Misc 18C
50

3. They need to know how much equity they have now and how much equity they risk with each decision. High-equity producers will be better able to stop production temporarily and resume later than is the case with low-equity producers.

4. Producers need to know the impact of income taxes on the decisions about stopping production. Maybe funding could be used to hire Phil Harris to summarize this information.

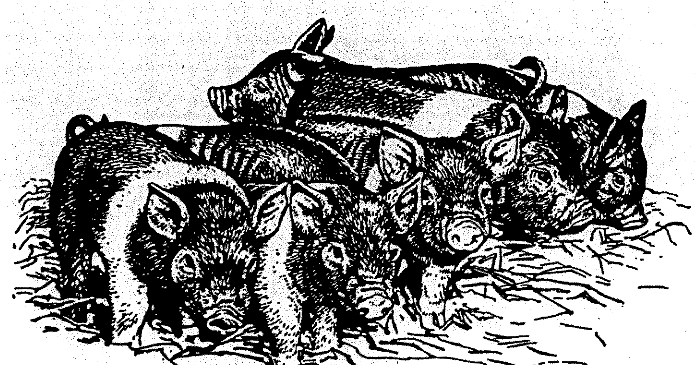
5. Producers need to decide if they prefer a temporary stop in production versus a permanent one.

6. Producers need access to information about employment opportunities and switching occupations.

7. They may need some training to prepare for other careers.

8. Low-interest loans may help a few but often only prolong the agony. A loan is seldom as good as a profit.

9. For people who chose to remain in business competitive market access will be critical.



**Wisconsin Hog Industry Public Hearing Agenda**
**Thursday, December 17, 1998**
**9:00 a.m.**
**417 North, (GAR)**
**State Capitol**

**Gregory A. Beck**
**Equity Cooperative Livestock Sales Association**

Good Morning!

I appreciate the opportunity and the honor to speak with you today.

My name is Greg Beck. I am the President and CEO of Equity Cooperative Livestock Sales Association.

This is Tom Kaltenberg. Tom manages one of our markets and coordinates the hog marketing operations for the entire cooperative.

Just by way of background, Equity is a regional cooperative, operating mainly in the upper Midwest and based right here in Wisconsin. We are owned and controlled by 65,000 producers, the bulk of which reside in Wisconsin.

Our purpose, our charter, our mission is to market our producer-owner's livestock to gain through volume and coordination, the best possible economic benefit for our producers—a task which has been nearly impossible in recent weeks in the hog market.

I'm sure that by now you are beginning to understand the scope and complexity surrounding these issues. What we are seeing in the hog industry is capitalism at its very best and at its very ugliest.

But we are not dealing with your typical two-dimensional supply and demand curve, there is also a third element involved which I will get to in just a minute.

Demand for pork has to be categorized as good to excellent. Domestic demand in 1998 is up 7% over 1997. Exports through August of this year are up 32% over the same period as last year. The 1999 exports are expected to grow an additional 6% to total some 1.349 billion pounds. This represents 7% of the total production.

The supply side of pork is equally strong. Following very low prices in November of 1994, producers saw the 1996 prices at the third highest ever and responded by increasing the rate of expansion that was already underway. Production this year is expected to equal 18.874 billion pounds, a new record. Production next year is expected to reach 19.435 billion pounds-up another 3% and represents in excess of 100 million head.

However, the third element I mentioned is capacity. Capacity of the packing processing industry to slaughter those record number of hogs. We are very near to or, perhaps even at 100% capacity for the packing industry. Since September of this year we have averaged over two million head per week. A number at one time unheard of. It seems like every week we set a new record.

Capacity is a constraint on the supply and demand curves and because of that constraint the curves are not coming together. As a result, the processing industry and the retail industry are taking full advantage of the current disparity, at the expense of producers—

as I said, Capitalism at its ugliest. And even worse is that in the short term, neither the packing industry nor the retail industry has any incentive to change.

That's why producers are seeing the lowest prices since 1971. That's why producers are receiving today less for a finished 250 pound hog than they paid for the original 50 pound feeder pig. That's why Hormel Foods of Wisconsin reported its best financial performance in its 107 year history in fiscal year 1998, in spite of the losses they had in their hog supply agreements. That's why Smith Field, the nation's largest processor reported record second quarter profits—again in spite of the losses they had in hog supply agreements. That's why even though hog prices fell 39% from September 1997 to September 1998, retail prices fell only 1.5%. That's why retail prices are at their second highest level ever.

All of which brings us here today – but what is the solution? I wish I could give you the magic formula. In the near term, the Federal Government's 11/23 decision to purchase 50 million dollars of pork for food assistance programs and their recent announcement to ship 50,000 metric tons of pork to Russia helps. And I realize that some entities and individuals are calling for stopping the importation of the 60,000 Canadian hogs each week. But I caution you to consider that issue carefully given our very strong export situation. We cannot afford to jeopardize our long-term exports.

In the long term there are a number of issues for you to consider.

1) We as Wisconsinites need to determine the level of importance we place on agriculture, and particularly animal agriculture in this state. I'm afraid that we become so enamored at times with the tourism dollar that we forget the size, the scope, and the stability of agriculture. Tourism is hot money, at the very slightest downturn of the economy it disappears overnight.

Given that we do realize the importance of agriculture, we need to demonstrate that importance to our producers. We need to move rapidly to resolve the land use issues, the development rights issues, the high property taxes on farmland, and the environmental rules and regulations. Producers must be assured of our long-term commitment to agriculture.

2) You need to consider and address concentration, concentration by retailers, concentration by processors, and concentrations by producers.

You are no doubt familiar with the concentration of the processing industry but are you aware that the top ten retail chains will control (when the mergers are completed) 50% of the industry, up from 30% just five years ago. In Canada the situation is even worse with six chains controlling 70% of the industry. It seems that each week another merger is announced, Kroger taking over Meyers, Safeway taking over Dominicks, Albertson's taking over American Stores.
And are you aware that just 50 producers market 50% of all pigs produced in the United States. They control 2.6 million sows—up 25% from just one year ago.

Whatever your views are regarding the rural economy, whatever your views are regarding the preservation of the family farm, you must be concerned with the increasing concentration of control of this nation's food supply. Each merger, each acquisition, each expansion which adds to this concentration must be scrutinized as to its long-term impacts on our food supply.

3) We are seeing increasing amounts of vertical integration by the processors and retailers. By vertical integration, I mean that they either own outright or control through delivery contracts hogs for slaughter. Vertical integration essentially creates contract employees from what were entrepreneur producers.

The least offensive result of this vertical integration is that as more and more hogs are controlled, the cash market will fluctuate far more widely than we currently experience. On a day when the processors are completely booked with controlled hogs, the cash price will be essentially zero. However, perhaps just three days later when the processors have capacity to spare, the cash price may be quite high.

The more likely result and far more offensive result of this vertical integration is predatory pricing. The temptation of the processors to cheapen up their daily kill by paying less to independent producers than they do for their own controlled hogs will be great and perhaps irresistible.

I ask that you seriously consider the long-term wisdom of processors and retailers being vertically integrated in our food supply.

Thank you for the opportunity to be here today and if you have any questions, I will be glad to answer them. Thank you.

~~26~~ 6-3477

12/17/98 – Ag Hearing

* – Killing floor in Wis.

– Re-design use of WHEDA CROP funds
– Lower interest rates from lenders
– Need to decide the importance of agric in Wis. – must make long-term commitment

– ~~[illegible]~~ Vertical integration, predatory pricing –

– Regulations
– Canada hogs

Depreciation
Age of farmers present
Marketing / Promotional – → Beef has so many uses known to consumer
Contracting
Averages

– Delay property tax 1 yr.

Scare w/ pork – cooking time / health-wise

– Affordable health care

* – "Safety Net" Plan – Submitted by hog producer
Subsidize difference between actual market price & ~~[illegible]~~ a fair price (temporary – until market improves)

– Limit number of head allowed on each farm

500 sows – cannot make living
Used to able to make living w/ 180 hogs

– Co-ops using profits from farm products & services to compete w/ farmers?

– Retailers – need to accept less profit

– Time to form a pork producers' cooperative?

– Profits going to select few

– Wisconsin – crash pollution water pollution ) Regulations too strict?

