Glickman and Governor Carnahan signed a CREP agreement, in Smithville, MO. The program will establish an \$85 million Federal/State partnership to protect the state's drinking water and environment by retiring 50,000 acres of highly erodible and environmentally sensitive cropland along streams feeding 83 reservoirs that supply over 375,000 MO residents. The event was heavily covered in state media.

USDA Announces FY01 Sugar Tariff-Rate Quotas (TRQs): On September 15, Secretary Glickman announced the FY01 TRQs for raw, refined, and specialty sugar. USDA has established the FY01 TRQ for imports of sugar into the U.S. at 1,360,983 metric tons raw value (MTRV), 1,500,227 short tons raw value. The total includes a quantity for raw sugar of 1,117,195 MTRV, the minimum level to which the U.S. is committed under the Uruguay Round Agreement; a quantity for refined sugar of 38,000 MTRV; 105,788 MTRV, which is the additional amount that the U.S. is committed to provide to Mexico under NAFTA; and 100,000 MTRV to be allocated as needed, contingent on developments in international markets. USDA will make available all but the contingent quantity to the USTR for allocation for import into the U.S. customs territory.

Fire Situation Update: As of the week of September 17, more than 77,033 wildland fires have burned over 6.65 million acres. Last week, there was a loss of 409,000 acres to fire. Ten fires over 1,000 acres in size are currently being managed, down from a high of 67 during August. The total number of acres burned this year is 225% of the 10-year average. Total personnel assigned to wildland fires decreased during the week of September 10, to just over 5,000 people. This reflects a significant moderation of fire activity nationally due to cooler temperatures and some precipitation. Military battalions that are assigned to fires have been reduced from four to one, with the Marines assigned to the Clear Creek fire in ID. International representation on fires is at 400 people, down from the high of 800 people two weeks ago.

Farm Weather Outlook: The NWS 6-10 day outlook for September 21-25 calls for a warm, dry weather pattern to continue across much of the West. From the Plains eastward, near- to above-normal precipitation and near- to below-normal temperatures may slow fieldwork, including

summer crop harvesting, but will boost soil moisture reserves for fall-sown crops.

Commodity Markets in Review: Wheat cash prices were up slightly last week, but futures dropped on news of higher-than-expected spring wheat production, published in USDA's September 12 *Crop Production* report. Both corn and soybean prices fell as USDA forecast record large crops for both crops. A tightening supply situation sent rice prices higher, as USDA forecast lower 2000/01 stocks and production. Weakening foreign mill demand drove cotton prices down. Cattle prices followed boxed beef prices up toward the end of the week. Slow marketings boosted hog prices. Brisk demand lifted broiler prices. Cheese and butter prices were little changed.

Average prices for the week ending September 15, 2000

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.96	0.02	0.18
Corn \$/bu	1.60	-0.02	-0.17
Soybeans \$/bu	4.71	-0.09	-0.01
Rice \$/cwt	6.06	0.06	-1.13
Cotton ¢/lb	60.49	-0.98	11.82
Steers \$/cwt	64.54	1.00	-1.63
Hogs \$/cwt	42.89	0.74	9.46
Broilers ¢/lb	60.86	0.95	2.25
Cheese \$/lb	1.32	-0.01	-0.34
Butter \$/lb	1.16	0.02	-0.18
Milk* \$/cwt	10.70	-0.01	NA

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

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Food Safety:

***E. coli* O157:H7 Clusters in ME; OR:** The ME health department has confirmed *E. coli* O157:H7 infections in four Bangor, ME area children. Specifics about the cases have not been released, but two of the children became ill after being cared for in the same residential day care setting and the other two were in two larger day care centers. These cases bring the state's total cases for the year to 26. Meanwhile, food safety investigators have identified by genetic

fingerprinting, the common food vehicle of several recent *E. coli* O157:H7 infections in OR. Employees had apparently failed to sanitize a sink in which lettuce had been washed, and which later held utensils that contacted the meat.

Redesigned HACCP-Based Inspection Models Project (HIMP) Begins: On September 18, USDA began testing the redesigned HIMP in two plants -- an AR poultry plant, and a PA swine plant. Under the redesign, an additional Federal carcass inspector will be stationed at a fixed location on the slaughter line (pre-chill) to examine every carcass after it has gone through sorting, trimming and washing. On September 15, the project manager for the redesigned project provided a declaration on the redesign to U.S. District Court Judge Lamberth in connection with the AFGE suit against the project. On August 31, USDA held a press briefing and issued a release to describe the redesign and the accomplishments of HACCP. USDA will evaluate implementation of the redesigned model to ensure that the modification is effective.

President's Initiative on EZ/ECs:

Rural Empowerment Zones and Enterprise Communities (EZ/ECs) Top \$2 Billion: On September 14, the Benchmark Management System logged \$2 billion dollars in leveraged funds received by rural EZs and ECs. The milestone was achieved during the end of the FY00 benchmark updates.

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

Small Grains Report: On September 29, USDA will release its Small Grains 2000 Summary including acreage, yield, and production of wheat, oats, barley, and rye for 2000. The release also includes U.S. production of wheat by class and 1999 revisions.

Grain Stocks Report: On September 29, USDA will release its Grains Stocks report, including on and off farm stocks of all wheat, durum wheat, corn, oats, barley, soybeans, sorghum, sunflower, safflower, and mustard seed as of September 1. The release will also include previous quarter revisions.

Aquaculture Report: On October 4, USDA will release an aquaculture report noting that U.S. catfish production is forecast to reach 615 to 620 million pounds in 2000, up 3-4% over the previous year. Higher grower prices in 2000 and a forecast for continued low feed prices in 2001 are expected to provide growers with the incentive to expand production 4% in 2001. Imports of farm-raised salmon and tilapia continue to expand, with salmon imports in first-half 2000 up 17% and tilapia imports rising 6%.

Native American Community Infrastructure Loan: On September 28, USDA will present a \$400,000 Community Facility Loan for infrastructure development to the Colorado River Indian Tribe/Town of Parker Champion Community, in AZ.

Rural Electric Loan Announcements: On September 13, USDA announced the following electric loans: \$6,189,000 to the Lamar Electric Membership Corporation, of Barnesville, GA, to serve 1,552 new consumers, construct 148 miles of distribution line, and make system improvements; \$5,834,000 to the Adams Rural Electric Cooperative, Inc., of West Union, OH, to serve 1,040 new consumers, construct 44 miles of distribution line and 1 mile of transmission line and make system improvements; \$2,194,000 to the Illinois Rural Electric Cooperative, of Winchester, IL, to serve 136 new consumers, construct 25 miles of distribution line, and make system improvements; and 2,184,000 to the Morgan County Rural Electric Association, of Fort Morgan, CO, to construct distribution line, and make system improvements.

On September 14, USDA announced an electric loan in the amount of \$2,302,000 to the Sierra Electric Cooperative, Inc., of Elephant Butte, NM, to construct distribution line, and make system improvements.

IV. SECRETARY'S SCHEDULE

On Wednesday, September 20, Secretary Glickman addressed the Southwest Border Development Conference.

On Thursday, September 21, Secretary Glickman and Representative Dooley will attend a meeting of Mayors and Economic Development Officials in Selma, CA.

On Thursday, September 21, Secretary Glickman and Representative Dooley will attend a Distance Learning and Telemedicine event in Fresno, CA.

On Monday, September 25, Secretary Glickman will attend a Millennium lecture with Gordon Conway on global hunger issues.

On Wednesday, September 27, Secretary Glickman will attend an event naming Hugh Hammond Bennet (founder of the Soil Conservation Service), Smokey Bear, Dr. George Washington Carver, and the Honorable Robert Dole to the USDA Hall of Heros.

On Thursday, September 28, Secretary Glickman will hold a Symposium on nutrition and Aging.

On Wednesday, October 4, Secretary Glickman will be interviewed on Genetically Modified Organisms by PBS's *Frontline*.

V. SUB-CABINET SCHEDULE

On Thursday, September 21, Under Secretary Michael V. Dunn will moderate the Grain Inspection, Packers and Stockyards Administration's forum on captive supplies, in Denver, CO.

On Friday, September 22, Under Secretary Gus Schumacher will address the Eastern States

Exposition Meeting, in Boston, MA.

On Friday, September 22, Under Secretary Jim Lyons will address the National Trails Conference, in Redding, CA.

On Saturday, September 23, and Sunday, September 24, Under Secretary Jim Lyons will attend the Wenatchee River Salmon Festival, in Wenatchee, WA.

On Monday, September 25, and Tuesday, September 26, Under Secretary Gus Schumacher will address the National Association of State Departments of Agriculture, in Columbus, OH.

On Monday, September 25, Under Secretary Jim Lyons will attend the Riverside Partnership Agreement Signing Ceremony, in Riverside, CA.

On Monday, September 25, Under Secretary Michael V. Dunn will testify before the Senate Judiciary Subcommittee on Administrative Oversight and the Courts on Packers and Stockyards Act administrative procedures.

On Monday, October 2, Under Secretary Gus Schumacher will address the Third Governor's Summit on Agriculture, in Kinston, NC.

On Wednesday, October 4, Under Secretary Shirley R. Watkins will address the 12th Annual National Dropout Prevention Network Conference, in Baltimore, MD.

On Thursday, October 5, Under Secretary Jim Lyons will address the Federal Lands Conference, in Jackson, WY.

On Friday, October 6, Under Secretary Jim Lyons will address the Forest Service National Leadership Team Meeting, in New Haven, CT.

On Friday, October 6, Under Secretary Jill Long Thompson will address the University of Kentucky Cooperative Extension Service, KY Agriculture Department, and Governor's Commission on Family Farms "Farm to Table Conference," in Bowling Green, KY.

VI. PRESS/MEDIA INQUIRIES

Reuters and USDA Radio covered the release of a new USDA report: "Household Food Security in the United States, 1999."

The *Des Moines Register*, and *Farm Progress* asked when the results of the Pork Checkoff Referendum would be released.

Bloomberg Financial, *Farm Progress*, and Associated Press requested information on a petition

sent to USDA by the National Cattleman's Beef Association and other groups asking USDA to institute a "Beef: Made in the USA" certification program.

Following USDA negotiation of the surrender by Roland and Linda Hall of Dresser, WI, of 223 dogs to the American Humane Association (AHA), requests for information came in from *Milwaukee [WI] Journal-Sentinel*, *Amery [WI] Free Press*, KARE-TV (NBC, Minneapolis, MN), WITI-TV (Fox, Milwaukee), KSTP-TV (ABC, Minneapolis), WCCO-TV (CBS, Minneapolis), KMSP-TV (UPN, CNN independent, Minneapolis), WEAU-TV (CBS, Eau Claire, WI), WBAY-TV (ABC, Green Bay, WI).

New York Times asked about new school beef standards.

VII. FOIA REQUESTS

Nothing to report this week.

VIII. WASTE, FRAUD AND ABUSE

Not Guilty Plea in Inspectors' Shooting: On September 7, the defendant in the fatal shooting of 2 USDA food safety inspectors, and a CA state food safety inspector near Oakland, CA, on June 21, entered a not guilty plea in Alameda County District Court. The district attorney's office has scheduled time before a county grand jury on September 18, at which time that office will seek an indictment of the defendant on three counts of first-degree murder, one count of attempted murder, and four special circumstances.

IX. CLIMATE CHANGE

Nothing to report this week.

X. WEEKEND CONTACT

Bart Chilton

September 27, 2000

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF September 24, 2000

USDA Fact of the Week

The week of September 18, USDA announced an agreement with Land O' Lakes that will provide milk to over 450,000 undernourished Indonesian children, over the next 2 years. In addition, the agreement will inaugurate a pilot biscuit program providing school snacks to 50,000 of Indonesia's neediest urban school children. The Section 416(b) agreement will lead to the donation of U.S. wheat and nonfat dry milk for monetization in Indonesia, funding the specified programs.

I. KEY DEPARTMENT NEWS

Secretary Inducts Charter Members of USDA Hall of Heroes: On September 27, Secretary Glickman inducted the first four, charter members of USDA's Hall of Heroes, during ceremonies at the USDA headquarters complex. The charter members include former Senate Majority Leader Robert Dole, recognized for his massive body of work on nutrition and agricultural policy over his long career; Dr. George Washington Carver, recognized as one of the most prolific agricultural scientists and humanitarians in American history; Dr. Hugh Hammond Bennett, recognized as the father of USDA's conservation service; and Smokey Bear, recognized as America's most recognizable image in promotion of forest fire safety, and for being an enduring image in the national culture.

Agriculture Appropriations Expedited: The House is shortly expected to name agriculture appropriations conferees; following an expedited conference, the conferees may file a report as early as the beginning of next week. An agreement on disaster aid has yet to be announced - as of September 27, the Senate and House apparently disagreed on the maximum amount of aid that might be acceptable.

Potential Settlement of Lawsuit on Including Testing Animals Under Animal Welfare Act (AWA) Regulations: On September 28, USDA, as a precursor to settlement of the case, will file

with the U.S. District Court for D.C., a joint stipulation of dismissal with plaintiffs suing to win USDA promulgation of rules extending AWA protections to mice, rats, and birds used in testing facilities. On March 9, 1999, Alternatives Research and Development Foundation (ARDF), In Vitro International, and Kristine Gausz filed suit against USDA to win an order requiring revision of AWA regulations that exclude rats, mice, and birds from the regulatory definition of "animal," for the purpose of extending AWA protection to animals used in biological and other testing facilities. On June 22, 2000, the U.S. District Court for DC denied USDA's motion for dismissal, and on August 3, the National Association for Biomedical Research (NABR) filed a motion to intervene as a defendant. On August 28, USDA and the plaintiffs obtained a stay of consideration of NABR's motion to intervene, because USDA was working with the plaintiffs to reach a settlement, and because all interested parties, including NABR, would have the chance to participate in any future rulemaking on this issue.

USDA Delivers Emergency Farm Payments, Begins 2001 Payments: On September 26, Secretary Glickman announced that USDA has dispensed \$5.5 billion in supplemental income payments to almost 1.4 million eligible farmers. USDA began issuing payments on September 1, the first day authorized, and more than 97% of the payments were issued within the first two weeks. The balance of the payments will be made by September 30. In his statement, the Secretary also reminded farmers that they should soon decide whether to receive their 2001 payments all at once, or in two equal payments during the fiscal year.

Forest Fire Update: As of September 24, new fires continue to start with most occurring in the southern tier of the U.S. Fourteen fires are currently reported, covering over 1,000 acres. Changes in the weather have greatly diminished the size of most fires, but there is an increased fire danger in southwest OR, and northern and central CA as temperatures climb above 100 degrees later this week. The El Dorado fire is burning on state and private lands near Boulder, CO. Approximately 175 homes have been evacuated in the area because of the threat of fire. Airtankers assisted fire crews with burnout operations to stop the fire and protect the communities and the fire is contained.

FIREWISE Workshop: From September 27-29, a series of national FIREWISE workshops will be held to discuss the September 9 Forest Service and Interior Department report, *Managing the Impact of Wildfires on Communities and the Environment*. The workshops will emphasize the importance of working with communities to mitigate wildland fire hazards, and provide an opportunity for local officials, planners, and fire personnel to work together to begin solving wildland/urban interface issues facing many communities across the country. The Forest Service has provided technical and financial support to this program since 1996.

Pork Checkoff Referendum Update: On September 21, the voting period for the pork checkoff referendum ended at all Farm Service Agency (FSA) offices. All in-person voting ended that day, and all importer mail ballots and producer absentee ballots returned by mail must be postmarked by September 21 and received by FSA no later than September 28 to be counted. The procedural challenge period began September 19 and concludes on October 2; the Department has so far

received a letter from the Farmers' Legal Action Group requesting action be taken regarding voters in the pork referendum who are challenged. The Group also requests that USDA provide a daily list of challenged producers' names and addresses so the Campaign for Family Farms can assist eligible producers in providing the required documentation to retain their eligibility. For a variety of reasons, FSA has expressed reservations about complying with this request. Discussions are underway to resolve the matter.

Anthrax Detected in MN: On September 14, seven cases of anthrax were confirmed in cattle in five MN counties. One of the affected animals had been butchered for human consumption. Six people were considered at high risk after ingesting the meat and were given vaccine and preventative treatments. Animal anthrax had never been reported from the northern third of the State where this outbreak took place, with records going back to 1909.

CA Milk Handlers Sue USDA: On September 13, the Dairy Institute of California (Institute) filed a Complaint for Declaratory Relief, Mandamus, and Permanent Injunction against the Secretary of Agriculture in U.S. District Court for the Eastern District of CA. The Institute is a nonprofit trade association representing 40 milk processors which process approximately 75% of the drinking milk, cultured and frozen dairy products, and over 60% of the cheese manufactured in CA. The Institute alleges that when USDA, on October 1, 1999, exempted from provisions of Federal Milk Market statutes handlers operating a plant in Clark County, NV, (in conformance with provisions of the 2000 Agriculture Appropriations Act), but did not similarly exempt handlers disposing of drinking milk in Clark County, NV, the Department violated provisions of the Agricultural Adjustment Act of 1933, Agricultural Marketing Agreement Act of 1937, and the equal protection clause of the Fifth Amendment to the Constitution. A status conference has been ordered for December 4.

Farm Weather Outlook: The NWS 6-10 day outlook for September 28 - October 2 calls for near- to above-normal temperatures from the Plains westward, but cool conditions in the Corn Belt and Southeast. Mostly dry weather will favor fieldwork and cotton maturation in the Southeast, but reduce topsoil moisture for winter wheat on the southern Plains. Near- to above-normal precipitation may slow fieldwork but replenish soil moisture reserves across the North.

Commodity Markets in Review: Improved planting conditions and weak exports sent wheat prices slightly lower for the week. Corn and cash prices fell last week from increases in freight costs, but futures rallied on news of lower-than-expected yields in harvested areas and reports that China's crop could fall short of expectations. Soybean cash prices followed corn down, but futures surged on solid new-crop export sales. Rice cash prices moved higher on a pickup in mill demand and slow farmer selling, even as futures dropped with harvest pressure. Rising boxed beef prices helped boost cattle. Harvest distractions and improving cutout prices lifted hogs. Weakening food service demand sent broilers lower. Cheese prices were unchanged. Tightening milk supplies in the East and Midwest helped send up butter prices.

Average prices for the week ending September 22, 2000

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	2.95	-0.01	0.30
Corn \$/bu	1.51	-0.09	-0.24
Soybeans \$/bu	4.51	-0.20	-0.04
Rice \$/cwt	6.19	0.13	-1.00
Cotton ¢/lb	60.45	-0.04	12.05
Steers \$/cwt	65.22	0.71	-0.05
Hogs \$/cwt	44.43	1.54	9.01
Broilers ¢/lb	60.33	-0.53	2.17
Cheese \$/lb	1.32	0.00	-0.23
Butter \$/lb	1.19	0.03	-0.11
Milk* \$/cwt	10.73	0.03	NA

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

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Food Safety:

HACCP Leads to Further Reductions of *Salmonella*: On September 20, Secretary Glickman testified before the Senate Agriculture Committee on food safety and how microbial contamination is addressed. Secretary Glickman reported that there are continued *Salmonella* reductions in raw meat and poultry products under HACCP. The new data covering large and small meat and poultry plants ending June 30, indicates that 88% of large and small plants met the HACCP performance standards. On September 20, USDA published a news release entitled *New Inspection System Leads to Further Reductions of Salmonella in Meat and Poultry*.

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

USDA Makes \$62,041,891 in Electric Loans for SD, MO, MN, SD, ND, SC, OH, GA, and TX : On September 22, USDA announced the following Electric Loans: \$3,580,000 to the Rosebud Electric Cooperative, Inc., of Gregory, SD, to serve 280 new consumers, construct 28 miles of distribution line and make system improvements; \$6,626,000 to the Webster Electric Cooperative, of Marshfield, MO, to finance construction of eligible facilities and reimburse its general fund account for completed construction of eligible facilities; \$3,500,000 to the

Freeborn-Mower Cooperative Services, of Albret Lea, MN, to serve 140 new consumers, construct 19 miles of distribution line, and make system improvements; \$11,547,000 to the Lake Region Co-Op Electrical Association, of Pelican Rapids, MN, to serve 840 new consumers, construct 66 miles of distribution line, and make system improvements; \$831,000 to the Dakota Energy Cooperative, Inc., of Huron, SD, to serve 64 new consumers, construct 6 miles of distribution line, and make system improvements; \$8,500,000 to the Cass County Electric Cooperative, of Kindred, ND, to serve 1,910 new consumers, construct 67 miles of distribution line, and make system improvements; \$12,000,000 to the Newberry Electric Cooperative, Inc., of Newberry, SC, to serve 1,127 new consumers, construct 89 miles of distribution line, and make system improvements; \$7,400,000 to the Holmes-Wayne Electric Cooperative, Inc., of Millersburg, OH, to serve 2,000 new consumers, construct 143 miles of distribution line, and make system improvements; \$6,000,000 to the Irwin County Electric Membership Corporation, of Ocilla, GA, to serve 1,214 new consumers, construct 107 miles of distribution line, construct 1 mile of transmission line, and make system improvements; and \$2,057,891 to the Bowie-Cass Electric Cooperative, of Douglassville, TX, to serve 1,267 new consumers, construct 90 miles of distribution line, and make system improvements.

USDA Makes Telecommunications Loan to NE: On September 21, USDA the Glenwood Telephone Membership Corporation, of Blue Hill, NE, received \$14,758,000 in USDA loans to provide service to 139 new subscribers; upgrade the host central office switch in Blue Hill; upgrade or replace lightwave facilities in all exchanges; construct new copper and fiber optic facilities and install digital loop carrier systems for digital subscriber line transmission technology to improve broadband service.

IV. SECRETARY'S SCHEDULE

On Wednesday, September 27, Secretary Glickman testified before the House Agriculture Committee on the crop insurance program.

On Wednesday, September 27, Secretary Glickman inducted former Senate Majority Leader Robert Dole, Dr. Hugh Hammond Bennett, Dr. George Washington Carver, and Smokey Bear into the USDA Hall of Heroes.

On Thursday, September 28, Secretary Glickman will preside over USDA's Nutrition and Aging Symposium.

On Monday, October 2, Secretary Glickman will be interviewed on Civil Rights by the *Washington Post*.

On Tuesday, October 3, Secretary Glickman will hold a farm event with Representative Stedem near Orlando, FL.

On Wednesday, October 4, Secretary Glickman will be interviewed on biotechnology for a PBS

Frontline documentary.

On Friday, October 6, Secretary Glickman will attend a grain storage facility event in Des Moines, IA.

On Tuesday, October 10, Secretary Glickman will address Tuskegee University's International Food and Nutrition Conference, in Tuskegee, AL.

V. SUB-CABINET SCHEDULE

On Wednesday, September 27, Under Secretary Catherine Woteki will attend a meeting of the Interagency Working Group on Food Security.

On Wednesday, September 27, Chief Financial Officer Sally Thompson will testify before the Senate Agriculture Committee on Research, Nutrition and General Legislation on financial and management accountability at USDA.

On Sunday, October 1, Under Secretary Gus Schumacher will address the First Annual Southern New England Aquaculture Conference, in Newport, RI.

On Monday, October 2, Under Secretary Gus Schumacher will address the Third Governor's Summit on Agriculture, in Kinston, NC.

On Wednesday, October 4, Under Secretary Shirley R. Watkins will address the 12th Annual National Dropout Prevention Network Conference, in Baltimore, MD.

On Wednesday, October 4, Under Secretary Catherine Woteki will attend a National Academy of Sciences Forum on Emerging Infections workshop.

On Thursday, October 5, Under Secretary Catherine Woteki will tour the Institute of Food Technologists' recently opened Washington office.

On Thursday, October 5, Under Secretary Jim Lyons will address a Federal Lands Conference, in Jackson, WY.

On Thursday, October 5, Chief Economist Keith Collins will address the Midwestern Governors' Conference Agriculture Summit in Washington, D.C.

On Monday, October 9, Under Secretary Shirley R. Watkins will address Tuskegee University's International Food and Nutrition Conference, in Tuskegee, AL.

On Wednesday, October 11, Food Safety Inspection Service Administrator Tom Billy will address the National Broiler Council Board of Directors, in Arlington, Virginia.

On Thursday, October 12, Under Secretary Catherine Woteki will present the 20th annual Bristol-Myers Squibb/Mead Johnson Award for Distinguished Achievement in Nutrition Research to Dr. George Bray, of the Pennington Biomedical Research Center.

VI. PRESS/MEDIA INQUIRIES

Reuters has requested information about applications under the Global Food for Education Initiative.

Bridge News has requested information about food donations to Indonesia (see Key Department News).

The *Wall Street Journal* and Associated Press inquired about *Salmonella* testing results showing HACCP success, released by Secretary Glickman before the Senate.

Reuters and USDA Radio released stories on the Economic Research Report, "Household Food Security in the United States, 1999."

Business Week, *The Columbia Missourian*, and Bureau of National Affairs inquired about purchases of ground beef for the School Lunch Program.

The *Washington Post* inquired about USDA involvement in sandwiches being served in Washington, DC public schools. The reporter was referred to the FDA.

The *Washington Post* interviewed inquired about genetically modified food products, organics as it relates to dairy products, and for a different story-line, about whether food stamps may be used to purchase vitamins and minerals (the answer is no).

The Associated Press and Reuters asked about the GAO report on USDA's authority under the Packers and Stockyard Act.

VII. FOIA REQUESTS

Nothing to report this week.

VIII. WASTE, FRAUD AND ABUSE

Indictment Returned Against Gunman in Inspectors' Deaths: On September 19, an Alameda County, CA Grand Jury returned an indictment against meat processing plantowner Stuart Alexander, for 3 counts of first-degree murder with special circumstances, and 1 count of attempted murder with special circumstances, in the June 21 shooting death of 2 USDA Food Safety Inspectors and a CA Food Safety Inspector, gunned down while inspecting Alexander's

plant in Oakland, CA.

IX. CLIMATE CHANGE

Nothing to report this week.

X. WEEKEND CONTACT

Bart Chilton

October 04, 2000

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF October 01, 2000

USDA Fact of the Week

USDA has completed plans for an agricultural biotechnology outreach effort with six South and Central Asian nations. The outreach effort will address this issue by bringing 20 journalists and biotechnologists to the U.S. for a two-week series of meetings with their counterparts and industry. Host country scientists will serve as technical resource persons to the journalists. The 10 languages that resulting articles will be published in represent the vernaculars of over 400 million people.

I. KEY DEPARTMENT NEWS

USDA Farm Storage Aid Expansion: On October 6, Secretary Glickman will announce an expansion of USDA efforts to help farmers meet their grain storage needs during this period of continual high production. USDA will expand to include financing of silage storage structures the Farm Storage Facility Loan program, under which the Department already offers low-interest loans to farmers building on-farm storage facilities. Additionally, the required down payment for loans under these programs will be lowered from 25% of cost, to 15%. As of October 3, USDA has received 2,347 applications from farmers in 38 states. Loans have been approved to 1,828 farms, totaling \$54 million, including 438 in IA, 563 in MN, 172 in SD, and 123 in IL. USDA estimates that these facilities will increase on-farm storage capacity by 31.2 million bushels.

Secretary Announces \$1.4 Billion in Conservation Payments: On October 2, Secretary Glickman announced that payments of more than \$1.4 billion are being made to eligible producers under the Commodity Credit Corporation's Conservation Reserve Program (CRP). The program will pay an average of \$4,833 per farm and \$45.17 per acre on more than 462,855 contracts and 293,857 farms. Under the CRP, producers voluntarily retire environmentally sensitive crop land for 10 to 15 years, in return for which USDA's CCC makes annual rental payments to producers, and shares the cost of establishing approved conservation practices. Enrolled land must be highly erodible, contribute to a serious water quality problem, or provide

substantial environmental benefits if devoted to certain specific conservation uses.

United Foods Obtains Extension from Supreme Court: United Foods, Inc. has obtained an extension until October 18 for filing a response to the Solicitor General's petition for a *writ of certiorari* to the U.S. Supreme Court in *USDA v. United Foods*. The Solicitor General filed the appeal on the case on August 18. The issue to be resolved in the legal proceeding is whether mandatory assessments under the mushroom research and promotion program violate the First Amendment.

Fire Activity Slows Across the Country: As of the week of October 1, a decrease in temperatures and increases in relative humidity and precipitation have helped firefighters suppress many fires. The southern area has been very active with 23 major fires burning in TX, OK, MS and AL; all but 1 have been contained, 9 of the fires exceed 1,000 acres in size. These fires, which are primarily on State and private lands, resulted in the loss of 60 structures, mostly in OK. Considerable progress was made in the Rocky Mountain area, reducing the number of fires from 8 to 2. Firefighting efforts in the Northern Rocky Mountain and Eastern Great Basin areas are also paying off, with the number of major fires reduced from 11 to 5. The 6 to 10 day forecast calls for cooler temperatures to continue in the west, but drier than normal conditions continue in the southwest and southern CA.

Supreme Beef Files for Bankruptcy: On September 29, Supreme Beef Processors, Inc., closed its meatpacking operations in Dallas and Ladonia, TX. (Press reports indicate that Supreme may open an empty beef processing plant in Palestine, TX.) The bankruptcy filing has affected the court case in which the company is challenging USDA's authority to use *Salmonella* test results as a basis for removing inspection. The Court of Appeals has issued an order staying the proceedings due to the filing of the bankruptcy petition. The week of October 2, USDA plans to file a motion to have the stay lifted. Supreme Beef initiated its court suit in late 1999.

USDA Sponsors National Symposium on Nutrition and Aging: On September 28, Secretary Glickman and Under Secretary Watkins hosted USDA's fifth major symposium on *Nutrition and Aging: Leading a Healthy, Active Life*. The event featured nine nationally recognized scientists discussing topics ranging from "Bones and Muscles: Impact of Nutrition and Exercise" to "Research in Minority Aging." Dr. Jeanette Takamura, Assistant Secretary on Aging for HHS, joined other USDA officials in providing opening remarks. Secretary Glickman was interviewed by NBC News and Fox News. Under Secretary Watkins closed the meeting by announcing a sixth symposium dealing with *Diet and Genes* on December 6.

Lawsuit on Animal Welfare Act (AWA) Settled: On September 28, USDA filed a proposed settlement agreement with the U.S. District Court for D.C., in a suit filed with plaintiffs seeking USDA rulemaking that would extend AWA protections to mice, rats, and birds used in testing facilities. On March 9, 1999, the Alternatives Research and Development Foundation (ARDF), In Vitro International, and Kristine Gausz filed suit against USDA to win an order requiring revision of AWA regulations that exclude rats, mice, and birds from the regulatory definition of

“animal,” for the purpose of extending AWA protection to animals used in biological and other testing facilities. On June 22, 2000, the U.S. District Court for DC denied USDA’s motion for dismissal. Under the settlement agreement USDA would promulgate rules according to standard procedure, including public comment from effected groups on all sides of the issue, rather than have policy forced upon USDA by the courts without regard to other constituencies.

Secretary Testifies on Crop Insurance: On September 27, Secretary Glickman testified before the House Agriculture Committee on USDA’s progress in implementing the Agricultural Risk Protection Act of 2000. The Secretary cited the Administration’s primary goals as fourfold: (1) to make crop insurance buy-up coverage more affordable and efficient, (2) to address the impact of multiyear losses on availability of coverage, (3) to broaden crop insurance protection for new crops, new approaches, and less-insured regions of the country, and (4) to bolster protections against fraud and abuse. The Secretary elaborated on changes in the crop insurance program since 1993, and the role of Congress in developing reform legislation.

Removal of Biotech Corn From Human Food Supply: During the week of September 25, USDA, EPA and FDA consulted on the failure of producers to deliver the “Starlink” variety of biotech corn to locations using corn only for non-human consumption purposes. A European company, Aventis, developed this genetically-modified corn and in 1998 won from EPA approval to use the corn for animal feed purposes only. Aventis licensed seed corn companies, primarily Garst Seeds, to sell this corn in the U.S. in 1999 and 2000. Earlier in September, Kraft Foods detected the presence of this corn in taco shells and, initiated a voluntary recall of the tacos. On September 29, EPA, FDA and USDA reached an agreement with Aventis under which the Commodity Credit Corporation (CCC) would purchase the corn from the producers and take charge of its delivery to Aventis at a CCC-approved location. Aventis agreed to then purchase the corn from CCC at a price equal to the CCC purchase price, plus all associated costs.

Pork Referendum Voting and Challenges Completed: October 2 marked the last day for challenging votes in the pork checkoff referendum; voting ended September 21. Challenged producers have until October 17, to provide documents to USDA county offices proving eligibility.

Farm Weather Outlook: The NWS 6-10 day outlook for October 5-9 calls for generally cool conditions across the North and East, and warm weather in the South and West. Beneficial precipitation is possible on the northern and central High Plains, while widespread showers may slow fieldwork across the remainder of the North, including the northern Corn Belt, and in the Southeast. Unfavorably dry weather is forecast to persist across much of the south-central U.S.

Commodity Markets in Review: Weather concerns, a slight rise in exports, and bullish USDA production and stocks reports sent wheat prices up sharply for the week. Support from wheat and weather-related crop concerns sent corn prices higher. Good export sales and slow farmer selling helped boost cash soybean prices, but futures dropped on USDA’s report of larger-than-expected stocks. Rice cash prices held steady, even as futures surged on higher world prices. Lackluster

exports led cotton slightly lower in light trade. A tightening beef market helped raise cattle prices. Hog prices rose as Midwest harvest activities slowed marketings. Broiler prices dropped in the face of light retail demand. Increasing cheese stocks and tepid demand sent prices down. Butter prices were modestly lower despite reports of tightening cream supplies in selected areas.

Average prices for the week ending September 29, 2000

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	3.13	0.18	0.39
Corn \$/bu	1.60	0.09	-0.23
Soybeans \$/bu	4.62	0.11	0.03
Rice \$/cwt	6.19	0.00	-1.00
Cotton ¢/lb	60.26	-0.19	11.58
Steers \$/cwt	65.54	0.19	-0.86
Hogs \$/cwt	44.75	0.32	7.14
Broilers ¢/lb	60.05	-0.28	2.60
Cheese \$/lb	1.22	-0.10	-0.26
Butter \$/lb	1.18	-0.01	-0.05
Milk* \$/cwt	10.54	-0.26	NA

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

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Food Safety:

USDA Testing Leads to CA, MN Food Recalls: Routine USDA food safety testing led to the following recalls: On September 30, 260 lbs. of hot dogs by Mikailian Meat Products, Inc., of Santa Clarita, CA, for *Salmonella* contamination; On September 27, 80 lbs. of chicken salad by DBC Foods, of St. Cloud, MN, for *Listeria monocytogenes* contamination

USDA and Industry Reinstate Regular HACCP Meetings: On September 28, USDA food safety officials met with industry and trade associations to discuss ongoing HACCP implementation issues, after reinstating monthly meetings for this purpose.

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

USDA Electrical Development Loans: On September 29, USDA made the following electrical development loans: a \$62,629,000 30 year loan to the National Power Cooperative, in Columbus, OH, to finance construction of a new generation facility to be named the Robert P. Mone Generation Station; a \$164,320,000 30 year loan to the Great River Energy Cooperative in Elk River, MN, to construct three combustion turbines, powering rural cooperatives in MN and WI; and an additional \$82,676,000 loan to the United Power Association (UPA) of Elk River, MN, to finance new bulk transmission facilities, build new sub-transmission facilities and provide improvements, modifications and additions to existing transmission facilities.

IV. SECRETARY'S SCHEDULE

On Tuesday, October 10, Secretary Glickman will address the International Food and Nutrition Conference at Tuskegee university, in Tuskegee AL.

On Monday, October 16, Secretary Glickman will attend the U.N. World Food Prize Millennium Laureate Award luncheon, in New York, NY.

On Monday, October 16, Secretary Glickman will attend the Long Island Foreign Affairs forum, in New York, NY.

On Thursday, October 19, Secretary Glickman will attend the annual meeting of the American Dietetic Association, in Denver, CO.

V. SUB-CABINET SCHEDULE

From Monday, October 2, through Thursday, October 5, Under Secretary Michael V. Dunn will attend the meetings of the Senior Review Group, in Costa Rica.

On Wednesday October 4 and Thursday October 5, Under Secretary Gus Schumacher will make farm site visits, near Grand Rapids, MI.

On Wednesday, October 4, Under Secretary Shirley R. Watkins addressed the 12th Annual National Dropout Prevention Network Conference, in Baltimore, MD.

On Wednesday, October 4, Under Secretary Catherine Woteki will attend the the National Academy of Sciences Forum on Emerging Infections workshop.

On Wednesday, October 4, Under Secretary Catherine Woteki and Deputy Under Secretary Caren Wilcox will meet with USTR for Agriculture Greg Frazier and Under Secretary of State Al Larsen concerning Codex issues.

On Thursday, October 5, Under Secretary Jim Lyons will address the Federal Lands Conference in Jackson, WY.