No. of hog producers – continual decline

– Pilot program – grants?
low interest loans?

– TIF dollars for packing plant?

Dec. 17, 98 9 – Noon / lunch – Public Testimony

| | | | |
|---|---|---|---|
| ✓ Background Wisconsin 30 mins | Bob Battaglia | 608-224-4838 | statistics, past/present. hog #'s, Sa |
| ✓ | Rick Tanger | 608-224-5097 | market stats, trends |
| ✓ | Vern Liebrandt | 608-263-4312 (4200) | Hog Industry Overview |
| ✓ | Dan Short | 414-386-4411 | Hog Industry Overview |
| ✓ National International 20 min | Bill Dobson | 608-262-8965 | Import / Export / Margins |
| ✓ | Neal Dierks – NPP | 1-800-456-7675 | National Pork Producers |
| ✓ Producers 30 min | Dr. Art Mueller (WIS PIG) | 1-608-676-5200 (5959) | Group Producer |
| ✓ | Bob Uphoff | 1-608-222-7389 | Individual |
| | Eric Droelenberg | 608-753-2040 | |
| ✓ | Keri Retallick | 608-723-7551 | WI. Pork Producers. |
| ✓ Marketing 30 mins | Greg Beck | 608-356-8311 | Equity Livestock Markets |
| | Dick Vilstrip | 608-798-4080 | Marketing – overview |
| | IBP | – | |
| ✓ Processors 30 mins | Dan Sutherland | 920-261-1072 | Johnsonville Meats |
| ✓ | Russ Wenzel | 1-800-336-6328 | Wenzel Farms Meat Processors |
| ✓ | Larry Clark | 608-592-3534 | Meat Council |
| ✓ Retailers 30 mins | Branden Scholz | 1-608-244-7150 | Grocers / Retailers |
| | 1. ________ | | |
| | 2. ________ | | |

File

ARB

**Narveson, Linda**

**From:** ERIC DRACHENBERG [jedrach@execpc.com]
**Sent:** Friday, December 18, 1998 10:22 AM
**To:** Rep.Ott
**Subject:** Pork Industry Hearing

Representative Ott,

Thank you for taking the time and effort to hold the hearing on the Pork Industry in Wisconsin. Your sincere expressions of caring were greatly appreciated by those in attendance. Thank you for the opportunity to address the committee.

I look forward to your continued efforts to address this crisis and I would be glad to assist in any way that would be helpful to you.

Eric Drachenberg

Chairman:
Agriculture Committee

Member:
Consumer Affairs
Government Operations
Natural Resources

Al Ott
State Representative • 3rd Assembly District

December 18, 1998

Dear

On Thursday, December 17, the Wisconsin State Assembly Agriculture Committee held a public informational hearing to discuss the current crisis in the hog industry. Our office received over three hundred letters from Wisconsin pork producers and over two hundred people attended the hearing.

The morning portion of the hearing was devoted to testimony from experts in the industry—University personnel, producers, marketers, processors, retailers and lenders. The afternoon portion gave the public a chance to testify before the Committee. Comments from both the industry and producers give cause for grave concern for the very survival of the independent pork producer in Wisconsin.

Throughout the several hours of testimony, it became increasingly clear that the independent hog farmer not only has problems maintaining a place in farming, but can barely provide for himself and his family.

There are a number of reasons for the low market prices –a high production level, lack of slaughter facilities (currently none in Wisconsin), Canadian imports, a poor cash market, and lack of access to markets.

We wanted to make you aware of the situation and to see if there is anything that can be done at the federal level. Wisconsin pork producers are proud, hard-working people and are not asking for a handout. We are limited in what we can do at the state level, but are willing to discuss some of the various options which were generated at the hearing. Perhaps if we could all work together, we could reach a resolution of this crisis situation in the hog industry.

Please feel free to contact us to discuss this very crucial issue. Thanking you in advance for your concern for the future of Wisconsin's pork producers.

Sincerely,

Office: P.O. Box 8953 • Madison, WI 53708 • (608) 266-5831 • Toll-Free: (888) 534-0003 • Rep.Ott@legis.state.wi.us
Home: P.O. Box 112 • Forest Junction, WI 54123-0112 • (920) 989-1240

**Agriculture Committee Hearing**
December 18, 1998

Re: Market Crisis Situation:

As a small family pork producer, my concern today is the ability to market my hogs in the future at a fair price. What's a fair price today? I can tell you today that $12.00 per cwt. isn't a fair price.

Today I'm losing over $50.00 per hog that I market. I'm not sure how long I can do this but I feel that with so much time, labor and equity that my family and I have invested that I can not quit just yet.

How will I market my animals at a fair price? I'm not sure. What I do know today is that someone is making a fortune at my and other family pork producer's expense. Who is making all the profits? The slaughter plants, the packers, the retailer, large corporate farms or producers like me. I can tell you it certainly isn't the small pork producers.

I am aware that large and profitable contracts are given to corporate "powerhouses". The profits seem to me to be going to the few "chosen". I believe slaughter plants need to make up their margin of profit from producers like me. This is forcing small producers out of business. Is this the overall agenda of the slaughter plants and corporate farms, to take control? At today's prices, it seems to be true.

I feel large corporate farms are environmental "time bombs" waiting to go off. They are producing as much manure as small cities who have less regulations then the cities own waste water treatment plants. If given enough resistance these corporate farms will continue to build their factories in third world counties like Carroll 's Foods of North Carolina. They plan to build a 5,000-sow, farrow-to-finish facility in Brazil near the Bolivian border next year where labor is cheap and there are little environmental regulations. If situations like this continues, the United States will soon become an importer rather than an exporter of pork.

Not only does this current crisis affect pork producers, it could also affect Wisconsin grain farmers. Corn is the main diet in pork production. If Wisconsin's pork producers can't survive due to this crisis, How will this affect those grain farmers? In addition to this, I have to now compete with large grain corporation who have pork "power houses", such as Cargill. Locally I have to compete with Land-O-Lakes, my own feed supplier.

What is the NPPC's role in this? Are they the corporate farm's puppet? They have spent millions of check-off funds in odor control. Odor control for whom? Of course, the large corporate farms. To my knowledge, Wisconsin has no corporate "powerhouses". Wisconsin has one of the best managed DNR programs in the nation. Wisconsin has no odor control issues. Perhaps the NPPC can help us by building an independent slaughter plant in Wisconsin for our pork producers. Wisconsin has several meat packers who depend on out of state suppliers. Three large companies come to mind, Oscar Mayer, Patrick Cudahy and Jones Dairy. Perhaps the NPPC could divert Wisconsin 's check-off dollar to help fund this independent slaughter facility. The NPPC could also develop a price reporting system that would be mandatory not optional. This would allow producers to gain access to current packer prices and agreements under contract.

Today, I am requesting that this Committee do everything in their power to provide relief to this situation. My family farm depends on it.

Thank you for listening.

Donna Jordan
Dodge County, WI

GLICKMAN ANNOUNCES ADDITIONAL STEPS TO HELP PORK PRODUCERS

Release No. 0518.98

Media Contact: Andy Solomon (202) 720-4623
andy.solomon@usda.gov
Public Contact: Jerry Redding (202) 720-6959
jredding@usda.gov

GLICKMAN ANNOUNCES ADDITIONAL STEPS TO HELP PORK PRODUCERS

WASHINGTON, Dec. 17, 1998 -- Agriculture Secretary Dan Glickman today announced that the Clinton Administration is taking several additional steps to help pork producers through the toughest economic times they have faced in 35 years.

Specifically, Glickman said he is accelerating USDA's purchase of pork products and urging the Departments of Defense and Veterans Affairs to consider additional pork purchases. He said he also expects pork to be included in a package of export guarantees for South Korea.

Glickman announced that he will meet with meat packers and processors to explore ways to increase hog slaughter and move more pork through the marketing system. He said he will also meet with retail food industry representatives to urge them to take advantage of large hog supplies by featuring pork products and reflecting lower farm prices in their prices to consumers.

"Hog prices are now 70 percent below last year's levels," Glickman said. "Producers are being paid far less than the cost of production for their animals. These massive losses may drive small and medium-size producers out of business. I want USDA to help, but I also want to understand more fully why pork producers are receiving such a small share of the prices consumers are currently paying for pork products."

In immediate response to the crisis, Glickman announced that USDA is accelerating the purchase of $50 million in pork for federal food assistance programs that was announced in late November. In the first of these accelerated pu week is buying more than 4 million pounds of pork valued at over $3.1 million. At least 36 million pounds more pork will be purchased by the end of February. Since July 1, USDA has bought 52.6 million pounds of pork valued at $49.5 million.

Glickman also announced that he expects meat, including pork, to be included in the upcoming allocation of credit guarantees to support exports to South Korea. The Secretary previously approved pork as an eligible commodity under nearly every allocation of GSM-102 credit guarantees. USDA's Foreign Agriculture Service will work closely with the pork industry to maximize use of these credit guarantee lines, including holding seminars to assist exporters who may not be familiar with the credit guarantee programs.

Secretary Glickman included 50,000 metric tons of pork in the Russian food aid package, equal to about 15 percent of annual pork exports. Today he promised to expedite movement of that product. This year, USDA has targeted more than $12.5 million to promote sales of U.S. pork, beef and lamb in overseas markets. U.S. pork exports are up 19 percent by volume this year.

In other actions to assist hog farmers, Glickman announced that he has

Scheduled a meeting on December 21, 1998 with meat packers, processors, and retail food industry representatives to urge them to expand hog slaughter and increase movement of pork products in retail outlets.

Directed the Farm Service Agency to help producers applying for loans by basing pork prices on futures contracts rather than lower, current market prices. FSA will also soon permit certain existing borrowers to shift payments due in 1999 to the end of their loan period, increasing flexibility during this time of financial stress.

Created a Pork Crisis Task Force within USDA to recommend other actions that could help support hog prices.

"I will do whatever I can to help solve this problem, but it will require cooperation from the processing industry to increase slaughter rates, retailers to price products more in line with farm prices, and producers to more carefully monitor production to move us out of the slump," Glickman added.

#

Emergency Relief for Farmers

Backgrounder

Release No. 0512.98

EMBARGOED UNTIL 10:06 A.M. SATURDAY, DECEMBER 12

BACKGROUNDER: Emergency Relief for Farmers

The Fiscal Year 1999 Budget Bill included $2.375 billion for emergency financial assistance to farmers who suffered losses due to natural disasters.

Types of Assistance

Farmers are eligible for compensation either for losses suffered to the 1998 crops (single year) or losses in any three or more crop years between 1994 and 1998 (multi-year). Farmers can receive payments under either the single year or multi-year provisions, but not both and USDA will make payments at the higher of the two levels.

The plan includes help for farmers whose land was flooded for an extended period of time and for those whose crops suffered multiple outbreaks of fusarium head blight (scab).

USDA will use an estimated $400 million as incentive payments to all farmers to purchase higher levels of crop insurance for their 1999 crops.

Eligible Crops

The 1998 single year provisions of this program cover all crops, as follows:

Insured crops - crops insured by either catastrophic (CAT) or buy-up -- coverage of 50/100 or greater-- crop insurance;
Uninsured crops - crops for which crop insurance was available, but not taken; and non-insurable crops - crops for which crop insurance w available.

The multi-year provisions of this program cover both insured crops and non-insurable crops.

Flooded Land

USDA will make available compensation to farmers with crop land that is flooded and expected to be out of production indefinitely, and not eligible for prevented-planting crop insurance coverage.

Payment Calculation

For 1998 single year losses, farmers will be compensated if their losses exceeded 35 percent of historic yields. The payment formulas below provide greater benefits to farmers who bought insurance on their eligible crops.

Farmers with eligible losses of insured crops will be compensated at 65 percent of crop insurance market price elections.

Farmers with eligible losses to uninsured crops will be compensated at 60 percent of the crop insurance market price elections, and must agree to buy crop insurance for the 1999 and 2000 crop years.

Farmers with eligible losses of non-insurable crops will be compensated at 65 percent of the five-year average National Agricultural Statistics Service (NASS) price. Non- insured Crop Disaster Assistance Program (NAP) area loss triggers will not apply.

Historic yields will be based on the greater of the five-year average NASS county yield or the crop insurance yield or the NAP expected yield.

Under the multi-year provisions of this program, USDA will compensate insured farmers with losses in three or more years from 1994 through 1998 with an additional payment equal to 25 percent of insurance claim payments made during that period. USDA will compensate farmers with eligible losses of non-insurable crops with an additional payment equal to 25 percent of what their NAP payments were or would have been had they received NAP payments. NAP area loss triggers will not apply.

Incentive to buy Crop Insurance

Up to $400 million will be used as an incentive for farmers to buy higher levels of crop insurance in the future. All farmers will get a special 25-35 percent premium discount on buy-up coverage.

Adjustments and Limits to Benefits

Payments to farmers will be prorated after all applications are reviewed in order to stay within the program's requirements and budget. No farmer will receive more than $80,000 under this program nor more than $80,000 in crop insurance incentive. No one with an annual gross income of $2.5 million or more is eligible.

When and Where to Apply

Sign up will begin February 1, 1999. Farmers should contact their local USDA Service Center or FSA office at that time for more information. Crop loss payments will be made in early spring, after all claims information has been processed and factors applied. To get a crop insurance premium discount, farmers should contact a crop insurance agent. FSA offices have a list of agents.

#

USDA 1996 Farm Bill

United States Department of Agriculture
Office of Communications
Washington, DC 20250

# THE FEDERAL AGRICULTURE IMPROVEMENT AND REFORM ACT OF 1996

**Title-by-Title Summary of Major Provisions of the Bill**

## TITLE I -- AGRICULTURAL MARKET TRANSITION ACT

**Production Flexibility Contracts** -- Eligible producers (those who had participated or had certified acreage in the wheat, feed grains, cotton and rice programs in any 1 of the past 5 years) can enter into 7-year market transition contracts. Signup for the new program will begin approximately 45 days after enactment and may extend through August 1, 1996. A 50-percent advance payment will be available to producers within 30 days after their contract is approved with the remainder of the 1996 payment due by September 30, 1996. Payments in subsequent years would be made on September 30, with producers having the option of receiving half of their annual payment in advance either on December 15 or January 15.

**Planting Flexibility** -- Any commodity may be grown on contract acreage except fruits and vegetables. Some exceptions are made for fruits and vegetables, with an acre-for-acre loss of payment. Restrictions on haying and grazing of contract acreage were dropped in the conference agreement. Alfalfa and other forage crops can therefore be grown on contract acreage without loss of payments.

**Nonrecourse Marketing Assistance Loans** -- The bill establishes maximum loan rates at the following levels: Rice, $6.50/cwt; Upland Cotton, $0.5192/lb.; Wheat, $2.58/bu.; Corn, $1.89/bu.; Soybean, $5.26/bu.; ELS Cotton, $0.7965/lb. The Secretary would retain authority to make downward adjustments to wheat, feed grains and oilseeds loan rates based on specified stocks-to-use criteria. The bill establishes a minimum loan rate for rice at $6.50/cwt, cotton at $0.50/lb., and soybeans at $4.92/bu., and eliminates the 8-month cotton loan extension.

**Peanuts** -- The bill makes the Federal peanut program a low or no-cost program. The quota support rate is lowered from $678/ton to $610/ton through the year 2002. The price support escalator is eliminated. The legislation eliminates the national poundage quota floor (currently 1,350,000 tons) and undermarketing provisions of current law. The bill also allows limited sale, lease, and transfer of quota across county lines. However, it precludes nonproducers who reside in another State from holding a farm poundage quota.

**Sugar** -- In order to make the program more market-oriented, a recourse loan system is implemented unless imports reach 1.5 million short tons in a fiscal year during FY 1997-2002. Nonrecourse loans are provided when imports exceed the trigger level. The legislation suspends marketing allotments and implements a one-cent per pound penalty if cane sugar pledged as collateral for a Commodity Credit Corporation loan is forfeited. A penalty in approximately the same amount is applicable to beet sugar. It also retains the loan rate for raw cane sugar and refined beet sugar at the 1995 levels, 18 cents and 22.9 cents respectively, and retains a 9-month loan. The legislation would raise the marketing assessment on sugar processors to achieve budget savings toward deficit reduction.