On Thursday, October 5, Under Secretary Jill Long Thompson will make 2 Distance Learning Telemedicine Announcements in Georgetown and Horse Cave, KY.

On Friday, October 6, Under Secretary Jim Lyons will address the Forest Service National Leadership Team Meeting in New Haven, CT.

On Friday, October 6, Under Secretary Jill Long Thompson will be the Keynote speaker at the "Farm to Table Conference" hosted by the University of Kentucky Cooperative Extension Service, Kentucky Department of Agriculture and Governor's Commission on Family Farms, in Bowling Green, KY.

On Monday, October 9, Under Secretary Shirley R. Watkins will address the International Food and Nutrition Conference 2000, in Tuskegee, AL.

On Wednesday, October 11, Administrator Tom Billy will address the National Broiler Council Board of Directors, in Arlington, Virginia.

On Thursday, October 12, Under Secretary Catherine Woteki will attend the presentation of the 20th annual Bristol-Myers Squibb/Mead Johnson Award for Distinguished Achievement in Nutrition Research. The recipient will be Dr. George Bray, of the Pennington Biomedical Research Center.

On Sunday, October 15, and Tuesday, October 16, Under Secretary Shirley R. Watkins will address the American Dietetic Association Food and Nutrition Conference and Exhibition in Denver, CO.

On Monday, October 16 and Tuesday, October 17, Under Secretary Gus Schumacher will address the meeting on Agricultural Policies in NAFTA Countries, in Vera Cruz, Mexico.

On Monday, October 16, Under Secretary Catherine Woteki will attend the 30th anniversary meeting of the Institute of Medicine, at the National Academy of Sciences.

On Thursday, October 19, Under Secretary Jill Long Thompson will give Opening Remarks at the Mississippi Delta Regional Initiative Tourism Development Forum with Secretary Slater, in Memphis, TN.

VI. PRESS/MEDIA INQUIRIES

The *Dallas Morning News*, *Wall Street Journal*, *Reuters*, *Farm Progress* and trade press inquired about Supreme Beef, Inc. filing for bankruptcy. The president of Supreme Beef issued a press statement stating he was driven out of business by USDA harassment.

The Washington Post asked about the Animal Welfare Act case settlement. USDA responded it would not comment on ongoing litigation.

Chemical Engineering News inquired about bioengineered corn seed, the possibility that USDA will set up a system to certify laboratories on bioengineered grains, and requested a statement concerning Aventis' decision not to market StarLink seeds. Associated Press, Reuters, Bridge News, Bloomberg, the *New York Times*, and the *Wall Street Journal* asked about the Starlink purchase; background provided.

The following media outlets have requested information or asked for interviews concerning the USDA activities in the Mexican wolf recovery program in AZ and NM, and the National Wildlife Research Center's wolf research: *New York Times Magazine*; the Associated Press; *Roundup Productions*, *The Discovery Channel* and *Animal Planet*; Rhett Turner's *Red Sky Productions* in GA, the National Wildlife Federation, the *Canadian Broadcasting Corporation*, and the *Canadian Discovery Channel*.

VII. FOIA REQUESTS

In *John Doe v. Glickman*, the USDA FOIA office processed over 20,000 pages in response to a discovery request filed by attorneys for the Texas Farm Bureau and the American Farm Bureau. Although the FOIA office is still in the process of providing responsive material, there are over 3 years of FOIA files that must be searched to answer the remainder of the request, which covers FOIA requests made about the WS program and its cooperators.

VIII. WASTE, FRAUD AND ABUSE

LA Food Stamp Fraud: On September 22, 15 defendants and 8 corporations were indicted for money laundering, food stamp fraud, wire fraud, access-device fraud, conspiracy, and racketeering. During the week of September 18, USDA jointly executed 30 search and seizure warrants in the New Orleans, LA, area with the assistance of the U.S. Secret Service and the Louisiana Department of Social Service's Fraud and Recovery Unit. The food stamp fraud involved with this investigation is conservatively estimated at \$15 million. This investigation is ongoing and additional indictments are planned for the future.

IX. CLIMATE CHANGE

Nothing to report this week.

X. WEEKEND CONTACT

Bart Chilton

October 11, 2000

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF October 08, 2000

USDA Fact of the Week

On September 29, USDA became a sponsor and financial partner in establishing the first Washington, D.C.-area biodiesel fuel pump open to both Federal customers and the public. The biodiesel fuel tank and pump, to be operational around April 1, 2001, will be located at the Navy Exchange Service Station, across from the Pentagon. Biodiesel will be the third alternative fuel offered at this station, which earlier this year began offering E-85 ethanol and compressed natural gas fuels.

I. KEY DEPARTMENT NEWS

Agriculture Appropriations Update: The Conference Committee on Agriculture Appropriations has completed its work, and USDA expects the House and Senate to approve the Conference Bill before October 13. The Bill appropriates \$78.1 billion for USDA, FDA, and the Commodity Futures Trading Commission, a net increase of \$1.4 billion over your budget request, and provides over \$3.6 billion for natural disaster aid and emergency appropriations. The Bill also provides requested funding for your Food Safety Initiative, and partially funds requested increases for invasive species biotechnology, anti-bioterrorism and food quality protection.

Biotech Corn Found in Additional Product: Over the week of October 4, USDA, EPA, and FDA consulted on measures to establish control over Aventis marketed "Starlink" corn, to ensure that it is not used in human food, for which it is not approved. This bioengineered corn was registered by EPA only for domestic animal feed, but was found in Kraft-produced taco shells used at Taco Bell franchises in early September. Taco Bell responded to the discovery with a voluntary recall, and no related illness has been reported. On October 12, news media reported the discovery of Starlink in taco shells produced by Mission Foods Corp., of Irving, TX, being sold at Safeway supermarkets. Safeway is responding to the discovery with a recall as well. Over the past several days, Aventis, working with USDA's Commodity Credit Corporation, has been able to capture approximately 87% of its Starlink corn for approved uses. The remaining

13% has already been delivered to between 250-300 locations, which Aventis has identified and contacted. Follow-up work continues to resolve the disposition of this remaining grain. EPA is considering revoking Aventis' registration to sell Starlink corn, based on failure to observe the terms of the registration. FDA has begun testing selected food products other than taco shells for the presence of Starlink corn.

Business Women's Network Summit: On October 16 and 17, USDA will participate in the Business Women's Network (BWN) Summit, which will attract over 1,500 businesswomen from across the country and around the world. USDA will participate in three workshops covering agricultural exports, rural development and procurement. Secretary Glickman will be invited to sign a memorandum of understanding with the BWN for a mutual effort to improve the status of women in agriculture and women in business.

USDA Investigating Early Forecast Release: On October 11, forecasts of major crop production in 5 key countries were published without proper authorization, a day before the official release of the USDA World Agricultural Supply and Demand Estimates (WASDE -or "lockup") report. The possibility of an illegal leak of the sensitive market data is being investigated. The paper in question was labeled "world agricultural production," and included forecasts on the Argentinian and Brazilian soybean crops, Chinese corn crop, Australian wheat crop, and Pakistani cotton crop.

Ag Approps Bill Counter to Animal Welfare Act (AWA) Lawsuit Settlement: On October 6, Judge Huvell approved a settlement to a lawsuit, under which USDA would initiate rulemaking extending AWA protections to laboratory animals. This settlement received extensive criticism and press coverage from the research community. On October 6, language was inserted into the Agriculture appropriations bill effectively prohibiting USDA from making this regulatory revision.

USDA Proposed Rule on Fruit and Vegetable Planting: On October 6, the Commodity Credit Corporation (CCC) published in the *Federal Register* a proposed rule changing the formula for calculating payment reductions of fruit and vegetable planting violations in the Production Flexibility Contract (PFC) program. Under the proposed rule, reductions would be based principally on a per acre rate derived from contract payment rates. Currently, the reduction always takes into account the market value of the fruits or vegetables involved in the violation. The 1996 Farm Bill provided producers a chance to enter into a PFC but prohibited the planting of fruits or vegetables on PFC acreage except in certain limited cases. Under the proposed rule, the new formula would be applied both to old violations for which a payment reduction was assessed without a termination of the contract, and to new violations as well.

USDA Distributes \$340 Million to Tobacco Farmers: On October 5, Secretary Glickman announced that USDA's Commodity Credit Corporation (CCC) began distribution of \$340 million to compensate tobacco farmers who suffered a reduction of tobacco quota or acreage for the 1999-2000 crop years. Payments are expected to be completed by October 20.

National School Lunch Week Web Chats Succeed: On October 5 and 10, USDA hosted web chats with the American School Food Service Association to promote National School Lunch Week 2000. The chats were on America Online and Parentsoup.com, and addressed about 20 questions from parents, educators and caregivers on how to improve the school meal environment.

Sugar Forfeitures Announced: On October 4, the Commodity Credit Corporation (CCC) announced that 499,323 tons (534,277 tons, raw value) of beet sugar and 257,145 tons (269,307 tons raw value) of cane sugar were forfeited to it on October 2. This forfeited loan collateral resulted in a cost to CCC of \$321.6 million in loan principal, but borrowers paid \$15.9 million in forfeiture penalties. The forfeited quantities represent approximately 88% of the maturing beet sugar loan quantities and 68% of the maturing cane sugar loan quantities. These forfeitures increased CCC's sugar inventory to 1,034,492 tons (1,100,233 tons, raw value), or about 12.2% of FY00 domestic sugar production. CCC expects to use up to 290,000 tons of its refined sugar inventory for the 2000 sugar Payment-In-Kind (PIK) program.

USDA Receives Proposals for Global Food for Education Program: During the week of October 2, USDA received 64 proposals from 20 private voluntary organizations totaling \$376 million, and a proposal for \$328 million from the World Food Program, to participate in the Global Food for Education Program. Approximately \$300 million in proposals will be approved for implementation after a 2 to 3 week review by an informal working group of technical staff from USDA, USAID, the State Department, OMB, and the NSC.

Fire Activity Report, Burn Rehabilitation: The 6- to 10-day weather forecast calls for warmer and drier than normal conditions in the southwest, southern CA, TX and OK. During the week of October 1, the South was again the country's most fire active area with 15 major fires burning in TX, OK, MS and AL, and five fires exceeding 1,000 acres in size. These fires are primarily on State and private lands.

The Forest Service Burned Area Emergency Rehabilitation (BAER) teams have surveyed 1,474,000 acres of National Forest System land, 291,000 acres of which are classified as severely burned as a result of 81 large fires. USDA has authorized \$33.8 million for burned area rehabilitation work. Emergency treatments being installed on these burns include grass seeding on 78,100 acres, mulching on 4,550 acres, invasive weed control on 21,450 acres, intensive log and water erosion barriers on 19,120 acres, drainage improvement on 710 miles of roads and 650 miles of trail, and 104 miles of fencing to keep cattle out of the treated areas.

Export Credit Negotiations Continue in OECD: On September 28, during OECD negotiations, USDA presented a proposal to phase down the maximum length of repayment (tenor) on GSM credit programs. Although other OECD members expressed disappointment that the proposal did not go far enough, they agreed to bring it back to their respective capitals for further consideration. In addition to the tenor proposal, negotiators made further progress on

reporting, and language ensuring that credits provided by STEs are also disciplined. The U.S. team also made progress on a "due restraint" clause that would protect our programs from challenge in the WTO.

Farm Weather Outlook: The NWS 6-10 day outlook for October 15-19 calls for showery weather to prevail in the Southwest. Precipitation may overspread parts of the South, including the southern High Plains. Mostly dry weather is forecast, however, on the northern and central Plains. Temperatures are forecast to average well above normal in most areas from the Rockies eastward.

Commodity Markets in Review: Wheat cash prices were boosted by CCC purchases, but futures dropped on prospects for weekend rain in the Southern Plains. Corn prices rose sharply following reports of lower-than-expected yields. Heavy supplies weighed on soybean prices. Rice prices moved up on slow farmer selling and improved export prospects. Continued deterioration in crop conditions boosted cotton prices. Rising wholesale beef prices helped lift cattle. Harvest pressure slowed hog marketings and supported prices. Cheese prices fell below support. Butter prices dropped in slow trade.

Average prices for the week ending October 6, 2000

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	3.28	0.15	0.68
Corn \$/bu	1.75	0.15	0.05
Soybeans \$/bu	4.60	-0.02	0.06
Rice \$/cwt	6.25	0.06	-0.88
Cotton ¢/lb	61.08	0.82	13.98
Steers \$/cwt	67.00	0.98	-0.64
Hogs \$/cwt	46.18	1.43	9.68
Broilers ¢/lb	60.04	-0.01	2.60
Cheese \$/lb	1.09	-0.13	-0.26
Butter \$/lb	1.15	-0.03	-0.05
Milk* \$/cwt	10.20	-0.34	NA

October 2000 Class III futures price from the Chicago Mercantile Exchange.

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Food Safety:

USDA Approves ND State Meat Inspection Program: USDA has approved ND's new state meat inspection program as imposing requirements "equal to" those of the Federal program. On or about October 15, ND will begin its inspection program for meat products produced and sold only within that state.

USDA Food Safety Testing Leads to ID Plant Closure: On September 29, USDA closed the following plants for food safety violations: Austin Farms, a plant in Blackfoot, ID, due to the plant's failure to maintain records consistent with its HACCP plan.

USDA Warns Public of Plant's Refusal to Recall Adulterated Food: On October 6, USDA announced a warning to consumers to avoid eating "Fully Cooked Barbecued Chicken," produced by House of Raeford Farms, Inc., of Raeford, N.C., after routine food safety testing discovered adulteration with *listeria monocytogenes*. The firm had refused to comply with USDA's request for a voluntary recall of 7,640 lbs. of possibly contaminated product. USDA does not have the legal authority to require a recall, although Administration bills before Congress would provide this authority.

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

Electric Loans to OH: On September 29, USDA provided a \$62,629,000 electrification loan to the National Power Cooperative, Inc., of Columbus, to finance a new generating facility.

Telephone Loans to GA, IA, TN, PA, MO, and OR: On September 29, USDA announced the following telephone system loans: \$11,652,000 to the Darien Telephone Company, Inc., of Darien, GA, to connect 1,576 new subscribers, deploy 141 miles of new fiber and copper cable, and other purposes; \$59,389,000, to the South Slope Cooperative Telephone Company, of Norway, IA, to connect 5,375 new subscribers, deploy 279 miles of new fiber and copper cable and install digital switching technology and enhanced features; \$16,441,900 to the Schaller Telephone Company, of Schaller, IA, to connect 211 new subscribers, deploy 54 miles of new fiber and copper cable; and install digital switching technology and enhanced features; \$9,818,000 to the Loretto Telephone Company, Inc., of Loretto, TN, to connect 766 new subscribers, deploy 43 miles of new fiber and copper cable, and upgrade all remaining subscribers to one party service; \$24,502,850 to the Armstrong Telephone Company (Northern Division), of Butler, PA, to connect 1,012 new subscribers, deploy 249 miles of new fiber and copper cable and construct fiber optic facilities; \$16,202,250 to the Armstrong Telephone Company, of Butler, PA, to connect 4,710 new subscribers; deploy 334 miles of new fiber and copper cable and establish a fiber optic feeder network; \$9,504,750 to the Kingdom Telephone Company, of Auxvasse, MO, to connect 2,000 new subscribers; deploy 121 miles of new fiber and copper cable, and upgrade digital switching technology; and \$1,496,250 to the Monitor Cooperative Telephone Company, of Woodburn, OR, to connect 141 new subscribers; deploy 4 miles of new fiber and copper cable, and replace technology to better aid law enforcement.

IV. SECRETARY'S SCHEDULE

On Monday, October 16, Secretary Glickman will address the UN World Food Prize Millennium Laureate Award Luncheon, in New York, NY.

On Monday, October 16, Secretary Glickman will address the Long Island Foreign Affairs Forum, in New York, NY.

On Tuesday, October 17, Secretary Glickman will meet with the Philippine Agriculture Minister.

On Thursday, October 19, Secretary Glickman will address the American Dietetic Association annual meeting, in Denver, CO.

On Thursday, October 26, Secretary Glickman will address the National Future Farmers of America convention, in Louisville, KY.

On Friday, October 27, Secretary Glickman will attend a Business Council Panel Discussion, in Boca Raton, FL.

V. SUB-CABINET SCHEDULE

On Thursday, October 26, Deputy Secretary Rominger will address the National Future Farmers of America convention, in Louisville, KY.

On Friday, October 27, Deputy Secretary Rominger will address the Dedication of San Joaquin Valley Agricultural Science Center, in Parlier, CA.

On Thursday, October 12, Under Secretary Catherine Woteki will attend the 20th annual Bristol-Myers Squibb/Mead Johnson award ceremony for Distinguished Achievement in Nutrition Research.

On Thursday, October 12, Deputy Under Secretary Caren Wilcox will attend a conference on world trade and EU food safety rules.

On Sunday, October 15, and Monday, October 16, Under Secretary Shirley R. Watkins will address the American Dietetic Association Food and Nutrition Conference and Exhibition in Denver, CO.

From Sunday, October 16, through Tuesday, October 17, Under Secretary Gus Schumacher will address the Agricultural Policies in NAFTA Countries meeting, in Vera Cruz, Mexico.

From Monday, October 16, through Wednesday, October 18, Under Secretary Jill Long Thompson will visit farm cooperatives in MN and IA.

On Monday, October 16, Under Secretary Catherine Woteki will attend the National Academy of Sciences' Institute of Medicine's annual meeting.

On Thursday, October 19, Under Secretary Gus Schumacher will address the Small Farms/School Meal Initiative Workshop, in New Brunswick, NJ.

On Thursday, October 19, Under Secretary Jim Lyons will attend an Urban Resources Partnership Event, in Chicago, IL.

On Thursday, October 19, Under Secretary Jill Long Thompson will address the Mississippi Delta Regional Initiative Tourism Development Forum with Secretary Slater, in Memphis, TN.

On Friday, October 20, Under Secretary Gus Schumacher will attend a farm forum with Representative Hinchey, in NY.

On Monday, October 23 and Tuesday, October 24, Under Secretary Shirley R. Watkins will join Representative Woolsey at a School Breakfast Program event, in Santa Rosa, CA.

From Monday, October 23, through Friday, October 27, Under Secretary Gus Schumacher will attend the Cooperative Leadership Forum, in Shelburne, VT.

On Wednesday, October 25 and Thursday, October 26, Under Secretary Shirley R. Watkins will address the Child Care Food Program 9th Annual Conference, in San Diego, CA.

On Thursday, October 26, Under Secretary Jill Long Thompson will address the National Cooperative Business Association annual conference.

VI. PRESS/MEDIA INQUIRIES

ABC and the *New York Times* asked about an amendment to the Agriculture Appropriations bill sponsored by Representative Berry, that would strip authority over the U.S. Forest Service and Natural Resources and Conservation Service from the Under Secretary for Natural Resources and the Environment, until the current Under Secretary leaves the Administration.

The *Philadelphia Inquirer* asked about trade with Cuba.

The *Christian Science Monitor* asked about the effects of farm program benefits on planting decisions and agricultural markets.

Bridge and Reuters asked for updates on the Starlink (biotech corn found in Taco Bell shells) situation.

Associated Press asked about food stamp provisions in the appropriations bill.

VII. FOIA REQUESTS

The Center for Biological Diversity requested all biological assessments and biological opinions concerning livestock grazing on the Mendocino, Klamath, and Six Rivers National Forests.

VIII. WASTE, FRAUD AND ABUSE

Animal Cruelty: In late September, USDA's Inspector General helped local and other Federal officials seize over 200 dogs from a house and building in Dresser, WI. Several of the dogs tested positive for brucellosis and had to be destroyed. The two individuals who owned the dogs were charged in State court with four counts of cruel and negligent treatment of animals, misdemeanors punishable by a fine not to exceed \$10,000 and imprisonment not to exceed 9 months.

IX. CLIMATE CHANGE

Nothing to report.

X. WEEKEND CONTACT

Eric Olsen

October 18, 2000

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF October 15, 2000

USDA Fact of the Week

On October 13, USDA reported to Federal Senior Energy Officials on USDA's use of a new, biomass heating oil blend called "B5," 5% of which is composed of (soybean) biomass. USDA is demonstrating the new blend in a project boiler plant heating 12 buildings at the Department's Beltsville, MD Agricultural Research Center. B5 could significantly reduce the use of heating oil and create a new secondary market for agricultural products.

I. KEY DEPARTMENT NEWS

Agriculture Appropriations: As early as October 18, the Senate could join the House by passing the agriculture appropriations conference report. The Senate schedule is in flux, however, so that vote may be put off further.

Starlink Corn Update: The Starlink corn issue continues receiving extensive media and industry attention. Extensive testing is occurring throughout the U.S., with Starlink corn being diverted to ensure it is segregated for only animal feed and industrial uses. The grain export industry is seeking to export corn that may contain Starlink, which has heretofore been restricted for domestic use only. Action that would allow exports of the corn, while ensuring it is limited to feed and industrial uses, may occur this week.

Reauthorization of the Grain Standards Act: On October 17, the House passed the reauthorization of the U.S. Grain Standards Act. Reauthorization of that Act is necessary to allow continuation of the Grain Inspection, Packers and Stockyard Administration's inspection and weighing operations. The bill, which now moves to the Senate, also includes several other provisions affecting USDA, some of which are objectionable to the Administration. USDA is working to remove the provisions.

Brazil Agrees to Accept U.S. Wheat: On October 17, Secretary Glickman announced that Brazil has agreed to re-open its market to imports of U.S. hard red spring wheat and soft red winter wheat. In 1996 Brazil imposed import restrictions on wheat which only allowed imports of hard red winter wheat. At that time, Brazil was purchasing roughly 760,000 tons of U.S. wheat worth about \$174 million per year. The agreement came after a meeting between Secretary Glickman and Mr. Pratini de Moraes, the Brazilian Minister of Agriculture and Food Supply. Brazil is expected to publish official notification of its decision by November 15.

Unified Federal Water Policy: During the week of October 16, the *Federal Register* will publish the Unified Federal Water Policy, created by USDA, Interior, and other Federal agencies to develop a unified Federal policy protecting public health, reducing runoff, improving natural resources stewardship, and increasing public involvement in watershed management of Federal lands, as directed to by the Clean Water Action Plan. Watershed planning will include assessment and monitoring of watershed conditions, and identifying priority watersheds to focus budget and other resources.

USDA Announces \$500 Million Oilseed Program: On October 16, sign-up began for USDA's 2000 Oilseeds Program, under which \$500 million will be provided for 600,000 producers of the 2000 crops of the following oilseeds: canola, crambe, flaxseed, mustard, rapeseed, safflower, sesame, soybeans, and sunflowers.

Commercial Citrus Tree Replacement in FL: On October 16, the *Federal Register* published an interim rule under which eligible owners of commercial citrus groves in FL may receive payments to replace commercial citrus trees removed due to citrus canker eradication efforts. Grove owners may be eligible to receive such funds if the trees were removed pursuant to a public order after September 28, 1995, the date canker was detected in FL.

Office of Management and Budget (OMB) Releases Funds for Bovine Tuberculosis. On October 13, OMB approved use Commodity Credit Corporation funds for the eradication of bovine tuberculosis in the U.S. USDA requested the use of \$60.3 million in FY01, of which \$45.6 million was to be used for indemnity payments. OMB approved the use of \$44.2 million, of which \$29.6 million will be used for indemnity payments.

USDA Provides Aid to Azerbaijan; Mongolia, Vietnam: On October 11, USDA announced an agreement with the International Rescue Committee (IRC) to donate up to 2,880 tons of long-grain rice, and 120 tons of nonfat dry milk, with transportation costs, to fight poverty in Azerbaijan. The commodities will be monetized with proceeds going to help internally displaced persons and vulnerable groups with loans, business training, and technical assistance.

On October 11, USDA announced a Section 416(b) donation agreement providing the government of Mongolia a total of 40,000 tons of wheat, valued at \$4.4 million, with transportation costs. The wheat will be monetized with proceeds going to restore the livelihoods of herders who lost livestock during a 1999-2000 winter disaster. Remaining proceeds will help

improve agricultural services and develop transportation infrastructure.

On October 11, USDA announced a Section 416(b) donation agreement with the government of Vietnam, providing a total of 25,000 tons of wheat valued at \$3 million, with transportation costs. The wheat will be monetized with proceeds going towards rural infrastructure development, agricultural promotion, and projects fighting hunger and poverty.

District Attorney Seeks Death Penalty in Triple-Homicide Case: On October 10, Alameda County District Attorney Tom Orloff announced that he will seek the death penalty for Stuart Alexander, an Oakland, CA -area meat processing plant owner, who is charged with killing 2 Federal and one state food safety investigators, during a June 21 investigation of his plant. On October 16, the *Oakland Tribune* reported that a video tape of the slayings was shown for a one-time public viewing at the Alameda County District Attorney's office in Oakland. The tape and other evidence were sealed after being presented to the county grand jury in September; however, media lawyers intervened and the showing of the tape was arranged.

Canada Issues Preliminary Finding on Imports of U.S. Corn: On October 10, the Canadian International Trade Tribunal (CITT) issued a preliminary finding that U.S. corn shipments have injured Manitoba corn growers. The CITT's decision comes despite the fact that Manitoba corn production has nearly doubled over the last four years, and U.S. corn exports to Canada decreased by approximately \$33 million in 1999. The basis for the CITT's finding has not been made public, however, a statement of reasons is expected from the CITT within 15 days. As a result of the October 10 announcement, the Canadian government will continue with its investigation. The Canadian Customs and Revenue Agency is expected to deliver a preliminary decision on the antidumping and countervailing duty investigations by November 7.

Nutrition Education Posters: USDA is now distributing its latest Team Nutrition posters to all Team Nutrition middle and high schools and to all school food authorities. These posters support the information contained in the *yourSELF Middle School Nutrition Education Kit for Teachers*, distributed to all middle schools in 1998. The *FEED ME!* poster is a linear version of the food guide pyramid, designed to take older students a step further in understanding the pyramid by showing them the choices they have within each food group. The *MOVE IT!* Poster emphasizes the importance of physical activity to health and well-being.

USDA Releases Supply and Demand Forecasts: On October 12, the National Agricultural Statistics Service (NASS) released its first forecast of 2000/01 FL citrus production and its latest crop forecasts for cotton, corn, sorghum, rice, soybeans, sunflowerseed, sugarcane, and sugar beets. USDA's projections of U.S. supply, use, and prices for 2000/01 were published, also on October 12, in the *World Agricultural Supply and Demand Estimates* report. Highlights of the reports include:

All wheat: Projected U.S. 2000/01 ending stocks of wheat are down 88 million bushels from last month because of a smaller crop and increased use. The wheat crop estimate of 2.239 billion

bushels is down 63 million from the September 12 forecast. Prospective feed and residual use is 25 million bushels above last month's projection. Projected global production is down from last month, led by a 2-million-ton reduction in the Australian crop.

Rice: The U.S. 2000/01 rice crop is projected at 192.2 million cwt, up slightly from last month. Average yield is forecast at a record 6,230 lbs per acre, up 18 lbs per acre from last month.

Corn: Projected U.S. 2000/01 ending stocks of corn are down 19%, or 425 million bushels, from last month because of smaller supplies and larger use. Nonetheless, ending stocks are forecast to be 6% above the carryin level. Forecast corn production, at 10.192 billion bushels, is off 170 million from last month's forecast because of lower area and yields, but remains a record.

Soybeans and products: Although September 1 carryin stocks for soybeans are up slightly in part due to an upward revision in old-crop production. Nonetheless, soybean supplies are down 2%, due to a drop of 77 million bushels in forecast soybean production to 2.823 billion bushels. World soybean production of 166.2 million tons is off 0.3 million tons from last month. Brazil's soybean crop is projected at a record 33.5 million tons, up 0.7 million tons from last month. Argentina soybean production is projected at 22.6 million tons, up 1.1 million tons from last month based on increased planted area prospects, as both corn and sunflower seed-area drop.

Cotton: This month's U.S. 2000/01 forecasts reflect lower production, demand, and ending stocks. Production is reduced 4.5% to 17.5 million bales, mainly due to lower harvested area. Domestic mill use is reduced slightly, while exports are revised down 4%, reflecting both lower available supplies and reduced foreign import demand.

Sugar: Projected FY00/01 sugar production is decreased 457,000 short tons, raw value, from last month. A decrease of 320,000 tons of beet sugar is based on lower forecast sugarbeet area harvested, primarily resulting from to the Payment-In-Kind (PIK) Diversion Program. Cane sugar production is lowered 137,000 tons. Subsequent to a PIK payout of between 260,000 and 290,000 tons, the Commodity Credit Corporation will own between 810,000 and 840,000 tons.

Livestock: Forecast total meat production in 2000 is lowered as declines in broiler production more than offset increases in beef. The September *Hogs and Pigs* report indicates that producers are gearing up for expansion.

Dairy: The milk production forecast is increased slightly for 2000/01 due to higher projected cow numbers and continued increases in milk output per cow. Milk production in 2000/01 is also forecast to be about 1% above 1999/2000. Class III prices are lowered due to a more bearish outlook for cheese prices.

Florida Oranges: FL orange production for 2000/01 is forecast to be 240 million boxes, 3% above last year but short of the record 244 million in the 1997/98 season.

Farm Weather Outlook: The NWS 6-10 day outlook for October 21-25 calls for warm, dry conditions to prevail across much of the nation. Showers may linger across the south-central U.S., while cool weather may persist along the West Coast.

Commodity Markets in Review: Dry conditions in the U.S. Central Plains and reduced production prospects for the Australian crop sent wheat prices higher for the week. Corn prices also advanced, supported by the rise in wheat and bullish supply and demand projections issued by USDA. Harvest pressure sent soybean prices tumbling. Rice cash prices held steady, but futures advanced on reports of flooding in South and Southeast Asia. In a volatile week, cotton prices wound up little changed, on average. Firming beef prices helped boost cattle. Hog prices dropped despite heavy buying activity as the weekend approached. Broiler prices were up slightly on good retail and food service demand. Cheese prices continued to trade below support in a very light market. Butter prices fell modestly as cream supplies are readily available.

Average prices for the week ending October 13, 2000

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	3.39	0.11	0.79
Corn \$/bu	1.80	0.04	0.09
Soybeans \$/bu	4.57	-0.04	-0.07
Rice \$/cwt	6.25	0.00	-0.88
Cotton ¢/lb	61.27	0.10	11.33
Steers \$/cwt	67.55	0.66	-2.61
Hogs \$/cwt	43.17	-2.47	8.40
Broilers ¢/lb	60.25	0.21	2.59
Cheese \$/lb	1.05	-0.04	-0.21
Butter \$/lb	1.14	-0.01	0.05
Milk* \$/cwt	10.06	-0.14	NA

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

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Food Safety:

USDA's Thermometer Education Campaign Promoted: Throughout October, Wal-Mart's 800 Supercenters across the country will promoting food safety education, by featuring USDA's

Thermy™ the Meat Thermometer character on the back of thermometer packaging and floor displays from Chaney Instruments, makers of digital and instant read thermometers. Several Wal-Mart centers in FL, VA, and WV are working with cooperative extension agents to demonstrate the use of a variety of food thermometers, and to distribute Thermy™ brochures to promote cooking to safe internal temperatures.

USDA Acts Following Refusal to Voluntarily Recall Contaminated Product: As of October 16, USDA food safety officers have detained in commerce 7,700 lbs of ready-to-eat barbecued chicken, and retained in the plant another 3,300 lbs of the product, due to contamination by *listeria monocytogenes*. The action was necessary following the plant's refusal to issue a voluntary recall of contaminated product. USDA lacks the authority for mandatory recall of potentially adulterated meat or poultry products for public health protection, but does have the authority to halt distribution for up to 20 days. The Administration has transmitted legislation to Congress that would provide USDA with mandatory recall authority and the authority to levy civil penalties, but action is pending.

USDA Testing Leads to Product Recalls: On October 12, following routine Federal and state food safety testing, USDA announced the recalls of: 9,500 lbs of Chinese style sausage by Great River Food, of City of Industry, CA, due to undeclared MSG; and 850,000 lbs of wiener, hot dog, and frank products by Lay Packing Co., Inc., of Knoxville, TN, due to contamination with *Listeria monocytogenes*. On October 10, following routine food safety testing, USDA announced the recall of 90 lbs of chicken salad by Newhart Foods, Inc., of Allentown, PA, due to contamination with *Listeria monocytogenes*.

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

Nothing to report this week.

IV. SECRETARY'S SCHEDULE

On Monday, October 16, Secretary Glickman addressed the Millennium Laureate Award luncheon honoring the winners of the 2000 U.N. World Food Prize in New York, NY. The Secretary focused on Administration anti-hunger efforts, food aid, and the President's Global Food for Education Program.

On Tuesday, October 17, Secretary Glickman addressed the Community Food Security Association.

On Friday, October 27, Secretary Glickman will address a Business Council Panel Discussion, in Boca Raton, FL.

V. SUB-CABINET SCHEDULE

On Wednesday, October 18, Under Secretary Jill Long Thompson will tour several farm cooperatives in IA.

On Wednesday, October 18, Under Secretary Michael V. Dunn will attend a meeting of the Michigan Asparagus and tart cherry growers, in Michigan.

On Thursday, October 19, Under Secretary Jill Long Thompson will join Secretary Slater at the Mississippi Delta Regional Initiative Tourism Development Forum, in Memphis, TN.

On Thursday, October 19, Under Secretary Jim Lyons will attend an Urban Resources Partnership Event, in Chicago, IL.

On Thursday, October 19, Under Secretary Michael V. Dunn will attend a ceremony certifying Louisiana as brucellosis-free, in Baton Rouge, LA.

From Monday, October 23, through Friday, October 27, Under Secretary Gus Schumacher will address the Cooperative Leadership Forum, in Shelburne, VT.

On Tuesday, October 24, through Friday, October 27, Under Secretary Shirley R. Watkins will address the 9th Annual Conference of the Child Care Food Program, in San Diego, CA.

On Wednesday, October 25, Under Secretary Jill Long Thompson will chair the initial session of the Task Force on the Central San Joaquin Valley Empowerment Initiative, in Tulare, CA.

From Monday, October 30, through Friday, November 3, Under Secretary Gus Schumacher will address the Pennsylvania Farmers Union Annual State Convention, in Myerstown, PA.

On Monday, October 30, Under Secretary Jill Long Thompson will join Representative Olver in announcing a \$4 Million dollar development grant, in Southhampton, MA.

On Tuesday, October 31, Under Secretary Catherine Woteki and Deputy Under Secretary Caren Wilcox will provide an in-depth briefing for several European Parliament members visiting Washington to discuss U.S.-EU food safety policy issues.

VI. PRESS/MEDIA INQUIRIES

Fitness magazine, CNN.com, *Natural Business News*, and *Kiplinger Personal Finance* asked and received information about the status of the final rule on organic standards.

The *Washington Post* asked and received information about invasive species.

The *Washington Post* asked and received information about farm income.

USA Today and *Farm Progress* asked and received information on USDA's role in the buyback of Starlink, biotech corn by corn's producer.

VII. FOIA REQUESTS

Nothing significant to report this week.

VIII. WASTE, FRAUD AND ABUSE

Nothing significant to report this week.

IX. CLIMATE CHANGE

Nothing significant to report this week.

X. WEEKEND CONTACT

Eric Olsen

November 15, 2000

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF November 12, 2000

USDA Fact of the Week

On November 17, Secretary Glickman will address the opening of the Jimmy Carter National Historic Site, in Plains, GA. The site includes the farm on which President Carter lived from the age of 4 till college, where he learned to grow peanuts, corn, cotton, sorghum, and care for various livestock during the Great Depression.

I. KEY DEPARTMENT NEWS

Secretary Glickman Attending Opening of New Smithsonian Agricultural Exhibit: On November 18, Secretary Glickman will attend the opening of a new multi-panel exhibition about the North American prairie at the Smithsonian National Museum of Natural History. 'Listening to the Prairie: Farming in Nature's Image' describes the evolution of the vast grasslands region as well as the progressive prairie farmers and ranchers who have found innovative new ways to earn profits in sync with their sensitive environment and in tune with the needs of their communities. The exhibit was co-sponsored by USDA and partially conceived and planned by USDA-CSREES' Sustainable Agriculture Research and Education (SARE) program. 'Listening to the Prairie' will run from November through March 2001 at the Smithsonian. Beginning in May, the exhibition will travel to 20 libraries throughout the country.

Final Food Stamp Rule: In the next few days, USDA will publish in the *Federal Register* the final Non-Citizen and Eligibility Rule. The proposed rule drew significant comment from the advocate community which felt that it would allow States to remove existing client protections. The final rule restores and enhances those protections. It also contains major provisions which will help the working poor.