**Milk Price Support and Marketing Order Programs** -- Thebill eliminates the budget assessment on dairy producers immediately and phases down the support price on butter, powder and cheese over 4 years from $10.35/cwt in 1996 to $9.90/cwt in 1999. At the end of 1999, price support authority is eliminated until 2002 when permanent parity-priced provisions would become effective. A recourse loan program is implemented at the 1999 support level (9.90/cwt). The Secretary of Agriculture is instructed to consolidate milk marketing orders from 33 to no more than 14 and no less than 10 in 3 years.

**Federal Dairy Export Programs** -- The bill directs the Secretary of Agriculture to implement the Dairy Export Incentive Program (DEIP) at the maximum volume and funding levels consistent with GATT Uruguay Round commitments to develop markets throughout the world. The Secretary is authorized to assist the United States dairy industry in establishing and maintaining an export trading company to facilitate the international market development for and exportation of U.S. dairy products. In the event the U.S. dairy industry does not establish an export trading company on or before June 30, 1997, the Secretary is directed to indicate which entity or entities autonomous of the U.S. Government are best suited to facilitate international market development for and exportation of U.S. dairy products. The Secretary is also directed to perform a study of the potential impact of additional access for cheese imports under the Uruguay Round on U.S. milk prices, dairy producer income, and the cost of Federal dairy programs.

**Northeast Dairy Compact** -- The Secretary of Agriculture may, upon the finding of a compelling public interest in the area, grant the New England region the authority to enter into a Dairy Compact. The Compact would terminate with the completion of price and order reform authorized in this title.

**Payment Limitations** -- The bill establishes a $40,000 per person per year limitation on the amount of payments that may be received under the production flexibility contracts, and extends provisions of current law that limit marketing loan gains and loan deficiency payments to $75,000 per person per year.

**Commodity Credit Corporation (CCC) Reforms** -- The bill reforms the manner in which CCC purchases computers. In addition, interest rates on CCC agricultural commodity loans are increased by 100 basis points.

**Crop insurance** -- The bill makes several changes in the crop insurance program. It phases out, beginning with the 1997 crop, the delivery of catastrophic coverage through the Farm Service Agency in areas where there are sufficient private providers, and allows producers to opt out of having to obtain such coverage in order to obtain "Freedom to Farm" payments and certain other USDA assistance by waiving their eligibility for any emergency crop loss assistance. The bill also requires the Department to establish the Office of Risk Management as a separate agency for administering the crop insurance program. Administration of the assistance payment program for noninsured crops is required to remain within the Farm Service Agency. In addition, the subtitle reauthorizes the options pilot program through crop year 2002 and requires the Department to consult with the Commodity Futures Trading Corporation in providing education on agricultural risk, extends noninsured crop disaster assistance coverage to seed crops and aquaculture, requires pilot programs relating to insect infestation and revenue insurance, requires a study and a limited pilot program for nursery crops, and requires that marketing windows be considered in determining the feasibility of replanting a crop. There is also a provision which reverses a shift of certain funding requirements for the reimbursement of sales commissions on crop year 1997 business from mandatory to discretionary spending.

**Commission on 21st Century Production Agriculture** -- An 11-member commission is established to monitor the agricultural economy during the transition. An initial report to Congress due by June 1, 1998, will evaluate the success of market transition contracts in supporting economic viability in farming, an assessment of food security, changes in land values and farm income, and an assessment of the progress on regulatory and tax relief for agricultural producers. By January 1, 2001, the commission will make recommendations to Congress about the appropriate role of the Federal Government in production agriculture.

## TITLE II -- AGRICULTURAL TRADE

**P.L. 480 Title I** -- Amends the Title I credit sales program by authorizing agreements with private entities in addition to foreign governments. Modifies the repayment terms for Title I credit, including elimination of the minimum repayment period of 10 years and reduction of the maximum grace period from 7 to 5 years. Allows an agricultural trade organization (e.g., cooperator) to carry out a project or program in a developing country using funds derived from Title I sales if the organization has a market development plan approved by the Secretary.

**P.L. 480 Title II** -- Increases the maximum level of funding that can be provided as overseas administrative support for eligible organizations from $13.5 million to $28.0 million and adds intergovernmental organizations such as the World Food Program to the list of organizations eligible to receive these funds. Authority for the Food Aid Consultative Group is extended through 2002, and representatives from U.S. agricultural producer groups are added to the group. Authorizes private voluntary organizations (PVOs) and cooperatives to use local currency proceeds for development activities in countries other than those in which the Title II commodities are sold. Increases the minimum amount of commodities that are to be sold for local currencies under the non-emergency programs from 10 to 15 percent. Extends the minimum levels of assistance through 2002 at the 1995 levels: 2,025,000 metric tons for overall Title II food donations and 1,550,000 metric tons for non-emergency food assistance.

**P.L. 480 Title IV** -- Amends Title IV to broaden the range of commodities available for programming under the P.L. 480 program, provide greater programming flexibility, improve the operational and administrative aspects of the program, and extend the authority to enter into new P.L. 480 agreements through 2002. Eliminates mandatory multi-year agreement authority for Titles I and III. Allows up to 15 percent of the

funds available for any title of P.L. 480 to be used to carry out any other title. Up to 50 percent of Title III funds may be used for Title II. Establishes a new pilot micronutrient fortification program.

**Farmer-to-Farmer** -- Increases the minimum percentage of P.L. 480 funding for the Farmer-to-Farmer Program from 0.2 percent to 0.4 percent. Authorizes the program through 2002 and extends the program to emerging markets.

**Food for Progress** -- Extends authority for Food for Progress (FFP) agreements and authority to provide assistance in the administration and monitoring of FFP programs to strengthen private sector agriculture in recipient countries through 2002. Includes intergovernmental organizations in FFP programming. Expands the authority to make sales on credit terms to all eligible countries in addition to the newly-independent states of the former Soviet Union. Expands existing authority to include the provision of technical assistance for monetization programs.

**Section 416(b)** -- Allows local currencies derived from the sale of donated commodities to be used to cover the administrative expenses for overseas donation programs carried out under section 416(b) of the Agricultural Act of 1949 and allows more flexibility in the length of time within which local sales proceeds must be expended under Section 416(b) development projects.

**Food Security Commodity Reserve** -- Amends Title III of the Agricultural Act of 1980 to establish a Food Security Commodity Reserve. Commodities authorized for the 4-million-ton reserve would be expanded to include corn, grain sorghum, and rice in addition to wheat. Provides for the replenishment of the reserve, but does not set a specific time for replenishment.

Raises the existing 300,000-ton release authority for urgent humanitarian relief in disasters to 500,000 tons in the case of unanticipated need and allows for the release of an additional 500,000 metric tons of eligible commodities that could have been released but were not released in previous years. Authorizes the Secretary to release eligible commodities from the reserve when supplies are so limited that eligible commodities cannot be made available for programming under P.L. 480. Authority for replenishment of the reserve is extended through 2002.

Authorizes the use of P.L. 480 funds to reimburse CCC for the release of eligible commodities from the Reserve. Reimbursement may be from funds appropriated in subsequent fiscal years. Reimbursement will be based on the lesser of the actual costs incurred by CCC or the export market price of the commodity.

**Agricultural Export Promotion Strategy** -- Authorizes a new trade strategy under the Agricultural Trade Act of 1978 which establishes export goals for USDA. The Secretary is required to identify markets with the greatest potential for export increases, including those markets which show the greatest potential for export increases with the assistance of Federal export programs. Includes a Sense of Congress that the House and Senate Agriculture Committees thoroughly review agricultural export promotion and food assistance programs no later than December 31, 1998.

**Implementation of Commitments under the Uruguay Round** -- Requires the Secretary to evaluate the status of other countries' implementation of their Uruguay Round commitments each fiscal year. If the Secretary believes that, by not implementing its Uruguay Round commitments, another country may be constraining an opportunity for U.S. agricultural exports, the Secretary must submit the evaluation to the U.S. Trade Representative and transmit copies of the evaluation to Congress.