USDA Awaits Acceptable Offer from VT Sheep Owners: November 17 is the due date for the Fallaices and Mr. Freeman to submit a reasonable compensation request to USDA for the destruction of their TSE-infected sheep. Previously, USDA advised the owners of the \$2.4

million appropriated by Congress for VT sheep compensation. In response, the Fallaices requested approximately \$11 million, USDA's indemnification for any claims filed against the Fallaices due to the sheep, and for the sheep to be returned to Belgium. Similarly, Mr. Freeman requested \$3 million and for the sheep to be returned to Belgium.

USDA Helps Ensure Safety of Mail Order Foods: On November 16, and again on November 30, USDA will re-release a video news release (VNR) giving tips on mail order food safety, including for perishable foods such as meat and poultry, and providing the USDA Meat and Poultry Hotline number. Consumers will spend nearly \$6 million this year on food items purchased from catalogues and the Internet. The VNR was previously released on October 19 and 26, and November 2 and 9, and was shown on 10 TV stations, including 8 CBS affiliates with 1.2 million viewers, have shown the VNR. Mail order press kits have been mailed to over 3,500 newspaper food editors.

Starlink Corn Update, Agreement with Japan Reached: On Wednesday, November 15th, USDA's Grain Inspection, Packers and Stockyards Administration began providing StarLink corn testing services for U.S. corn exports to Japan. This action fulfills a USDA commitment to the Government of Japan to initiate a testing protocol for U.S. corn exports destined for human consumption, helping ensure that these shipments are free of StarLink corn. In general, both domestic and export corn markets seem to be adjusting, with some difficulty, to the uncertainty created by the presence of small levels of StarLink corn in the U.S. corn supply. USDA continues to provide technical support to EPA for its upcoming Science Advisory Panel review of the recent Aventis petition to receive a human food tolerance exemption for StarLink corn. USDA is also working with FDA on additional guidance that FDA and FSIS may provide to the food industry on uniform testing protocols for detecting StarLink corn in shipments destined for human food.

In a related story, On November 7, Japan's Ministry of Health and Welfare announced that they had reached agreement with the U.S. Government on a protocol for food corn exported to Japan. The protocol, developed in response to Japanese concerns about importing StarLink corn, provides for food corn exported to Japan to be tested for the presence of StarLink at interior U.S. locations and then for it to be identity preserved to the export vessel. Japan imports about 4 million tons of corn for food purposes annually, mostly from the U.S.

Organic Rule: On Monday, November 13, USDA forwarded to OMB the final rule on organic standards, following completion of the Department's internal review of the rule. OMB has distributed the rule to other Federal agencies for intergovernmental review with comments due on November 22nd. Secretary Glickman plans to announce this rule before December 25th.

Smithfield Acquisition of IBP: On November 13, Smithfield livestock packing company, of Smithfield, VA, announced that it offered to acquire IBP, of Dakota Dunes, SD. Because this merger, if finalized, would greatly increase the concentration in the U.S. hog market, it will likely attract extensive consistent media and Hill attention. USDA has said it will work closely with

the Justice Department to review the merger.

National Partnerships for Food Safe Schools: On November 9, USDA participated in an Atlanta, GA meeting sponsored by the CDC on bringing together Federal and other agencies with key roles in school food safety, to help develop a national framework for supporting model coordinated school food safety programs.

In a related matter, the EdNet electronic newsletter for educators and others concerned about food safety, providing monthly updates on food safety activities throughout the federal government, has grown tremendously over the past 2 years. EdNet, which is sponsored by USDA, FDA, and CDC. The number of EdNet subscribers has doubled to 1,214 since 1998, and subscribers include food safety educators and professionals such as extension agents, public health officials, state government offices, school food service managers, chefs, university staff, industry, and international subscribers.

Workshop Promoting Biotechnology in African Development: From November 8-16, USDA and Tuskegee University are coordinating a "Strategic Alliance for Biotechnology Research in African Development" workshop in Accra, Ghana. U.S. and African speakers are highlighting the relevance of biotechnology for Africa, and generating an action plan to increase biotechnology capacities and U.S.-Africa partnerships. Broad themes being covered include biotechnology research and development capacities in Africa, national and international policies about biotechnology, public relations and awareness campaigns, and institutional networking for advancing biotechnology in Africa.

Private Voluntary Organization (PVO) Food Aid Conference: From November 7-9, the PVO Food Aid Conference was held in Kansas City, MO. This forum for USDA, the Agency for International Development and PVO communities provides an opportunity to share ideas and express concerns on issues affecting USDA's ability to fulfill its obligations under foreign food assistance programs. Approximately 115 representatives of the PVO community and the private sector attended the conference.

Canada Announces Provisional Duty on Imports of U.S. Grain Corn: On November 7, the Canadian Customs and Revenue Agency (CCRA) issued a preliminary decision on its investigation of U.S. grain corn into Western Canada. In its statement, the CCRA noted that the initial phase of the investigation showed evidence that imports of U.S. grain corn into western Canada have been subsidized and dumped. As a result of this decision, Canada will apply a provisional duty of \$1.58 per bushel, a nearly 90% duty based on the current average market price for U.S. grain corn, to all imports into Western Canada. The CCRA plans to continue its investigation and issue a final decision no later than February 5, 2001. The Canadian International Trade Tribunal (CITT) will now focus on the question of injury to Canada's domestic industry. A decision by the CITT is due no later than March 7, 2001.

Secretarial Disaster Designations: On November 7, Secretary Glickman designated primary

disaster areas for USDA low interest emergency (EM) loans for physical and production losses in 58 TN counties due to drought, disease, extremely high wind, and excessive heat.

USDA Announces Opening of a New Market for U.S. Avocados: On November 7, USDA announced that Chile will allow the imports of CA avocados, a potential of \$2 million boost to the industry. Chile agreed to accept CA avocados based upon a Chilean agriculture resolution titled "Establishing the Requirements for the Import of Avocados from the State of California." However, the declaration requires that APHIS phytosanitary certificates indicate that the fruit does not come from areas of CA regulated due to the presence of exotic fruit flies. Therefore, APHIS must verify that the shipment is free of pests. This rule was published September 29, in Chile and will be effective 60 days from that date.

Unapproved Corn Found in EU Tortilla Chips: On November 6, "Friends of the Earth"-affiliated laboratories announced detection of Round-up Ready (RR) corn in tortilla chips in Great Britain and Denmark. Unlike the Starlink biotech corn situation, RR corn is approved for both food and feed use in the U.S. and other countries, however, is not yet approved for food use in the EU. Monsanto, manufacturer of the corn, is cooperating in trying to reconfirm the laboratory results. If the tests are confirmed, supermarkets in Denmark will likely withdraw affected products from their shelves.

Mushroom Case Referred to Supreme Court: On November 1, the government's request for the Supreme Court to hear *United Food, Inc., v. USDA* was submitted to the Supreme Court Justices. On November 23, 1999, the Sixth Circuit Court of Appeals (Appeals Court) in Cincinnati, OH, ruled that mandatory assessments for promotional activities under the mushroom research and promotion program violate the First Amendment of the U.S. Constitution. Because the government disagreed with that ruling, it requested the Appeals Court to rehear the case. The Appeals Court denied that request. Therefore, on August 18, the U.S. Solicitor General requested the Supreme Court to hear its appeal of the Sixth Circuit ruling. United Foods, Inc., subsequently filed a brief explaining why it believes that the Supreme Court should not hear the case. The Justices' first conference on whether to hear the case is scheduled for November 22.

China Lifts Ban on Fresh Grapes from Riverside County, CA: On October 31, USDA was informed that China agreed to allow imports of table grapes from Riverside County, CA, following the effective Medfly eradication program that was undertaken by USDA in Riverside County in 1999. China's market is now open to all commercial grape producing regions in CA. Since the market opening, China has become an important outlet, with direct shipments valued at \$9 million in 1998. Although direct exports to mainland China were valued at only \$1.3 million in 1999, increased sales to Hong Kong offset this decline. Exports to Hong Kong, the second largest market for CA grapes, were valued at \$50 million in 1999.

USDA World Agriculture Outlook Board Lockup Highlights: On November 9, USDA released new estimates of global supply and demand for major commodities. For wheat, estimated U.S. production was revised down slightly owing to reduced area and yield of spring

wheat, including durum. Prospective exports are down 25 million bushels from last month because of increased competition from Argentina, India, and Kazakstan. Australia's exports were lowered in conjunction with the drought-reduced crop. The estimate for U.S. corn production was lowered slightly, but is still the second highest level on record. U.S. corn export prospects were unchanged. For soybeans, production estimates were lowered somewhat, but remain at record levels. U.S. exports of soybeans and products were lowered in response to greater South American competition. Price expectations for wheat and corn were raised slightly, while soybean prices were lowered. There were virtually no changes in cotton estimates this month, except for lower domestic mill use and higher ending stocks, as recent mill closures reflect a loss of market share to textile imports.

USDA Releases Supply and Demand Forecasts: On October 12, the National Agricultural Statistics Service released its first forecast of 2000/01 FL citrus production and its latest crop forecasts for cotton, corn, sorghum, rice, soybeans, sunflowerseed, sugarcane, and sugar beets. USDA's projections of U.S. supply, use, and prices for 2000/01 were published, also on October 12, in the *World Agricultural Supply and Demand Estimates* report. Highlights include:

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Rice \$/cwt	6.25	0	-0.88
Cotton ¢/lb	61.27	0.1	11.33

Steers	\$/cwt	67.55	0.66	-2.61
Hogs	\$/cwt	43.17	-2.47	8.4
Broilers	¢/lb	60.25	0.21	2.59
Cheese	\$/lb	1.05	-0.04	-0.21
Butter	\$/lb	1.14	-0.01	0.05
Milk*	\$/cwt	10.06	-0.14	NA

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

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Global Food for Education:

Global Food for Education Applicants to be Contacted: On November 9, the Food Assistance Policy Council (FAPC) met at USDA and decided on country program levels for the World Food Program and Private Voluntary Organizations under the Global Food for Education Initiative. During the week of November 13, notification letters will be sent to applicants under this initiative. Following the next FAPC meeting, scheduled for December 7, USDA will begin developing Section 416(b) agreements with cooperating sponsors under the program.

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

Distance Learning and Telemedicine (DLT) Grant and Loan Program Season Opened: The Rural Utilities Service (RUS) has opened the application period for its 2001 DLT Grant and Loan Program. For FY01, \$25 million in grants and \$300 million in loans will be made available. The maximum amount for an individual grant application has been increased this year to \$500,000, from the 2000 maximum of \$350,000. The user-friendly application guide, can be found at the RUS's DLT website at <http://www.usds.gov/rus/telecom/dlt/dltpublications.htm>.

Electric Loans Made to PA, WV, and IA: On November 8, USDA announced the following rural electrification loans: \$4,017,000 to the Tri County Rural Electric Cooperative, Inc, of Mansfield, PA, to serve 466 new consumers, construct 24 miles of distribution line and make system improvements; \$2,257,000 to the Harrison Rural Electrification Association, Inc., of Clarksburg, WV, to serve 378 new consumers, construct 19 miles of distribution line and make system improvements; and \$1,617,000 to the Farmers Electric Cooperative, Inc., of Greenfield, IA, to serve 87 new consumers, construct 2 miles of distribution line, and make system improvements.

Rural Housing Loans Approved for Navajo Nation: On November 16, USDA expects that two guaranteed rural rental housing loans will be closed by Allied Mortgage Capital Corporation, for the Navajo Nation in AZ. Rio Puerco, a 66 unit complex, has been approved for \$3.45

million and Kayenta (120 units) for \$2.4 million. The projects are nearing completion and all completed units are occupied.

IV. SECRETARY'S SCHEDULE

On Thursday, November 16, Secretary Glickman will help dedicate the Boyhood Farm of Jimmy Carter National Historic Site, in Plains, GA.

On Tuesday, November 21, Secretary Glickman will attend the 2000 Robert Kennedy Human Rights ceremony, honoring Martin Macwan.

V. SUB-CABINET SCHEDULE

On Wednesday, November 15, Deputy Secretary Richard Rominger will keynote the Institute of Food Technologists' International Food Safety and Quality Conference and Exposition, in Orlando, FL.

On Wednesday, November 15, Under Secretary Catherine Woteki will address the Institute of Food Technologists' International Food Safety and Quality Conference and Exposition, in Orlando, FL.

From Thursday, November 16, through Saturday, November 25, Under Secretary Jim Lyons will attend an international climate change conference, in The Hague, Netherlands.

On Friday, November 17, Under Secretary Jill Long Thompson will address a Farm Bureau Cooperative Marketing and Bargaining Seminar, in Milan, IN.

On Friday, November 17, Under Secretary Catherine Woteki will attend a Trans-Atlantic Business Dialogue meeting, in Cincinnati, OH.

On Friday, November 17, Deputy Under Secretary Caren Wilcox will attend a follow-up to the World Summit for Children of the United Nations General Assembly Special Session.

From Saturday, November 18, through Sunday, November 26, Under Secretary Shirley Watkins will attend Food and Agricultural Association Council meetings, in Rome, Italy.

From Monday, November 20, through Friday, November 24, Under Secretary Gus Schumacher will attend Food and Agricultural Association Council Meetings, in Rome, Italy.

On Monday, November 20, Food Safety Inspection Service Administrator Tom Billy will address harmonization of food safety standards at conferences in the Philippines.

On Monday, November 20, Under Secretary Catherine Woteki will attend the seventh annual

meeting of the Private And Public, Scientific, Academic, And Consumer (PAPSAC) food policy group, in Cambridge, MA.

On Tuesday, November 28, Under Secretary Catherine Woteki will attend an executive session of the National Counter-terrorism Research and Development program, in VA.

VI. PRESS/MEDIA INQUIRIES

Nikkei News Service, KWMT Radio (IA), Bloomberg News, Bridge News, and Reuters asked about StarLink biotech corn and the status of U.S. corn exports to Japan.

The *Washington Post* and *Dateline: NBC* interviewed USDA Inspector General Viadero about the HACCP food safety inspection system.

The *New York Times* is planning an article on how the agricultural sector is coping with biotechnology, and new private sector roles in agricultural biotechnology research.

The *Arkansas Democrat-Gazette* has inquired about growth in the organic farming sector.

Cox Newspapers has requested information about food insecurity and hunger in the U.S.

The Associated Press in Philadelphia, PA, inquired about Animal Welfare Act standards for cleanliness, after several children were infected with *E. coli* following a visit to a petting zoo.

Investigative Reports, an Arts and Entertainment Network (A&E) documentary show, asked about exotic and dangerous animals kept as pets.

U.S. News and World Report indicated it may attend the National Organic Standards Board meeting from November 15-17.

The *Wall Street Journal* asked about regulation of transgenic insects.

The *Washington Post*, the *Capital Press*, the *American Agriculturalist*, and the *Produce News* asked about the U.S. reaction to the discovery of potato wart virus in Canada.

CBSNews.com and National Public Radio's *Living on Earth*, asked about the Wildlife Services oral rabies program.

Dateline NBC and KTVK-TV Warner Brothers/CNN Independent (Phoenix, AZ) asked about USDA's announcement that a second set of charges had been filed against animal breeders Bill and Amy Nielsen, of AZ.

VII. FOIA REQUESTS

The Department of State requests that USDA review a memo and cable found in State Department files responding to a FOIA request from the National Security Archive for documents related to a GSM-102 program for Mexico and that country's credit situation.

The Pacific Southwest Region has received a request from the Center for Biological Diversity for a map of all rivers on national forest land in CA designated as "Wild and Scenic" a copy of all management plans prepared pursuant to Section 3d of the Wild and Scenic Rivers Act; and, a copy of all environmental review documents for those management plans prepared under the National Environmental Policy Act.

The National Security Archive has requested all documents relating in whole or in part to the January 12, 1995, agreement between you and congressional leaders on a bail-out package providing Mexico up to \$40 billion in loan guarantees.

VIII. WASTE, FRAUD AND ABUSE

Food Stamp Program Violations: On October 24, as part of a plea agreement, the owner of an authorized retail grocery store in Worcester, MA, pled guilty to one count of illegal redemption of electronic food stamp benefits in U.S. District Court in Worcester, MA. The defendant also agreed to pay \$120,000 in restitution and accepted 10 months' incarceration. Sentencing is scheduled for January 10, 2001.

Crop Insurance Fraud: On October 24, the Inspector General's Office filed a criminal complaint for false claims against a defendant who was involved with six other producers from Nolan County, TX, in reporting 20,007 acres of cotton and grain sorghum as failed crops in 1999, and subsequently receiving \$1,104,307 in crop insurance indemnities. Investigation revealed that these producers never planted the crops. On October 25, the defendant was arrested, and prosecution is pending.

IX. CLIMATE CHANGE

Nothing significant to report this week.

X. WEEKEND CONTACT

Clyde Williams

November 26, 2000

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF November 29, 2000

USDA Fact of the Week

To date, private landowners have installed 997,742 miles--nearly 3.6 million acres--of conservation buffers through USDA technical assistance and conservation programs. In 1998, Secretary Glickman set a goal of establishing 2 million miles of conservation buffers by 2002. Conservation buffers are small areas or strips of land in permanent vegetation designed to intercept pollutants and manage other environmental concerns.

I. KEY DEPARTMENT NEWS

USDA Seeks Public Comment on Government Role in Biotech Marketing: On November 29 and 30, Secretary Glickman's Advisory Committee on Agricultural Biotechnology is meeting to discuss private and public plant breeding programs, gene flow and Starlink corn, among other issues. On November 30, USDA will publish an Advance Notice of Proposed Rulemaking (ANPR) seeking public comment on USDA's role in facilitating the marketing of grains, oilseeds, fruits, vegetables and nuts in a market environment that includes biotech and non-biotech commodities. Secretary Glickman has also announced that USDA would move ahead with several biotechnology research projects that the Committee has recommended, including projects to evaluate several classes of the next generation of genetically transgenic plants with a focus on their potential impact on the environment and agriculture, evaluating the use of sterility systems in controlling the spread of genetically altered organisms, and joining with the FDA in studying USDA's role in evaluating food safety issues that might be raised by biotechnology.

Mandatory Livestock Price Reporting Rule Set for Publishing: On December 1, USDA will publish in the *Federal Register* a new rule requiring large cattle, swine and lamb packers and importers to provide contract information, including pricing, for public dissemination. The new reporting will provide information on 80-95% of all cattle, boxed beef, slaughter hog, sheep, lamb meat, and imported lamb meat transactions. Under the new rule, packers who annually slaughter an average of 125,000 cattle or 100,000 swine or slaughter or process an average of

75,000 lambs are required to report to USDA transaction details involving purchases and sales of livestock, boxed beef, boxed lamb, and lamb carcasses. Importers who annually import an average of 5,000 metric tons of lamb meat products also must report. The new rule becomes effective 60 days after its publication.

USDA Works to Improve HACCP: On November 28, USDA published a *Federal Register* notice announcing the Department's intent to adapt its approach to controlling chemical residues in or on meat and poultry products in light of implementation of the Pathogen Reduction/HACCP final rule. The notice also announced that FSIS will hold a public meeting on December 11 on this issue. USDA is evaluating the results of HACCP implementation to date, and is studying what steps to take to further increase the effectiveness of the HACCP food safety system.

Biotech Corn Commingling Standards, Japan, South Korea, and Taiwan Concerned: On November 27, seed industry representatives asked USDA to aid them in establishing a tolerance standard for inadvertent commingling of bioengineered corn in non-bioengineered or conventional seed. In view of the Starlink corn episode, the seed industry is concerned that U.S. seed trade will be harmed should a threshold not be soon established. Industry representatives are advocating a 1.0% threshold while EU countries want a threshold of 0.5% of approved bioengineered seed in non-bioengineered seed shipments.

Meanwhile the Japanese Ministry of Agriculture has asked for a protocol for segregating bio-engineered from conventional feed corn. South Korea and Taiwan have also expressed concern about the potential for accidentally importing corn containing StarLink. USDA has not advanced discussions with Japan or other countries with similar protocols, but Japanese representatives will meet with USDA officials on these matters during the week of December 4.

Supreme Court Agrees to Hear Mushroom Case: On November 27, the Solicitor General notified USDA that the Supreme Court will hear the Department's appeal of a decision made by the Sixth Circuit Court of Appeals (Sixth Circuit) in November 1999. The Sixth Circuit had ruled that mandatory assessments for advertising under the mushroom research and promotion program were unconstitutional, under a suit brought by United Foods, Inc.; (United) one of the nation's top five mushroom producers. The next step is for the Supreme Court to set deadlines for the government and United to file briefs (likely in January 2001) and to set a hearing date (likely in March 2001). A decision is expected in June 2001.

Bioenergy Program Sign-Up Announced: From December 1-31, USDA will hold a sign-up period for the Bioenergy Program. Payments will be based on bioenergy production increases from eligible commodities, compared to the same time period a year earlier. USDA will make up to \$150 million in payments to commercial bioenergy (ethanol and biodiesel) producers in the U.S. who increase their bioenergy production from eligible commodities.

Food Distribution Program Reinvention: For November 2000, USDA released a final report outlining plans to reinvent the commodity nutrition program for schools. The Department used a

business concept known as “Business Process Reengineering” to develop the report in consultation with its partners and stakeholders from States, local agencies, schools, and industry. The initiative recently received Vice President Gore’s Hammer Award for supporting reinvention principles including customer service, improved efficiency, and cutting red tape.

FL Plant Target Of Anthrax Contamination Threat: The FBI is continuing an investigation into a November 24 incident in which a FL meat plant was the target of an anthrax scare that is now believed to have been a hoax. An employee of Cameron’s British Foods, Cape Coral, FL, which prepares frozen sausages and cooked meat pies for retail and Internet sales, opened a mail package on the 24th, and part of a fine tan powder inside escaped into the room. A note inside the package warned that recipients had been exposed to anthrax. Thirteen people who were exposed to the powder were transported to the hospital and treated for anthrax contamination, with no resulting illness. A CDC lab later reported that the substance was not anthrax or another biological threat, but testing continues in an attempt to identify the bacteria that was enclosed. The plant has been cleaned and products that were exposed have been destroyed.

Farm Weather Outlook: The NWS 6-10 day outlook for December 2-6 calls for near- to above-normal temperatures, with the warmest conditions expected on the Plains. Significant precipitation is forecast to be confined to the West, while only light amounts are expected from the Plains eastward.

Commodity Markets in Review: Concerns over Australia’s crop and poor weather in the U.S. winter wheat belt sent wheat prices higher for the week. Corn cash prices were up on a favorable U.S. export report, and futures held steady despite Starlink worries. Improved export prospects to the EU led soybean prices sharply higher. Favorable mill demand boosted rice cash prices but futures dropped on news of lower global prices. Worsening crop conditions in Australia and problems in Uzbekistan raised cotton prices. Higher wholesale beef prices boosted cattle. Pork prices rose as marketings slowed during the holiday week. Broiler prices were little changed as turkeys dominated featuring for the week. Cheese prices were slightly lower in light trading. Butter prices remained at \$1.80 per pound.

Average prices for the week ending November 24, 2000

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	3.37	0.04	0.73
Corn \$/bu	2.05	0.04	0.13
Soybeans \$/bu	4.83	0.11	0.21
Rice \$/cwt	6.44	0.19	-0.50
Cotton ¢/lb	62.38	0.27	14.39
Steers \$/cwt	72.69	1.52	1.90
Hogs \$/cwt	38.49	1.27	2.19
Broilers ¢/lb	60.33	0.12	2.88
Cheese \$/lb	1.08	-0.02	-0.04
Butter \$/lb	1.80	0.00	0.79
Milk* \$/cwt	8.72	-0.06	NA

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

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Food Security:

New Seniors Farmers Market Program to Fight Hunger: On November 22, Secretary Glickman joined you for the announcement of a new \$10 million Seniors' Farmers' Market Coupon Pilot Program at the Capitol Area Food Bank in Washington, DC. This new competitive grant program will provide funds from the Commodity Credit Corporation to States and Federally-recognized Tribes, to aid seniors in affording nutritious fresh fruits and vegetables in farmers markets across the country.

President's Initiative on Food Safety:

TX Firm Recalls Ground Beef Patties: On November 21, as a result of routine USDA food safety testing, H & H Meat Products, Co., Inc., of Mercedes, TX, recalled approximately 58,000 lbs. of ground beef patties due to *E. coli* O157:H7 contamination.

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

Nothing of significance to report this week.

IV. SECRETARY'S SCHEDULE

On Wednesday, November 22, Secretary Glickman joined you for a hunger event at the Capitol Area Food Bank.

On Wednesday, November 29, Secretary Glickman addressed USDA's Biotech Advisory Committee on the latest USDA steps on agricultural biotechnology policy.

On Thursday, November 30, Secretary Glickman will address the Joint Institute for Food Safety Research.

On Thursday, November 30, Secretary Glickman will receive an award for his leadership on small farm issues from USDA's Small Farms Advisory Committee and Small Farm Coordinators.

On Monday, December 4, Secretary Glickman will hold end of the year interviews with the Brownfield Radio Network, Bridge Radio, and WCCO Minneapolis.

On Tuesday, December 5, Secretary Glickman will dedicate a wing of the Washington, DC USDA complex in honor of Deputy Secretary Rominger.

On Wednesday, December 6, Secretary Glickman will attend the Diet and Gene Interactions Conference.

V. SUB-CABINET SCHEDULE

On Tuesday, November 28, Deputy Secretary Rominger will address an Oregon State University conference on ways to improve farm income, in Rufus, OR.

On Tuesday, December 5, Deputy Secretary will have a wing of the Washington, DC USDA complex dedicated in his honor by Secretary Glickman.

On Tuesday, December 12, Deputy Secretary Rominger will address an International Symposium on Pierce's Disease at the University of CA at Davis, CA.

On Tuesday, November 28, Under Secretary Catherine Woteki attended an executive session of the National Counter-terrorism Research and Development program in Virginia.

On Wednesday, November 29, and Thursday, November 30, Food Safety Inspection Service Administrator Tom Billy will attend a meeting of the EU and Quad countries in Brussels, Belgium.

On Monday, December 4, Under Secretary Catherine Woteki will give the keynote address at the Ceres Forum conference, sponsored by *Food Control*, a food safety journal, and the Georgetown Center for Food and Nutrition Policy.

On Wednesday, December 6, Administrator Tom Billy will give the keynote address at a public health science forum of the Canadian Food Inspection Agency, in Ottawa, Canada.

From Friday, December 8, through Sunday, December 10, Under Secretary Gus Schumacher will open farmers markets in the Dominican Republic.

VI. PRESS/MEDIA INQUIRIES

On November 27, Secretary Glickman gave "year-end" interviews to Reuters and the *National Journal*.

On November 28, Secretary Glickman addressed the Farm Journal Forum luncheon, and held a brief media availability focusing on the key challenges facing American agriculture, such as concentration, biotechnology, and the upcoming farm bill.

On November 20, the *New York Times* asked USDA for information on countries restricting imports of U.S. genetically engineered crops.

On November 21, the Long Island, NY, NPR affiliate asked USDA about research activities and facilities at the Plum Island Animal Disease Center, in Plum Island, NY.

On November 20, Bloomberg Newswire incorrectly reported that USDA had lifted a ban on Argentine beef and declared Argentina free of foot-and-mouth disease. USDA staff informed Bloomberg and Reuters of the error. *The New York Times* international edition is also expected to run a correction.

VII. FOIA REQUESTS

The Washington Legal Foundation, in Washington, D.C., requested information on the 1998 citrus canker infection study of North Miami-Dade and South Broward counties scheduled for publication in the scientific journal *Phytopathology*.

VIII. WASTE, FRAUD AND ABUSE

Nothing of significance to report this week.

IX. CLIMATE CHANGE

USDA Represented at Global Change Conference: Staff from the USDA Global Change Program Office have returned from the Hague, Netherlands, after two weeks of climate change negotiations. While the session resulted in progress on technical fronts, it failed to result in any major decisions on the rules and operating procedures for the Kyoto Protocol. A major area of disagreement was the role that forests and agriculture should play in offsetting greenhouse gas emissions. The U.S. has a large forest and agriculture carbon sink that offsets roughly 17% of our annual emissions, however these sink activities are not currently counted under the Kyoto Protocol. Other countries, particularly EU members, have vigorously resisted U.S. compromises designed to gain inclusion of forest and agriculture management under the agreement, fearing they will undercut other U.S. efforts to cut emissions. Negotiations are expected to continue at the May 2001 meeting in Bonn, Germany.

X. WEEKEND CONTACT

Eric Olsen

December 6, 2000

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF December 3, 2000

USDA Fact of the Week

Six thousand acres of land scarred by this year's wildfires in Ravalli County, MT, have been planted with 64,000 pounds of seed through the USDA's Emergency Watershed Protection Program. The goal is to prevent streams and property from being damaged by the movement of sediment. Wildfires burned more than 215,000 acres of privately owned land in the state.

I. KEY DEPARTMENT NEWS

Negotiations Proceeding on Biotech Corn Export Testing: Japan and South Korea, two of the largest importers of U.S. corn continue to be concerned about Starlink corn being mingled with exported corn shipments. While USDA has been successful in negotiating a sampling/testing protocol for corn exported to Japan for human food consumption, there is no such protocol in place for corn exported to Japan for animal feed. Officials from the Japanese Ministry of Agriculture, Forestry and Fisheries (MAFF) met with USDA and EPA officials on December 4 and 5 to discuss the Starlink corn situation and negotiate a sampling and testing procedures for feed corn shipments to Japan. Initial discussions were positive and it appears likely that agreement on testing and sampling procedures with MAFF can be finalized within the next 7 to 10 days. South Korean agricultural officials have asked the Department for testing and sampling procedures similar to the one being discussed with Japan.

USDA Announces Revised *E. coli* 0157:H7 Contamination Risk; Instructs Beef Product Manufacturers to Reassess Food Safety Plans: In December, USDA will announce in the *Federal Register* a draft risk assessment for *E. coli* O157:H7 in ground beef and ground beef products indicating the pathogen is more prevalent than previously thought, and that this pathogen should be considered a hazard that is reasonably likely to occur at all stages of handling most raw beef products.

Given the new data, USDA will, also in December, announce in the *Federal Register* that manufacturers of raw beef products are expected to reassess their HACCP (food safety inspection system) plans) to determine whether they appropriately address this hazard. If reassessment results in a determination that *E. coli* O157:H7 contamination is a food safety hazard reasonably likely to occur in the plant's production process, then the plant must address the hazard in its HACCP plan(s). The notice will also explain how USDA's testing program is expanding, how USDA will target its sampling and testing for *E. coli* O157:H7 at plants and at the retail level; and announces updated guidance material to processors, producers, and grinders.

USDA Urges Farmers to Apply for Emergency Assistance Programs: On December 5, Secretary Glickman reminded farmers of pending application deadlines for emergency assistance programs available to help them through difficult times. Programs with approaching filing deadlines include: the 2000 Oilseeds Program, 2000 Crop Year Peanut Market Loss Assistance Program, Flood Compensation Program, Wool and Mohair Market Loss Assistance Program, 2000 Lamb Meat Adjustment Assistance Program, 2000 Crop Disaster Program, 2000 Livestock Assistance Program, Dairy Market Loss Assistance, 1999 Cranberry Crop Market Assistance, 2000 Livestock Indemnity Program, Extension of the 1999 Livestock Indemnity Program/Contract Growers, and the Apple Market Loss Assistance Program.

Cub Foods Recall: On December 2, USDA announced the recall of ground beef produced by Supervalu Inc., of Eden Prairie, MN, from Cub Foods stores in MN, WI, IL, IN, and CO, due to contamination with *E. coli* O157:H7. As of December 6 there have been 29 cases of illness confirmed due to the contamination (26 in MN and 3 in WI). Fifteen of the afflicted people have been hospitalized, and 2 are suffering from Hemolytic Uremic Syndrome (HUS).

U.S. and Chile to Negotiate a Bilateral Free Trade Agreement (FTA): On November 29, you announced that the U.S. and Chile have agreed to negotiate a bilateral FTA. In the negotiations, the U.S. and the Republic of Chile will seek to eliminate duties and commercial barriers to bilateral trade in U.S. - and Chilean-origin goods as well as address trade in services, agricultural products, investment, trade-related aspects of intellectual property rights, trade-related environmental and labor matters, and other issues. Regarding agriculture, it is anticipated that the FTA will improve U.S. agricultural market access to Chile.

Livestock Mandatory Market News Reporting Final Rule: On November 28, Secretary Glickman announced to the Farm Journal Forum that the Livestock Mandatory Market News Reporting final rule will become effective on January 29, 2001. This rule requires large meat packers and importers to report to USDA the details of their transactions involving purchases of livestock as well as sales of boxed beef, boxed lamb, lamb carcasses, and imported boxed lamb cuts. USDA estimates that this new mandatory market news reporting program will cover fully 80-95% of the volume of all cattle, boxed beef, slaughter hog, sheep, lamb meat, and imported lamb meat traded. The rule was published in the December 1 *Federal Register*.

Farm Weather Outlook: The NWS 6-10 day outlook for December 9-13 calls for a possible strong cold outbreak in the Plains, Midwest, and Northwest. Above-normal precipitation is forecast from the northern Rockies and Great Basin to the western Corn Belt, including the northern and central Plains, which may help to provide winter wheat with insulation from cold conditions. Near-normal precipitation is expected elsewhere, including California and the South.

Commodity Markets in Review: Cash and futures prices for wheat declined slightly because of poor export sales and improved conditions for the winter wheat crop. Concerns about the impact of the StarLink variety on exports sent corn prices lower. Soybeans continued to surge in anticipation of improved export prospects for beans and meal going to the EU. Rice cash prices held steady, but futures dropped on sluggish exports. Tightening world supplies boosted cash cotton prices, but reports of a larger-than-expected Turkish crop led to a modest drop in futures. Cattle prices rose despite a drop in boxed beef values. Slowed marketings and higher pork prices lifted hog prices. Broiler prices were little changed, as a surge in fast food demand was matched by increased slaughter. A tightening milk market helped drive cheese prices almost to support. Slow churning schedules and short cream supplies boosted butter prices.

Average prices for the week ending December 1, 2000

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	3.38	-0.01	0.80
Corn \$/bu	2.01	-0.04	0.13
Soybeans \$/bu	4.95	0.12	0.29
Rice \$/cwt	6.44	0.00	-0.44
Cotton ¢/lb	63.16	0.78	15.91
Steers \$/cwt	72.38	0.40	1.89
Hogs \$/cwt	39.33	0.84	0.70
Broilers ¢/lb	60.26	-0.07	2.88
Cheese \$/lb	1.10	0.02	-0.02
Butter \$/lb	1.83	0.04	0.91
Milk* \$/cwt	9.36	-0.12	NA

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

II. USDA WORK ON PRESIDENTIAL INITIATIVES

Presidential Initiative on Food Safety:

WI Firm Recalls Ground Beef: On December 4, USDA issued a press release announcing a recall of 1.1 million lbs. of ground beef from Green Bay Dressed Beef, Inc., of Green Bay, WI, due to *E. coli* O157:H7 contamination. Product had been distributed in KY, WI, MI, TX, IL, PA, TN, IN, OH, MN, NC, IA, GA, VA, and FL.

MN Firm Recalls Ground Beef: On December 2, USDA announced a recall of ground beef by Supervalu, Inc., of Eden Prairie, MN, due to *E. coli* O157:H7 contamination.

White House Announcements May Come Later in Month: A package of food safety achievements that had been tentatively scheduled for announcement by the White House on November 30 has been withheld till later in December to permit more preparation time. The package may include the interagency *Listeria* action plan/risk assessment; the President's Council on Food Safety's strategic plan; an *E. coli* O157:H7 plan; and other food safety issues.

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

Proposed Change to Poultry Inspection Announced: On December 1, USDA announced a proposed change to its regulations that allowing the on-line reprocessing of pre-chill poultry carcasses if significantly lower pathogen reduction standards for *E. coli* and *Salmonella* are met. Poultry carcasses contaminated with digestive tract contents will be allowed to remain on the main processing line for removal of the digestive tract contents, rather than having to be moved off the main line. Voluntary adoption of this on-line reprocessing approach will be coupled with requirements for the reduction of *Salmonella* and *E. coli* on raw poultry below the present performance standards.

Electric Loans to IA, SD, and MN: On November 29, USDA announced the following electrification loans: \$3,440,000 to the Eastern Iowa Light and Power Cooperative, of Wilton, IA, to serve 410 new consumers, construct 19 miles of distribution line and make system improvements; \$1,400,000 to the Clay-Union Electric Corporation, of Vermillion, SD, to serve 98 new consumers, construct 4 miles of distribution line and make system improvements; \$1,547,000 the North Itasca Electric Co-op., of Bigford, MN, to serve 160 new consumers, construct 19 miles of distribution line and make system improvements.

IV. SECRETARY'S SCHEDULE

On Wednesday, December 6, Secretary Glickman addressed the Diet and Gene Interactions Conference, sponsored by the USDA and Center for Genetics, Nutrition and Health.