The Secretary also must monitor World Trade Organization (WTO) member countries' commitments in regard to the Uruguay Round requirements on sanitary and phytosanitary measures. If the Secretary finds that a country has failed to meet its WTO commitments on sanitary and phytosanitary measures, the Secretary must take appropriate action under any provision of law. If the country's failure to meet its WTO commitments on sanitary and phytosanitary measures has a continuing adverse effect on U.S. agricultural exports, the Secretary must submit a report to Congress.

**CCC Export Credit Guarantee Programs** -- Authorizes short-term supplier credit guarantees. Lists criteria to be used by the Secretary in deciding whether a country is creditworthy for GSM-103 intermediate-term credit guarantees. Mandates annual program levels for GSM-102 and GSM-103 at

$5.5 billion through 2002, but allows flexibility in how much is made available for each program. Clarifies that the credit guarantee maximum origination fee of 1 percent be applied to the amount of short-term credit to be guaranteed under the transaction and removes the cap on the origination fee to be charged for CCC Facilities Financing Guarantees. Allows credit guarantees for high-value products with at least 90 percent U.S. content (by weight). Minimum amounts of credit guarantees will be required to be available for processed and high-value products: 25 percent in 1996 and 1997; 30 percent in 1998 and 1999; and 35 percent thereafter. Minimum requirements are not applicable if they cause a reduction in total commodity sales under the programs.

**Market Access Program** -- Renames the Market Promotion Program as the Market Access Program (MAP). Authorizes funding for the program at $90 million annually for FYs 1996-2002. Prohibits MAP direct assistance for branded promotions from being provided to foreign companies for promotion of foreign-produced products or to companies that are not recognized as small business concerns under the Small Business Act with the exception of cooperatives and non-profit trade associations.

**Export Enhancement Program** -- Limits EEP to $350 million in FY 1996; $250 million in FY 1997; $500 million in FY 1998; $550 million in FY 1999; $579 million in FY 2000; and $478 million in FYs 2001 and 2002. Allows the Secretary to make available, consistent with Uruguay Round limitations, up to $100 million annually for the sale of intermediate agricultural products to attain the volume of those products exported by the U.S. from 1986 through 1990.

**Foreign Market Development Cooperator Program** -- Authorizes a Foreign Market Development Cooperator Program under the Agricultural Trade Act of 1978 to maintain and develop foreign markets for U.S. agricultural commodities and products. Authorizes necessary appropriations to carry out the program for FYs 1996-2002, but does not mandate funding levels.

**Emerging Markets Program** -- The Emerging Democracies Program under Section 1542 of the FACT Act of 1990 is authorized through 2002 and is retargeted to "emerging markets." Requires that CCC make available not less than $1.0 billion of direct credit or credit guarantees to emerging markets during FYs 1996-2002. Authorizes the use of CCC funds to reimburse the International Cooperation and Development program area of FAS for administrative and overhead expenses used in the implementation of the Emerging Markets Program.

**Foreign Agricultural Service** -- Expands the mission of FAS to include the technical assistance and training mission.

**Trade Compensation and Assistance Programs** -- Requires that, if a future export embargo is imposed on any country for national security or foreign policy reasons, and, if no other country with an agricultural economic interest joins the U.S. sanctions within 90 days of the imposition of the embargo, USDA must compensate producers by either making payments to producers, by making available funds for export promotion, or by providing commodities to developing countries.

Payments to producers are to be based on the Secretary's estimate of the loss suffered by producers due to a decrease in commodity prices resulting from the embargo. The amount of funds provided for export promotion or for food assistance to developing countries is to be equal to 90 percent of the average annual value of U.S. exports to the embargoed country for the most recent 3 years prior to the embargo. Funds will be available to compensate producers for each fiscal year or part of a fiscal year that the embargo is in effect, but for no longer than 3 years.

**Edward R. Madigan U.S. Agricultural Export Excellence Award** -- Establishes a U.S. agricultural export excellence award to recognize companies' and other entities' entrepreneurial efforts in the food and agricultural sector for advancing U.S. agricultural exports.

**Agricultural Export and Trade Negotiations Policies** -- Updates Sense of Congress resolutions concerning U.S. agricultural export policies.

**Multilateral Disciplines on Credit Guarantees** -- Adds a Sense of Congress resolution that, in ongoing OECD negotiations on disciplines on export credit guarantees, the U.S. should not agree to changes in export credit guarantee programs that are inconsistent with authorizing statutes and should insist on disciplines on the operations of foreign government trading entities.

**Labeling of Domestic and Imported Lamb and Mutton** -- Requires that the Secretary, consistent with international obligations, establish labeling requirements for domestic and imported lamb and mutton.

**International Cotton Advisory Committee** -- Requires the President to ensure that the U.S. Government participates as a full member of the International Cotton Advisory Committee.

**Miscellaneous** -- Repeals numerous obsolete provisions and requirements for studies.

## TITLE III -- CONSERVATION

The following provides a summary of the major provisions on conservation in the enrolled bill reflecting conference action.

**Highly Erodible Land Conservation (Conservation Compliance)** -- The conservation compliance provisions were amended. Amendments include:

- Possible compliance deficiencies -- Provides that if a USDA employee observes a possible conservation compliance deficiency while providing on-site technical assistance, the employee shall notify the responsible person within 45 days of the possible violation. If the corrective action is not completed within 1 year, the Secretary may conduct a status review of compliance and take appropriate action as necessary.
- Variances -- Provides for expedited procedures for granting temporary variances. The Secretary shall make a decision within 30 days after the request on whether or not to grant a variance or the temporary variance shall be considered granted.
- Residue measurements -- Encourages producers to obtain and maintain records of residue measurement, including those provided by a third party. These measurements may be used by NRCS, as appropriate, in determining the level of annual erosion when conducting annual status reviews.
- Economic hardship -- Allows county committees to provide appropriate relief in legitimate cases where application of a conservation system would, after consideration of variances and exemptions, as allowed by law, impose an undue economic hardship on the producer.
- Good faith -- Revises good faith provisions to allow the Secretary to make a good faith determination on the facts and allow a grace period not to exceed 1 year to implement measures needed to be actively applying the conservation plan.

- Public notice of technical guide changes -- Requires public notice of future changes in the technical standards and guidelines that effect swampbuster, conservation compliance, and the Conservation Reserve Program as contained in the State office technical guide.
- Wind erosion pilot -- Establishes a highly erodible land wind erosion estimation pilot to review, and modify as necessary, the use of the wind erosion factors used under the highly erodible land provisions to determine highly erodible land.
- On-farm research -- Encourages on-farm research by providing the authority for the Secretary to include, on a field trial basis, practices that are not currently approved in the Field Office Technical Guide (FOTG) but are considered to have a reasonable likelihood of success.

**Wetland Conservation (Swampbuster)** -- The Swampbuster provisions of the Food Security Act of 1985 (FSA) were amended providing increased flexibility to address wetland issues while protecting the overall functions and values of the wetlands. Amendments include:

- Certification of wetland determinations -- Previous determinations will be certified to verify accuracy of the determinations.
- Duration of certification -- A certified wetland determination will remain in effect as long as the land is used for agricultural purposes or until such time as the owner or operator affected by the determination requests a review from the Secretary.
- Mitigation -- Allows wetland mitigation through restoration, enhancement, or creation as long as the wetland functions and values are maintained. Wetland conversion activities, authorized by a permit issued under Section 404 of the Clean Water Act, which made agriculture production possible, will be accepted for FSA purposes if they were adequately mitigated.
- Abandonment exemption -- Eliminates the abandonment provision for lands determined to have been converted prior to December 23, 1985.
- Categorical minimal effect-- Requires the Secretary to identify by regulation categorical minimal effect exemption on a regional basis.
- Good faith exemptions -- Provides the Secretary with broad discretion for waving penalties for ineligibility for USDA program benefits and in granting time to restoring wetlands converted under the good faith provisions.
- Mitigation banks -- Directs the Secretary to establish a pilot program for wetland mitigation banking.
- Program Benefits -- Provides the Secretary with broad authority to identify, for individual producers, which programs are subject to denial of benefits, and determine the amount of benefits to be denied for a violation of wetland conservation provisions.

**Wetlands Memorandum of Agreement (MOA)** -- The Natural Resources Conservation Service will begin immediately to provide wetland determinations on privately owned rangeland and pastureland at the request of the owner or operator. Wetland determinations will also be made on tree farms that are part of agricultural operations. Such determinations will be made in accordance with the existing MOA.