On Thursday, December 7, Secretary Glickman will attend the 59th Anniversary of the Bombing of Pearl Harbor National Tree Planting Ceremony, at Arlington National Cemetery.

On Wednesday, December 13, Secretary Glickman will conduct an end of the year interview with Orin Samuelson on the WGN radio network.

V. SUB-CABINET SCHEDULE

On Monday, December 4, Under Secretary Catherine Woteki gave the keynote address at the Ceres Forum conference, sponsored by *Food Control*, and the Georgetown Center for Food and Nutrition Policy.

On Wednesday, December 6, Food Safety Inspection Service Administrator Tom Billy will give the keynote address to a public health science forum of the Canadian Food Inspection Agency.

On Wednesday, December 6, Under Secretary Jim Lyons met with the Mountains to Sound Partnership, in Seattle, WA.

On Thursday, December 7, Under Secretary Jim Lyons will be interviewed by Seattle-area media on forest legacy and transition issues, in Seattle, WA.

From Friday, December 8, through Sunday, December 10, Under Secretary Gus Schumacher will visit the Dominican Republic on trade issues and to open a farmers market.

On Monday, December 18, Under Secretary Catherine Woteki will attend a National Science and Technology Committee on Science meeting on human research projections.

VI. PRESS/MEDIA INQUIRIES

National Public Radio, asked about Japan's regulation of biotechnology products. The *New York Times* asked about countries restricting imports of U.S. genetically engineered crops.

Bridge News asked for clarifications on the announcement of the GSM-102 program for Jordan.

USA Today, WHO-TV, Agence France Presse, KTRK (Houston, TX), Reuters, German Public Radio, and *Dairy Profit Weekly* asked about BSE ("Mad Cow disease").

An NPR affiliate on Long Island, NY, asked about research activities and facilities at the Plum Island Animal Disease Center, Plum Island, NY.

NPR asked about USDA data provided to the Centers for Disease Control and Prevention West Nile virus origins project.

The *Washington Post* interviewed Agricultural Marketing Service Administrator Kathleen Merrigan about the "free farmed" product label.

The BBC, *National Geographic*, and independent film making company Savanna asked about wolf management practices.

Congressional Quarterly asked about hunger and obesity.

The *Chicago Tribune* asked about payments made to farmers from 1995-2000.

The *Dallas Observer* asked about USDA inspection of Supreme Beef.

The New Republic asked about the cost of segregating non-biotech foods on farms.

VII. FOIA REQUESTS

The *Washington Post* requested compliance records and enforcement reports of 21 large livestock plants (including many IBP plants) from 1997-99.

The Center for Science in the Public Interest (CSPI) requested 1999 Food Safety Inspection Service foreign review audit reports for Argentina, Mexico, Northern Ireland, Poland, and the United Kingdom.

The Washington Legal Foundation requested information on the citrus canker infection in FL.

The Performing Animal Welfare Society (PAWS) subpoenaed records of communications between USDA and Feld Entertainment, and USDA and PAWS. PAWS has filed a civil case against Feld Entertainment in the U.S. District Court Eastern District of CA.

Davenport, Evans, Hurwitz & Smith, L.L.P., of Sioux Falls, SD, requested information on USDA's decision to challenge an agreement between IBP and Pacific Northwest feedlots in the 1970's. Lauck

The Physicians Committee for Responsible Medicine requested information on the cause of food-borne pathogens and fecal contamination in meat and poultry products sold to the American consumer.

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

December 13, 2000

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF December 10, 2000

USDA Fact of the Week

USDA has now made 797 Welfare to Work hires since the program began. This is 213% of the total USDA 4-year commitment to hire 375 recipients.

I. KEY DEPARTMENT NEWS

Corn Sales Rebounding from Starlink Controversy: USDA's latest export sales report shows the largest weekly net gain in sales of corn since the week of September 21. The 1.31 million metric tons (MMT) sold in the week ending December 7 is barely exceeded by the marketing year-to-date high of 1.37 MMT sold in the week ending September 21. It also represents the third straight week of significantly higher weekly sales, and may suggest a turnaround following the steady decline in sales in the wake of the discovery of Starlink-brand biotech corn in some processed food item.

In a related item, USDA and the Japanese Ministry of Agriculture, Fisheries and Forestry are close to finalizing the "Statement of Intent" outlining procedures for sampling, testing, and documenting freedom from biotech corn in feed corn exports to Japan.

Millennium Holiday Tree Lighting: On December 13, the Millennium Holiday Tree will be lit amid performances by the Congressional Chorus, the summit Choral Society, and the U.S. Air Force band on the west side of the Capitol. Speaker Hastert will light the 65-foot Colorado blue spruce tree. Four thousand ornaments handmade by 4th grade CO students and 10,000 lights will dress the tree overlooking the National Mall. The tree will stand until the second week in January when it will be mulched and used as fertilizer. Updated pictures of the tree can be found at www.senate.gov/~daschle/tree/treecam.html or www.HolidayTree2000.org.

Secretary Attends White House Ceremony on Increasing Childhood Immunization: On December 11, Secretary Glickman attended a White House ceremony announcing your plans to

take strong new action to increase immunization rates among children served by the Women's and Infant Children's Program (WIC). Your expected executive memorandum will direct USDA to include a standardized procedure as part of the WIC certification process, evaluating the immunization status of very child applying for WIC services. Children who are determined to be behind schedule on their immunizations, or who do not have their immunization records, will be referred to a local health care provider. The Executive Memorandum will direct the Secretaries of Agriculture and HHS to develop user-friendly immunization materials designed to make information on appropriate immunization schedules easily accessible and understandable for WIC staff conducting nutritional risk assessments, and to develop a national strategic plan, within 60 days, to improve immunization rates of children at risk.

USDA to Release New Woodsy Owl Fun Pack: In January, USDA will release the new "Woodsy Owl 4Rs Fun Pack" nationwide. The Fun Pack is designed to familiarize children, ages 4 to 10, with the basic 4Rs of conservation: Recycle, Reuse, Reduce and Rot (compost). The Pack, which will be distributed to teachers and youth group leaders, is a packet of colorful handouts presenting information, activities, and games to interest youngsters in conservation.

***E. Coli* O157:H7 Outbreak Reaches Three States:** As of December 9, there had been at least 30 illnesses reported in WI, MN, and IL that have been linked to last week's voluntary recall by American Food Group (of WI) of 1.1 million lbs. of ground beef products possibly contaminated with *E. coli* O157:H7. News reports are that 4 supermarket chains operating in 23 states have voluntarily recalled ground beef possibly tainted with *E. coli* O157:H7. On December 7, the MN Department of Health (MDH) confirmed 21 cases of *E. coli* O157:H7 that hospitalized 7 people including 1 child who developed Hemolytic Uremic Syndrome, the major cause of kidney failure in children. MDH has traced the infections to ground beef purchased at Cub Foods stores in MN. American Food Group (AFG) is a supplier for Cub Foods. USDA is continuing to work with state agriculture and health departments to monitor the outbreak and respond appropriately. The Department believes the outbreak has peaked, although additional cases may come in from other states, and is verifying that the AFG plant has reassessed its HACCP plan and is taking corrective and preventive actions.

Food Assistance Policy Council Meets: On December 7, the Food Assistance Policy Council met to begin reviewing programs for FY01 under Section 416(b) authority. There was broad agreement for direct feeding/humanitarian programs with other governments, the World Food Program, and private voluntary organizations. In addition, some monetization programs, primary to support humanitarian activities, were also approved and some country programs will continue under consideration. USDA will present an apportionment request to OMB for the approved programs soon.

USDA Announces Special Apple Loan Program: On December 7, Secretary Glickman announced that USDA will make low interest loans available to apple farmers who are suffering hardships due to low prices for their fruit. Loan funds may be used to refinance debt; pay costs associated with reorganizing a farm to improve profitability; pay annual operating expenses;

purchase farm equipment or fixtures; acquire, enlarge or lease a farm; make capital improvements to a farm; purchase stock in a cooperative for credit, production, processing or marketing purposes; and pay closing costs on debt re-financing. To qualify for the Special Apple Loan Program, applicants must have produced apples for market in either 1999 or 2000 on a minimum of 10 acres. Eligible applicants may obtain loans up to \$300 per acre of apple trees in production in 1999 or 2000, for a maximum of \$500,000.

2000 Sugar Payment-in-Kind (PIK) Program: On December 7, final results of the Sugar PIK Program were announced, and 5,022 PIK offers were accepted from producers in 14 States. Sugar beet acreage diverted from production totaled 101,833 acres. The PIK program offered sugar beet producers the choice of diverting from production a portion of their crop in exchange for sugar held in inventory by the Commodity Credit Corporation (CCC). By reducing this year's harvest, the PIK diversion program will help reduce Government inventory costs, alleviate the current oversupply of sugar, and consequently strengthen sugar prices. The Commodity Credit Corporation (CCC) transferred title to 277,349 tons of refined crystalline sugar to participating producers on December 1. The acres diverted by the PIK program represent about 7% of acreage planted to sugar beets. Transfer of this sugar will result in about a \$555,000 reduction in monthly CCC-storage related outlays. The sugar transferred from CCC inventory also represents about 7 percent of forecast FY 2001 domestic sugar production from sugar beets.

Public Meeting on Food Safety Next Steps: On December 7, USDA announced its December 13 public meeting to discuss the Food Safety Inspection Service's (FSIS) future plans, including filling gaps in the HACCP framework and the farm-to-table continuum. This phase of HACCP is directed at improving the quality of industry HACCP plans and improving the effectiveness of the agency's role in HACCP verification and inspection as a public health regulatory agency. A multi-year strategy will be developed based on the agency's review of public comments and of the issues facing FSIS. A *Federal Register* notice on the public meeting was published December 6. FSIS is accepting public comments through January 5, 2001.

Citrus Canker Compensation: On December 7, the *Federal Register* published a proposed rule amending citrus canker regulations to establish provisions under which eligible owners of commercial citrus groves may receive payments to recover income lost as a result of the removal of commercial citrus trees to control citrus canker. Comments are due by January 8, 2001.

Revised Saudi Directive on Biotech Labeling: On December 6, Saudi Ministry of Commerce (MOC) officials confirmed month-long rumors that the country is reviewing its position on biotech labeling. During a meeting with Ambassador Shaun Donnelly, Special Negotiator for the Department of State, and other Embassy representatives, discussions suggested that MOC is considering a delayed implementation date. Although a final decision on the issue has not been made, MOC officials agreed to brief FAS/Riyadh on their decision on December 10, prior to next week's expected announcement.

Emergency Loan for Seed Producers Program: On December 6, USDA announced the

Emergency Loans for Seed Producers Program. These loans are available to farmers who produced a 1999 crop of grass, forage, vegetable, or sorghum seed in the U.S. under contract to sell to AgriBiotech and who filed a timely proof of claim in the bankruptcy proceedings. The program is designed to help seed producers affected by the bankruptcy filing of AgriBiotech, one of the largest turf, forage, and alfalfa seed companies in the U.S.

Additional Actions on European Bovine Spongiform Encephalopathy (BSE) Risks: On December 6, USDA enacted an immediate prohibition on the importation from Europe of all rendered protein products, such as meat and bone meal, and any product containing such. This includes products that originate directly from Europe or were shipped from European plants that process animal materials, regardless of species of origin. USDA is currently drafting an interim rule on the prohibition. The basis for this action is the finding by the European Union's Scientific Steering Committee (SSC) that feed of nonruminant origin has been cross-contaminated by feed potentially containing the BSE agent. This cross-contamination has prolonged the BSE epidemic in Europe. The restrictions will be maintained until there is assurance that these products have not been contaminated with the BSE agent.

Rominger Wing Dedicated: On December 5, Secretary Glickman dedicated the newly renovated 3rd wing of USDA's South Building in honor of Deputy Secretary Richard Rominger. The ceremony included the unveiling of two bronze lobby wall plaques bearing Deputy Secretary Rominger's image and the caption: Farmer Public Servant Leader.

USDA Releases Supply and Demand Forecasts: On December 12, the National Agricultural Statistics Service released crop production forecasts for cotton, citrus, sugarcane, and sugar beets. USDA's projections of U.S. supply, use, and prices for 2000/01 were published, also on December 12, in the *World Agricultural Supply and Demand Estimates* report. Highlights of the two reports include:

Wheat: Projected U.S. ending stocks of wheat are down 30 million bushels from last month because of larger exports and food use. Projected exports are 25 million bushels above last month due to higher global imports. The projected price range is narrowed 5 cents on each end to \$2.50 to \$2.70 per bushel.

Rice: The U.S. 2000/01 rice supply and use projections are unchanged from last month. The season-average price projection for 2000/01 is lowered \$0.25 per cwt on each end to \$5.50 to \$6.00 per cwt, reflecting lower-than-expected prices through the first 4 months of the marketing year. Prices will likely continue to be under pressure because of stiff competition for limited global import markets.

Corn: Projected 2000/01 U.S. ending stocks of corn are up 75 million bushels from last month due to lower exports. Prospective U.S. exports are reduced because of smaller global imports and increased competition. The largest impact on potential U.S. 2000/01 corn exports is a 1-million-ton increase in Argentina's exports for their 1999/2000 (March 2000-February 2001)

marketing year. This prospective increase is due to an upward revision in the 1999/2000 Argentine corn crop and a strong export pace in recent months. The projected price range for corn is down 5 cents on each end to \$1.65 to \$2.05 per bushel.

Soybeans and Products: An EU ban on meat and bone meal is expected to add an additional 1.3 million tons of soybean meal consumed in the EU this marketing year. EU soybean imports from all sources are forecast to rise 900,000 tons and soybean meal imports are forecast up nearly 600,000 tons. U.S. soybean exports are forecast at 975 million bushels, up 25 million from last month. U.S. soybean stocks are reduced 30 million bushels this month to 320 million bushels, still above last year's carryover of 288 million bushels. U.S. season-average soybean prices for 2000/01 are projected at \$4.50 to \$5.10 per bushel, up 10 cents per bushel from last month.

Cotton: This month's 2000/01 U.S. forecasts include slightly lower production and domestic mill use; ending stocks are unchanged. Production is decreased 111,000 bales, mainly reflecting lower production in Texas, partially offset by higher production in California. Domestic mill use is reduced 100,000 bales, based on weak cotton consumption to date and a slowdown in overall textile business. Forecast ending stocks remain at 3.9 million bales, 22.3% of total use.

Sugar: Projected fiscal year 2000/01 U.S. sugar production is increased 222,000 short tons, raw value, from last month. An increase of 100,000 tons of beet sugar is based on strong sugarbeet yields per acre, favorable post-harvest storage conditions, and above-average sugar content in 2000-crop sugarbeets. Cane sugar is increased 122,000 tons, based mainly on increases in forecast sugarcane yield and in projected sugar recovery in Florida. Sugar owned by the Commodity Credit Corporation is estimated to be 793,600 tons, following the distribution of 296,763 tons through the Payment-In-Kind Diversion Program.

Livestock: Total meat production forecasts for 2000 and 2001 are little changed from last month. Beef production is raised slightly as cattle weights continue to be heavy and increased cow slaughter is expected. Pork production in 2000 is raised on increased slaughter. The December 28 *Hogs and Pigs* report will provide additional information for reassessing the pork forecast for 2001. Poultry production in 2000 is reduced due to the slowing pace of broiler-type eggs set and lower turkey slaughter.

Dairy: The forecast for 2000/01 milk supply and use is virtually unchanged from last month. Milk production is continuing to expand but the rate of growth is expected to decline relative to 1999/2000. The forecast for the Class III price is reduced from last month due to low cheese prices, and the Class IV price is raised because of recent strength in butter prices. The all milk price is raised as Class IV prices continue to drive the Class I price.

Citrus: The forecast for FL orange production is 229 million boxes, down 5% from October indications and 2% below last year. Drier weather has reduced fruit size and forced growers to use irrigation more heavily, and reservoir levels are low. The FL concentrated orange juice yield projection is unchanged from October, at 1.55 gallons per box at 42.0 degrees Brix.

Farm Weather Outlook: The NWS 6-10 day outlook for December 16-20 calls for a gradual relaxation of very cold conditions, although cool weather may linger in the West. Milder weather is expected elsewhere, especially along the East Coast. A fairly wet weather pattern is forecast to continue in many areas, particularly from the Rockies eastward. Additional snowfall is likely across the North.

Commodity Markets in Review: Wheat prices fell for the week on sluggish exports and improved weather in the Midwest. Ongoing concerns with StarLink and unexpected competition from China sent corn prices lower. Soybean prices advanced as the EU announced it would ban meat and bone meal from animal feed starting on January 1. Rice cash prices held steady, but futures dropped on lower world prices. Cotton prices were little changed in light trade. Concerns over the impact of winter storms sent cattle and hog prices higher. Broiler prices were unchanged. Cheese prices remained just below support. Butter prices fell in a volatile market.

Average prices for the week ending December 8, 2000

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	3.35	-0.03	0.78
Corn \$/bu	1.99	-0.02	0.10
Soybeans \$/bu	4.98	0.03	0.37
Rice \$/cwt	6.44	0.00	-0.31
Cotton ¢/lb	62.82	-0.34	16.01
Steers \$/cwt	74.65	2.40	4.89
Hogs \$/cwt	41.14	1.81	2.82
Broilers ¢/lb	60.26	0.00	2.38
Cheese \$/lb	1.10	0.00	-0.04
Butter \$/lb	1.72	-0.12	0.81
Milk* \$/cwt	9.29	-0.07	NA

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

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Welfare Reform:

WV Welfare Reform Waiver: During the period from November 27-December 6, USDA approved a request from WV to extend and modify its two current waivers of the food stamp work requirements.

President's Initiative on Food Safety:

USDA Finalizing Work on Food Safety Initiatives: USDA is finishing up several key food safety initiatives including (1) Control of Residues in a HACCP Environment; (2) *FSIS: The Next Steps* (for HACCP and the agency); (3) *E. coli* O157:H7 risk assessment and expansion of its testing program for *E. coli* O157:H7; (4) joint USDA, HHS risk assessment/risk ranking and action plan for the control of *Listeria monocytogenes*; (5) proposed rule on nutrition labeling for ground or chopped meat, poultry products, and single-ingredient products; and (6) the final rule on limitation of retained water in raw meat and poultry products.

President's Lands Legacy Initiative:

Lands Legacy Program Protects Forest Land: On December 7, Secretary Glickman announced that USDA plans to protect nearly 750,000 acres of environmentally important private forest land nationwide from being developed for commercial, residential, or other non-forest uses. The funds come from the Forest Legacy Program, which is part of the broader Clinton-Gore Administration's Land's Legacy Initiative.