**Environmental Conservation Acreage Reserve Program (ECARP)** -- ECARP is established as the umbrella encompassing the Conservation Reserve Program (CRP), the Wetland Reserve Program (WRP), and the Environmental Quality Incentives Program (EQIP).

**Conservation Reserve Program (CRP)** -- CRP is reauthorized through the year 2002 with up to 36.4 million acres enrolled at any one time. Except for lands that are determined to be of high environmental value, the Secretary is to allow participants to terminate any contract entered into prior to January 1, 1995, upon written notice provided the contract has been in effect for at least 5 years. The Secretary maintains discretionary authority to conduct future early outs and future sign-ups of lands that meet enrollment eligibility criteria.

**Wetland Reserve Program (WRP)** - WRP is reauthorized through the year 2002, not to exceed 975,000 acres in total enrollment. Beginning October 1, 1996, one-third of the land enrolled will be in permanent easements, one-third 30-year easements or less, and one-third wetland restoration agreements with cost sharing. 75,000 acres of land in less than permanent easements must be placed in the program before any additional permanent easements are placed.

**Environmental Quality Incentive Program (EQIP)** - A new program, EQIP, is established to assist crop and livestock producers deal with environmental and conservation improvements on the farm. Program funding will be $200 million annually through 2002 except for FY'96 in which case funding will be $130 million. One-half of the available funds are for addressing conservation problems associated with livestock operations and one-half for other conservation concerns. The Secretary, through the rulemaking process, will establish eligibility for financial assistance for livestock operations, including determining standards for large operations, which will be ineligible for cost sharing for animal waste management facilities. Assistance will include some focus on high priority areas and resource concerns, identified in cooperation with relevant Federal and State authorities, including State technical committees. The objective of the assistance to be provided to farmers is to ensure the maximum level of environmental benefits possible. Five to 10 year contracts, based on a conservation plan, will be used to implement the program. A competitive offer/priority setting process will be used to maximize environmental benefits per dollar expended under the EQIP program. EQIP will be phased in over the next 6 months at the end of which time the authority for Agricultural Conservation Program, Colorado River Basin Salinity Control Program, Water Quality Incentives Program, and the Great Plains Conservation Program will be terminated.

**Conservation Farm Option** -- A conservation farm option pilot program is established for producers of wheat, feed grains, cotton, and rice. Owners or operators with farms that have a production flexibility contract are eligible for participation. Under the pilot program producers may receive one consolidated USDA program payment in lieu of a list of specified payments. The producer must implement a conservation plan that addresses soil, water, and related resources, water quality, wetlands, and wildlife habitat. Participation is voluntary and based upon a 10-year contract between the Secretary and the producer. Funding varies by year through 2002 with a total of $197.5 million coming from CCC is dedicated to this option.

**State Technical Committees** - State technical Committees will be expanded to include agricultural producers, non-profit groups, agribusiness, and other persons with expertise in conservation. Public notice of meetings will be required.**Natural Resources Conservation Foundation** - A Natural Resources Conservation Foundation is established as a nonprofit, private organization to promote and fund innovative solutions to conservation problems through effective partnerships. Interim funding of $1 million per year is provided for the work of the foundation.

**Forestry and Forest Incentives Program --** The Forest Incentives Program is reauthorized through 2002. Also, appropriations are authorized as necessary for the Office of International Forestry for this same period.

**Conservation Activities of the Commodity Credit Corporation** -- The purposes of the Commodity Credit Corporation are expanded, effective January 1, 1997, to include conservation and environmental programs authorized by law.

**Floodplain Easements** -- Authority is provided to obtain floodplain easements under the Emergency Watershed Protection Program.

**Resource Conservation and Development Program --** The Resource Conservation and Development Program is reauthorized through 2002.

**Soil Survey Printing Requirements** -- The requirement for publishing a specified number of soil survey reports in hard copy has been removed. This will allow soil survey data to become available in a more timely fashion.

**Flood Risk Reduction Contracts** -- The use of flood risk reduction contracts is authorized for producers on farms that have contract acreage under the Agricultural Market Transition Act that is frequently flooded. Individuals can receive up to 95 percent of transition payments and projected crop insurance payments in lieu of market transition payments. In return producers must comply with swampbuster and conservation compliance provisions and forego future disaster payments.

**Grazing Lands Conservation Initiative** -- A grazing land initiative is authorized to provide technical and educational assistance to landowners on the nation's 642 million acres of private grazing lands. Funding is authorized at $20 million in FY 1996, $40 million in FY 1997 and $60 million in FY 1998 and each subsequent year.

**Wildlife Habitat Incentives Program** -- A Wildlife Habitat Incentive Program is authorized to provide cost sharing assistance to landowners to develop and implement approved management practices to improve wildlife habitat. A total of $50 million in total funding for FY 1996 through FY 2002 is provided from Conservation Reserve Program funds.

**Farmland Protection Program** -- A new $35 million farmland protection program is established for the Secretary to purchase conservation easements or other interests in not less than 170,000 nor more than 340,000 acres of prime and unique farmland. To be eligible, land must be subject to a pending offer from a state or local government for the purposes of protecting topsoil by limiting nonagricultural uses of the land.

**Interim Moratorium On By-Pass-Flows** -- A task force will be appointed to study the issue of by-pass-flows and related water rights issues on National Forest land. In the interim, there will be an 18-month moratorium on the imposition of non-voluntary bypass flow requirements in Forest Service permits.

**Everglades** -- $200 million is made available to purchase land as a means of improving the Everglades. Authority was also provided to sell or exchange an additional $100 million of Federal land in Florida, that is not environmental sensitive or part of a military base, to assist in protection of the Everglades.

**Task Force on Agricultural Air Quality** -- A Task Force, chaired by the Chief of the Natural Resources Conservation Service, is established to address agricultural air quality issues.

## TITLE IV -- NUTRITION ASSISTANCE

**Food Stamp Program --** Authorization is extended for 2 years, through 1997. Certain related activities are authorized for 7 years, through 2002, including the Employment and Training (E&T) program; cashout demonstration projects for households composed of elderly or SSI recipients; and outreach demonstration projects. In addition, a minor modification is added to current provisions concerning the disqualification of stores for program violations.

**Nutrition Assistance Program in Puerto Rico** -- Authorization is extended for 7 years, through 2002, at the following levels: 1996, $1,143 million; 1997, $1,174 million; 1998, $1,204 million; 1999, $1,236 million; 2000, $1,268 million; 2001, $1,301 million; and 2002, $1,335 million.

**American Samoa** -- The American Samoa nutrition assistance program is authorized through 2002 as a mandatory program, not to exceed the current level of $5.3 million per year.

**Community Food Projects** -- Under this new authorization, community food projects are defined as community-based projects that require a one-time infusion of Federal assistance to become self-sustaining and designed to: a) meet the food needs of low-income people; b) increase the self-reliance of communities in providing for their own food needs; and c) promote comprehensive responses to local food, farm, and nutrition issues. These projects are authorized through 2002 at the following levels: 1996, $1.0 million; 1997-2002, $2.5 million annually.

**Commodity Supplemental Food Program (CSFP)** -- Authorization is extended through 2002. In addition, not more than 20 percent of any CSFP food funds carried over shall be available for administrative expenses of the program.

**Food Distribution Program on Indian Reservations (Commodity Distribution Program) --** Authorization for commodities in lieu of food stamps is extended through 2002.

**Emergency Food Assistance Program (TEFAP)** -- Authorization is extended through 2002.

**Soup Kitchen and Food Bank Program** -- Authorization is extended through 2002.

**National Commodity Processing** -- Authorization is extended through 2002.

## TITLE V -- AGRICULTURAL PROMOTION

This title requires an independent evaluation of each generic agricultural promotion program's effectiveness to be conducted not less than every 5 years. It also enables the Secretary to establish industry financed generic promotion, research, and information orders without specific authorization. Currently, each commodity must receive specific authorization to create a promotion program. The title authorizes new promotion programs for popcorn, canola and rapeseed, and kiwifruit prior to the establishment of the generic promotion program.

## TITLE VI -- CREDIT

**Servicing Notice** -- The title improves servicing procedures for the farm credit programs by reducing the number of days before a delinquent borrower may be notified of loan servicing options from 180 days delinquent to 90 days past due.

**Sale of Inventory Property** -- The title also tightens procedures for the sale of inventory property. Property must be publicly advertised within 15 days of acquisition. If no acceptable offer at current market value is received from a qualified beginning farmer or rancher within 75 days, then, the property must be sold within 30 days at auction at the best price obtainable. The title prohibits the lease of inventory property except to a beginning farmer or rancher who qualifies for a credit sale or direct farm ownership loan but cannot be provided with a program loan because funding is not available. Lease terms are restricted to the lesser of 18 months or credit availability. Property leased prior to enactment of the title must be sold 60 days after the lease expires. Property in inventory but not leased prior to enactment must be sold 60 days after enactment. The title provides for the transfer of property to the Department of the Interior or to Indian tribes rather than foreclosing on an Indian borrower and taking the property into inventory.

**Loanmaking Restrictions** -- The title prohibits the making of direct farm operating loans to borrowers who are delinquent on their existing farm credit program direct or guaranteed loan. It also prohibits direct and guaranteed loans to borrowers whose default on prior farm credit program loans resulted in debt forgiveness, except for operating loans to borrowers whose loans were restructured with a debt writedown. The title also limits borrowers to one debt forgiveness on all direct loans.

**Line-of-Credit Loan** -- The title authorizes 5-year line-of-credit direct loans for farm operating purposes. This allows borrowers who require more than 1 year of assistance to remain in the program without having to reapply each year. The 1997 Budget includes for the first time, line-of-credit loans based on current law. Advances against the line-of-credit are prohibited if the borrower fails to pay a scheduled installment, unless failure to pay was due to an unusual circumstance beyond the control of the borrower.

**Beginning Farmers and Ranchers** -- In addition to maintaining a priority for beginning farmers and ranchers in the sale of inventory property, the title increases the percentage of funds for farm operating and farm ownership loans targeted to such farmers. For example, it targets 70 percent of direct farm ownership loans for beginning farmers and ranchers.

## TITLE VII -- RURAL DEVELOPMENT

**General Provisions** -- This chapter repeals a number of unused rural development authorities; consolidates duplicative existing authorities; reauthorizes the Rural Investment Partnership program which has never been funded; and provides new authorities including the Distance Learning and Telemedicine Loan Program proposed by the Administration.

**Alternative Agricultural Research and Commercialization** (**AARC**) -- This chapter requires the conversion of AARC from an independent agency of the Department of Agriculture to a wholly-owned government corporation; increases the Board membership to 11 members, including the Under Secretaries for Rural Development and Research, Education, and Economics; and provides that executive agencies may establish procurement set-asides and preferences for property that has been commercialized under the authorities of AARC.

**Amendments to the Consolidated Farm and Rural Development Act** -- This chapter increases the annual authorization of water and waste disposal grants to $590,000,000; authorizes Rural Business

Opportunity grants of up to $1,500,000 to establish centers to provide technical assistance to rural businesses; increases the percentage of water and waste disposal grants that may be used for technical assistance and training to 3 percent; reauthorizes the Emergency Community Water Assistance grant program at $35 million annually and lowers the population ceiling of communities that may be assisted from 15,000 to 10,000 and sets aside 50 percent of the funds for communities with populations of less than 3,000; repeals certain unused authorities; reauthorizes $50 million annually, and renames the rural technology and cooperative development grants to rural cooperative development grants; provides that the Secretary may use the B&I loan guarantee program to guarantee loans for the purchase of start-up capital stock in farmer cooperatives; provides authority to establish certified lenders' and preferred certified lenders' programs; authorizes a new grant program for water and waste water systems for native villages in Alaska at $15 million annually; establishes a National Sheep Industry Improvement Center to promote strategic development activities to strengthen and enhance production and marketing of sheep and goat products in the U.S., requires the direct transfer of up to $20 million from the Treasury to fund the Center's activities, and authorizes the appropriation of an additional $30 million to carry out these activities.

**Rural Community Advancement Program (RCAP)** -- This chapter authorizes a new structure for the delivery of certain rural development programs. This structure is similar to the Administration's Rural Performance Partnership Initiative introduced in the 1996 Budget. RCAP provides the flexibility to develop innovative approaches to rural development problems by permitting the transfer of up to 25 percent of the RCAP funds allocated to the States to other programs within RCAP, provided that no more than 10 percent of the funds are transferred from any account nationally, and permits assistance to be delivered in any combination of grants, direct loans and loan guarantees. However, RCAP does not include rural housing as the Administration had requested. Further, it requires USDA to establish a block grant program under which 5 to 15 percent of the RCAP funds would be deposited in State revolving funds for use in financing projects similar to those financed by USDA. It also authorizes a Rural Venture Capital Demonstration Program to be used for guaranteeing loans made to rural businesses, and it authorizes a new community facilities grant program to be used in conjunction with the existing community facilities loan and loan guarantee program.

**Fund for Rural America** -- This fund is authorized in the miscellaneous provisions of the rural development title. It would receive $300 million from the U.S. Treasury in three separate payments between January 1, 1997 and October 1, 1999. One-third of the funds would be set-aside for research, one-third for rural development programs, and one-third could be used at the discretion of the Secretary for research or rural development purposes. The funds for rural development may be used only for activities for which the Department received an appropriation in fiscal year 1995. Up to 20 percent of the rural development funds could be used for certain housing programs. On the research side, the bill establishes a separate program for making grants. It defines the purposes for which grants may be awarded and requires that not less than 15 percent of such grants be awarded to institutions which rank in the bottom one-third of other grant funds received. In addition, the fund cannot be accessed in any fiscal year unless the appropriations for the specific activity in the fiscal year is equal to or greater than 90 percent of the 1996 program level adjusted for inflation.

**Name Change** -- The bill changes the name of the Under Secretary for Rural Economic and Community Development to the Under Secretary for Rural Development.

## TITLE VIII -- RESEARCH, EXTENSION, AND EDUCATION

**Purposes of Agricultural Research, Extension, and Education --** The bill lists eight general purposes for agricultural research, extension, and education. Briefly stated, these are to: (1) enhance competitiveness; (2) increase long-term productivity; (3) develop new uses and new crops; (4) promote economic opportunity; (5) improve risk management; (6) protect the environment; (7) support higher education; and (8) maintain an adequate, nutritious, and safe supply of food.

**National Research, Education, and Economics Advisory Board** -- This 30-member advisory board replaces three separate advisory committees. Members are to be selected by the Secretary based on specified criteria. The board is to provide advice to the Secretary and to the land-grant institutions on policies, priorities, and evaluation of programs relative to the general purposes established for agricultural research, extension, and education.

**Strategic Planning Task Force --** The bill authorizes a 15-member "Strategic Planning Task Force" to review all currently operating agricultural research facilities constructed in whole or in part with Federal funds and all planned facilities to ensure that a comprehensive research capacity is maintained. The task force is to prepare a 10-year strategic plan for development, modernization, construction, consolidation, and closure of Federal agricultural research facilities and facilities proposed to be constructed with Federal funds. The report is to go to the Secretary and to agricultural committees and is due 2 years after the task force is established.

**Technical Provisions --** The bill provides various forms of exemptions from the Federal Advisory Committee Act for the advisory board, the strategic planning task force, and other committees, boards, and panels that are convened to review competitive grant proposals and/or other purposes. The purposes for capacity building grants under the higher education program authority is revised to include "teaching and research capacity." Authorities for secondary and 2-year post secondary education in agriscience and agribusiness are added to the Secretary's food and agricultural education authorities. There is a provision to reduce the reapplication process under the Indian extension agent program. There is a requirement that the Secretary enter into a memorandum of agreement with the 1994 Institutions to ensure that tribally controlled colleges have opportunities to participate in USDA programs. There are provisions that make the 1890 Institutions directly eligible to participate in new or increased extension programs carried out under Section 3(d) of the Smith-Lever Act. There are new criteria and procedures for reviewing proposals for grants for college, university and non-profit institution agricultural research facilities. The purpose for the Rural Development Research and Education program is strengthened. Transfer to USDA of the Stuttgart National Aquaculture Center in Arkansas and the fish culture laboratory in Marion, Alabama, are provided for. The Secretary is granted new authorities to operate concession, charge fees, and accept services for the benefit of the National Arboretum. The Secretary is authorized to cooperate with the Administrator of the National Aeronautical and Space Administration to use remote sensing data for agricultural purposes. The Secretary is urged to continue to make methyl bromide alternative research a high priority.