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

\$100 Million in Loan Funds for Broadband Pilot Projects: On December 5, USDA published in the *Federal Register* a notice of availability of funds to finance the construction and installation of broadband telecommunications services in rural areas. These funds were made available through a one year pilot program to encourage telecommunications carriers to provide broadband service to rural consumers where such service does not currently exist.

Utilities Improvement Loan to PA: On December 5, USDA presented loans totaling \$11,647,350 to the Armstrong Telephone Company, of Butler, PA, to provide service for 2,190 subscribers; upgrade the DCO switch and deploy 10 new Next Generation DLC; expand the fiber backbone plant; reinforce existing outside plant copper facilities with copper feeder and distribution plant; purchase vehicles and work equipment; and renovate buildings for central office, remote offices and garage; and purchase CAD computer equipment and provide for other improvements.

IV. SECRETARY'S SCHEDULE

On Saturday, December 16, Secretary Glickman will attend Charles Ruff's Memorial Service.

On Monday, December 18, Secretary Glickman will attend a Forest Roadless Areas Management policy rollout.

V. SUB-CABINET SCHEDULE

On Monday, December 11, Deputy Under Secretary Caren Wilcox delivered opening remarks at the "Residue Control in a HACCP Environment" public meeting.

On Tuesday, December 12, Under Secretary Catherine Woteki gave a management update report on dioxin at an interagency Nutrition Education and Research Coordinating Council meeting.

On Thursday, December 14, Under Secretary Catherine Woteki and Deputy Under Secretary Caren Wilcox will meet with United Kingdom Counselor for Trade Nicholas Westcott, and First Secretary of Agriculture Alastair Wilson on the Trans-Atlantic Business Dialogue, G-8 food safety issues, and the environment.

On Monday, December 18, Under Secretary Catherine Woteki will attend a National Science and

Technology Committee on Science meeting on research projections.

VI. PRESS/MEDIA INQUIRIES

The *Minnesota Star Tribune*, *St. Paul Pioneer Press*, *Green Bay Press Gazette*, and others outlets asked about the American Food Groups recall of ground beef contaminated with *E. coli* O157:H7.

The *Los Angeles Times* has asked the Inyo National Forest (CA) about a revised Department Environmental Impact Survey for wilderness management.

The *Wall Street Journal* asked about a report on catsup and tomato soup consumers' demographics in the November USDA Vegetables and Specialties Situation and Outlook Report.

The *New Republic* asked about the cost of labeling biotech foods if mandatory labeling regulation were put in place in the United States.

The *Farm Journal* is writing a story on the impact of crop insurance on cotton producers.

Associated Press asked about USDA's announcement of \$200 million in additional purchases of fruits and vegetables.

The Associated Press, *Farm Progress News*, *Bridge News Service*, and KTIC Radio (West Point, NE) asked about SD's new status as class free for brucellosis.

U.S. News and World Report asked for an update on the status of the National Organic Program final rule, and an interview with Secretary Glickman.

VII. FOIA REQUESTS

The Physicians' Committee for Responsible Medicine has requested slaughter operations data, including studies, policies and procedures, and inspection reports related to the prevalence and cause of foodborne pathogens in meat and poultry products.

The *St. Paul Pioneer Press* requested inspection and enforcement records for *American Foods Group*, a plant in Green Bay, WI, for 1995 through present; micro testing results for plants in MN and WI from 1995 to present; and an electronic version of the recall information that is posted on the USDA web site.

The Center for Food Safety in Washington, D.C., requested documents regarding the Aventis StarLink corn.

The Wichita Eagle and Knight Ridder Newspapers, requested correspondence between January 1

and November 30, from members of the KS congressional delegation to USDA.

Friends of the Earth in Burlington, VT requested information related to genetically engineered food and agriculture products.

Senators Bond and Ashcroft sent a joint request requesting copies of documents pertaining a constituent's complaint against the InterCounty Electric Coop in Licking, MO.

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

December 20, 2000

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE HONORABLE JOHN PODESTA

FROM: SECRETARY DAN GLICKMAN

SUBJECT: REPORT FOR WEEK OF December 17, 2000

USDA Fact of the Week

On December 8, USDA submitted its FY00 Energy Scorecard, showing that as of that year the Department achieved a 23% cumulative reduction in facility energy consumption from the 1985 baseline. This exceeds the FY00 goal of a 20% reduction, established by the Energy Policy Act of 1992; and leaves USDA well on the way towards achieving the FY05 goal of a 30% reduction, established by Executive Order 13123, "Greening the Government Through Efficient Energy Management."

I. KEY DEPARTMENT NEWS

Secretary Announced Organic Rule: On December 20, Secretary Glickman announced final national standards for the production, handling, and processing of organically grown agricultural products. The new standard offers a national definition for the term "organic," details the methods, practices and substances that can be used in producing and handling organic crops and livestock, establishes clear organic labeling criteria, and specifically prohibits the use of genetic engineering methods, ionizing radiation, and sewage sludge for fertilization. Under the rule, all agricultural products labeled organic must originate from farms or handling operations certified by a state or private agency accredited by USDA, with farms and handling operations that sell less than \$5,000 worth per year of organic agricultural products being exempt from certification. Farmers and handlers have 18 months to comply with the national standards, and USDA will provide financial assistance to farmers in 15 states to help pay for organic certification.

Biotech Corn Controversy Update: USDA, EPA and FDA, have met with representatives of Aventis Crop Science and the Garst Seed Company to review data concerning the contamination of Garst 2001 corn seed stock with the StarLink Cry9c protein. Testing by Garst of its 240 corn seed varieties for the 2001 crop season found that 9 seed varieties contained detectable levels of StarLink protein. Preliminary information indicates that this contamination of seed corn was the result of pollen drift from StarLink corn into non-StarLink seed corn. Based on this information,

the three Federal agencies hosted a meeting with Aventis, Garst, the American Seed Trade Association (ASTA) and representatives of several agricultural and food organizations to discuss the need for uniform Federal guidance on a testing protocol for seed corn. The protocol would be used to ensure that 2001 seed corn does not contain detectable levels of the StarLink Cry9c protein. The industry endorsed the development of a uniform, Federally-endorsed seed testing protocol and requested the guidance be given to the industry within one week, as some seed companies will begin shipping 2001 seed corn next week. USDA, FDA and EPA will be meeting with ASTA to develop a uniform seed testing protocol this week for interagency clearance on Friday, December 22nd. The seed testing protocol will be based upon a protocol being developed by FDA, EPA and USDA for corn destined for the human food market.

Meanwhile, USDA's Grain Inspection Packers and Stockyards Administration (GIPSA) is investigating reports from Japan that a shipment of U.S. corn has tested positive for StarLink corn, even after having been cleared by the U.S. via the recently established corn export testing protocol. GIPSA believes the information from Japan is inaccurate and is exchanging samples and data with the Japanese government.

Off Highway Vehicle Restrictions for Giant Sequoia National Monument: On December 31, motorized vehicle use in the Giant Sequoia National Monument will be restricted to designated routes, as required by the proclamation establishing the monument. The Sequoia National Forest (CA) is currently designating roads within the area, which will establish what routes remain open to OHV use. The impact of the Monument designation on access to national forest lands has been, and continues to be an issue among OHV users of the Forest. The restriction may attract regional media interest.

U.S.-Singapore Free Trade Agreement (FTA): On December 22, U.S.-Singapore FTA negotiations are scheduled to conclude; however, the U.S. has stated it will only sign an agreement that benefits both parties. On December 5, Singapore submitted a "priority list" of products to be placed on an accelerated tariff reduction schedule, and the only agricultural product on this list was unsweetened cocoa powder. Currently, the U.S. base rate tariff for unsweetened cocoa powder is \$0.52 cents/kilogram. Singapore exported close to \$7 million in unsweetened cocoa powder to the U.S. in 1999. As in the similar agreement with Jordan, the U.S. proposes reduction of tariffs to zero over 10 years, with tariff reductions on sensitive products not implemented until later in the 10-year period. U.S. negotiators are working to ensure that good rules of origin are adopted for this agreement.

Invalid Pork Checkoff Votes Reviewed: On December 20, USDA announced that ballots cast in the pork checkoff referendum that had been declared invalid will be reviewed to determine whether they can be properly counted. Department county offices reported that, of the approximately 30,000 ballots cast, over 2,000 ballots were declared invalid because certain required information was missing. Such missing information on registration and certification forms included the person's address and the date the form was signed, needed to identify voters in case of ballot challenges. USDA county offices are being directed to review the registration and

certification forms for ballots previously determined to be invalid; after review of the ballots and count, the results of the vote will be announced by the first week of January 2001.

USDA Publishes *The Food Safety Educator*: As of December 20, USDA has released volume 5, number 3, of *The Food Safety Educator*, which now reaches 9,300 people throughout the U.S. and other countries. New subscribers in recent months include professionals from GAO, the U.S. Olympics Committee, the U.S. Army, environmental health offices, extension offices, health care management organizations, food service providers, and managed health and educators in Brazil, Spain, Puerto Rico and Cuba. The new issue features articles on the results of consumer knowledge and use of safe handling practices for meat and poultry; a new primer for physicians being released by USDA, FDA, the CDC, and the AMA; and FoodNet information identifying children under 1 year old as having the highest rates of *Salmonella* and *Campylobacter* infections.

USDA Transition: On December 19, Dave Johnson, head of the Agriculture Transition Team, had an introductory meeting with Deputy Secretary Rominger and USDA Chief of Staff Olsen. A background briefing book on the USDA was provided to the transition team, after which the team requested a series of meetings with representatives from each of the Department's mission areas and key offices. The meetings are scheduled for December 21 and 22.

USDA Announces Loan Rates for Major 2001 Crops: On December 18, Secretary Glickman announced that he is setting marketing assistance loan rates for 2001 crops of wheat, feed grains, oilseeds, upland and ELS cotton, and rice at the following maximum levels: Wheat - \$2.58 per bushel; Minor Oilseeds - \$9.30 per hundredweight (cwt); Corn - \$1.89 per bushel; Crambe and Sesame - \$8.77 per cwt Grain Sorghum - \$1.68 per bushel; Upland Cotton - 51.92 cents per lb.; Barley - \$1.65 per bushel; ELS Cotton - 79.65 cents per lb.; Oats - \$1.21 per bushel; Rice \$6.50 per cwt; and Soybeans - \$5.26 per bushel. Although the formula-based loan rates for wheat, corn, soybeans, and minor oilseeds would allow setting the rates at lower levels, Secretary Glickman chose to set the loan rates at their respective statutory maximum levels. The Secretary announced that lower marketing assistance loan rates would weaken the safety net for producers of wheat, feed grains, and oilseeds during a critical period of financial need.

Rocky Mountain Front Decision Expected: During the week of December 17, Secretary Glickman is expected to sign and release a decision recommending that Secretary Babbitt withdraw from mining 405,000 acres on the Lewis and Clark and Helena National Forest, known as the Rocky Mountain Front in MT. The withdrawal would preserve the area for Native American traditional and cultural purposes, protect threatened and endangered species, and preserve roadless areas and outstanding scenic values.

Secretarial Agricultural Disaster Designations: On December 15, Secretary Glickman announced that USDA emergency farm loans would be available to alleviate hardship in agricultural disaster areas existing in: 9 CO counties, 6 MI counties, 7 ID counties, 16 OH counties, 17 UT counties, and all of TX.

Potato Wart Agreement: On December 13, USDA and the Canadian Food Inspection Agency reached an agreement allowing the conditional movement of potatoes from Prince Edward Island into the U.S. The ban will remain in place until the terms of the agreement can be reviewed by a scientific panel composed of Canadian, U.S., and independent experts. There are many concerns about the agreement, including whether tests for potato wart will be accurate in subfreezing temperatures, and the U.S. and Canada will meet to discuss the concerns and any final implementation of the agreement following the scientific review.

Gulf Boycott on U.S. Products Gains Momentum: On December 11, USDA reported that Gulf Corporation Council calls for a boycott of American products, due to American support for Israel, have begun to negatively affect the image and the income of popular American restaurant chains and companies in the Persian Gulf region; included McDonald's, Pizza Hut, Coca-Cola and Pepsi. Managers are convinced that the decline in sales is attributable, in part, to anti-American sentiment being spread via the internet, leaflets, and flyers and threatening this \$1.5 billion market.

Final WIC Certification Integrity Rule Published: On December 11, the final WIC Certification Integrity Rule was published in the *Federal Register*. The rule retains provisions of the interim rule published on January 21, and implements nondiscretionary WIC certification requirements contained in the Agricultural Risk Protection Act of 2000, as subsequently amended by the Grain Standards and Warehouse Improvement Act of 2000. These provisions include an option for State agencies to exclude overseas military cost-of-living allowances from counting as income for WIC eligibility, as well as alternative procedures for documenting the residency of WIC applicants in remote reservations, pueblos, or Indian villages.

FY01 Hispanic-Serving Institutions Education Grants Program: USDA is requesting that proposals for the FY01 Hispanic-Serving Institutions Education Grants Program (Program) be submitted by February 20, 2001. This competitive grants program is open to all U.S. public and other nonprofit Hispanic-Serving Institutions (those with an undergraduate FTE enrollment of at least 25% percent Hispanic students). The purpose of the Program is to promote and strengthen the ability of Hispanic-Serving Institutions to carry out higher education programs that attract, retain, and graduate outstanding students capable of enhancing the Nation's food, natural resources, human sciences, and agricultural scientific and professional work force. A full copy of the solicitation and all required forms can be found at <http://www.reeusda.gov/serd/hep/hep.htm>

Farm Weather Outlook: The NWS 6-10 day outlook for December 23-27 calls for a relaxation of cold weather east of the Rockies. Above-normal temperatures are forecast across the north-central U.S., while cooler weather will overspread the Southwest. Near- to below-normal precipitation is expected nationwide, except on portions of the Plains, where above-normal amounts are forecast.

Commodity Markets in Review: Improved crop prospects and export worries sent wheat prices down for the week. Corn prices fell as USDA forecast lower exports than previously. Slower

export inspections and the prospect for a record large South American crop led soybean prices lower for the week, halting a six-week advance. Slow farmer sales helped boost rice cash prices, but futures fell as global prices continue to weaken. Cotton prices dropped last week as USDA's forecast for foreign production showed a slight increase, contrary to market expectations. Surging boxed beef prices supported cattle. Wintry weather curtailed hog marketings, forcing packers to bid prices up aggressively. Broiler prices slipped on weak retail demand. Cheese prices continued to hover near support. An abrupt end to holiday buying sent butter prices down sharply.

Average prices for the week ending December 15, 2000

Commodity	Weekly cash price	Change from a week ago	Change from a year ago
Wheat \$/bu	3.28	-0.07	0.76
Corn \$/bu	1.94	-0.05	0.07
Soybeans \$/bu	4.89	-0.09	0.47
Rice \$/cwt	6.50	0.06	-0.25
Cotton ¢/lb	61.34	-1.48	14.84
Steers \$/cwt	75.84	1.24	7.49
Hogs \$/cwt	43.08	1.94	5.89
Broilers ¢/lb	60.14	-0.12	2.84
Cheese \$/lb	1.11	0.01	-0.07
Butter \$/lb	1.25	-0.47	0.35
Milk* \$/cwt	9.21	-0.08	NA

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

II. USDA WORK ON PRESIDENTIAL INITIATIVES

President's Initiative on Food Safety:

USDA Closes CA Plants for Violations: On December 13, USDA stopped operations at New American Poultry, of Sacramento, CA, due to plant intimidation and harassment of the USDA inspector in charge. On December 11, USDA officials stopped operations at Frank's Wholesale Meats, of San Bernardino, for the plant's failing to provide written assurances that the plant's owner and employees would not intimidate, threaten, or interfere with USDA inspectors.

TX Recall of Poultry for Listeria: On December 14, 16.7 million pounds of ready-to-eat

turkey and chicken products were recalled by Cargill Turkey Products, of Waco, TX, for possible contamination with *listeria monocytogenes*. Product, which had been distributed to stores and restaurants nationwide, Venezuela and Iceland, was recalled based on a preliminary analysis of epidemiological data by the CDC and FDA. CDC officials have been cited as indicating that the listeriosis outbreak which triggered the investigation has included 28 cases, 4 adult deaths and 2 miscarriages.

III. UPCOMING GRANTS, ANNOUNCEMENTS AND PUBLICATIONS

Electrical Development Loans to KS, MO: On December 13, USDA provided the following electrical development loans: \$4,350,000 to the Bluestem Electric Cooperative, of Wamego, KS, to serve 480 new consumers, construct 33 miles of distribution line and make other system improvements; and \$6,251,000 to the Ralls County Electric Cooperative, of New London, MO, to serve 555 new consumers, construct 48 miles of distribution line and make other system improvements.

IV. SECRETARY'S SCHEDULE

Nothing of significance to report this week.

V. SUB-CABINET SCHEDULE

Nothing of significance to report this week.

VI. PRESS/MEDIA INQUIRIES

The *Green Bay Press Gazette*, and *Minneapolis Star Tribune* asked about the recent American Food Group beef recall.

The Washington Post is expected to write an extensive article on HACCP within the next several months. *NBC Dateline* is working on a segment about HACCP, and has informed USDA that it plans to air its story on the evening the *Washington Post* series begins.

The *Economist* asked about the use of marketing and production contracts by farmers, specifically; about the prevalence of contracting in agriculture, who uses contracts, the various types of contracts, and the distribution of value of product under contract by commodity.

CNN medical news, the *Columbus Dispatch*, and the *Washington Post* travel section asked about Bovine Spongiform Encephalopathy ("Mad Cow Disease") in Europe.

The *Arkansas Democrat Gazette* asked about Tyson's bid to buy IBP.

Gannett News Service and *Milwaukee Journal* asked about the Lands Legacy grant initiative.

VII. FOIA REQUESTS

Friends of the Earth requested documents on genetically engineered food and agriculture products.

VIII. WASTE, FRAUD AND ABUSE

Largest U.S. Crop Insurer Settles with USDA for \$10 Million: On December 18, USDA announced that the Federal Crop Insurance Corporation has received \$10 million from Rain and Hail L.L.C. (Rain and Hail) to settle allegations under the Federal False Claims. The settlement follows investigation by USDA and the U.S. Attorney's office into 1994 raisin crop insurance claims. In 1994, USDA alleged that Rain and Hail misrepresented the condition of certain raisins, and these misrepresentations resulted in overpayments. Rain and Hail's is the largest settlement in the history of the crop insurance program.

IX. CLIMATE CHANGE

Nothing of significance to report this week.

X. WEEKEND CONTACT

Eric Olsen