**Program Appropriation Authorizations --** The bill extends expiring authorizations of appropriations, or provides specific new authorizations through 1997 for the following programs: (a) Grants for research on the production of alcohols; (b) Policy research centers; (c) Human nutrition intervention and health promotion, including a pilot program to combine medical and agricultural research; (d) Food and nutrition education program; (e) Animal health and disease research; (f) Grants to upgrade facilities at 1890 land-grant colleges (increased to $15 million); (g) National research and training centennial centers; (h) Agricultural research; (i) Extension education; (j) Supplemental and alternative crops; (k) Aquaculture assistance programs; (l) Rangeland research; (m)

Water quality research, education, and coordination; (n) National genetics resources program; (n) National agricultural weather information system; (o) Livestock product safety and inspection program; (p) Plant genome mapping program; (q) Certain specialized research programs; (r) Agricultural telecommunications program; (s) National centers for agricultural product quality; (t) Red meat safety research center; (u) Assistive technology program for farmers with disabilities; (v) National rural information center clearinghouse; (w) Global climate change; (x) Critical agricultural materials research; (y) National competitive research initiative (there is also a requirement that at least 40 percent of this research be for work on mission-linked systems); (z) Dairy goat research; and (aa) Competitive grants for research to eradicate and control brown citrus aphid and citrus tristeza virus.

**Programs for Hispanic-Serving Institutions** -- There is broad authority to make grants for the purpose of promoting and strengthening the ability of Hispanic-serving institutions to carry out education, applied research, and related programs. The total authorization for FY 1997 is $20,000,000.

**Research Authority After Fiscal Year 1997** -- There is a broad authorization of appropriations of such sums as are necessary to carry out the agricultural research, extension, and education activities of the Department for fiscal years 1998 through 2002, subject to specific provisions in annual appropriation Acts.

## TITLE IX -- MISCELLANEOUS

**Commercial Transportation of Equine for Slaughter** -- Subject to the availability of funds, the Secretary of Agriculture may issue guidelines for the regulation of the commercial transportation of equine for slaughter by persons regularly engaged in that activity within the United States. In carrying out this authority; the Secretary shall review the food, water, and rest provided to equine for slaughter in transit, the segregation of stallions from other equine during transit, and such other issues as the Secretary deems appropriate.

**Interstate Quarantine** -- Requires the Secretary to consider enhancing passenger movement and commerce on and between islands in a State, if the Secretary determines that it is necessary to quarantine a State comprised entirely of islands.

**Cotton Classification Services** -- Extends authorization for cotton classification services through 2002 and requires the Secretary to maintain until January 1, 1999, all cotton classing office locations in the State of Missouri that existed as of January 1, 1996.

**Plant Variety Protection for Certain Tuber Propagated Varieties** -- Amends the Plant Variety Protection Act to allow varieties of potatoes that have been marketed for more than four years in another country to apply for and receive plant variety protection in the United States during a one-year period after enactment. Protection would be limited to 20 years, including the time protected in another country.

**Swine Health Protection** -- At the request of the Governor or other appropriate State official, the Secretary may terminate, effective as soon as practicable, the primary enforcement responsibility of a State. A State may reassume primary enforcement responsibility when the Secretary determines that the State meets eligibility requirements.

**Designation of Mount Pleasant National Scenic Area** -- Changes the name of the George Washington National Forest Mount Pleasant Scenic Area to the Mount Pleasant National Scenic Area.

**Pseudorabies Eradication** -- Extends the pseudorabies eradication program for swine populations in the United States through 2002.

**Collection and Use of Agricultural Quarantine Inspection Fees** -- For each of the fiscal years 1996 through 2002, funds in the Agricultural Quarantine Inspection User Fee account shall be available in such amounts as are provided in advance in appropriations acts, to cover the costs associated with the provision of agricultural quarantine and inspection services. Fees collected in excess of $100 million during this time are available without further appropriations. After September 30, 2002, the unobligated balance in the fund shall be credited to the accounts that incur the costs attributable to the provision of agricultural quarantine, and inspection services and remain available until expended. The number of full-time equivalent positions in the Department of Agriculture attributable to the provision of agricultural quarantine and inspection services and its administration shall not be counted toward the limitation on the total number of full-time equivalent positions in all agencies specified in the Federal Workforce Restructuring Act of 1994 or other limitation on the total number of full-time equivalent positions.

**Safe Meat and Poultry Inspection Panel** -- Establishes an advisory panel known as the "Safe Meat and Poultry Inspection Panel" to review and evaluate, as the panel considers necessary, the adequacy, necessity, safety, cost-effectiveness, and scientific merit of various aspects of the meat and poultry inspection system. In addition, a report shall be submitted to Congress not later than 90 days after enactment of this Act that includes recommendations concerning the steps necessary to achieve interstate shipment of meat and poultry products inspected under State inspection programs.

**Reimbursable Agreements** -- Authorizes the Secretary to enter into reimbursable agreements with persons for preclearance at locations outside the United States of plants, plant products, animals, and articles for movement in the country and to require persons for whom the services are performed to reimburse the Secretary for the services. The Secretary is further authorized to pay overtime, night and holiday rates to employees performing services related to imports into and exports from the United States. Funds collected are credited to the accounts that incur the cost and remain available until expended.

**Overseas Tort Claims** -- Authorizes the Secretary to pay tort claims when claims arise outside the U.S. for persons who are performing services for the Secretary. A claim must be presented to the Secretary within 2 years after the claim accrues.

**Operation of Graduate School of Department of Agriculture as Nonappropriated Fund Instrumentality** -- Authorizes the continued operation of the Graduate School as a non-appropriated fund instrumentality of the Department. Under the general supervision of the Secretary of Agriculture, the Graduate School is authorized to develop, administer and provide education, training and professional development activities for Federal agencies, Federal employees, nonprofit organizations, other entities and members of the public.

**Student Internship Programs** -- Authorizes the Secretary to use appropriated or user fee funds to pay for transportation, subsistence and lodging expenses of student interns. The Secretary is also authorized to enter into cooperative agreements on an annual basis with one or more associations of colleges and universities to provide USDA participation in internship programs for graduate and undergraduate students who are selected by such associations from students attending member institutions of such associations and other institutions of higher education.

**Conveyance of Excess Federal Personal Property** -- Authorizes the Secretary to convey title to excess Federal personal property owned by USDA to any 1994 Institution, Hispanic Serving Institution or 1890 Institution with or without monetary compensation.

**Conveyance of Land to White Oak Cemetery** -- Provides for conveyance of land to the Board of Trustees of the University of Arkansas to be used for the White Oak Cemetery. The land would revert to the United States if not used in the cemetery.

**Sale of Land by the University of Arkansas** -- Authorizes the sale of 103.52 acres of land know as the "Walker Tract," if the sale is made on the condition that all of the proceeds are used for the agricultural research facilities and programs of the University of Arkansas.

**Designation of Dale Bumpers Small Farms Research Center** -- Designates the small farms research facility of the Agricultural Research Service located near Booneville, Arkansas, as the "Dale Bumpers Small Farms Research Center."

**Department of Agriculture Washington Area Strategic Space Plan** -- Authorizes the Secretary to obligate not more than $5 million appropriated to agriculture buildings and facilities and rental payments to make necessary improvements to State and local roads relating to the construction of a USDA office facility at the Beltsville Agriculture Research Center.

**Severability** -- Makes the provisions of the Act severable.

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## Return to:

- USDA ... Homepage
- Farm Bill Page

Chairman:
Agriculture Committee

Member:
Environment & Utilities
Government Operations
Natural Resources
Rural Affairs

# Al Ott

State Representative • 3rd Assembly District

## FAX COVER SHEET

**TO:** ____________________ **FAX NUMBER:** ______________

**FROM: State Representative Al Ott**

**DATE:** 12/21

**Number of pages attached including cover sheet** 2

****If all pages are not received or are illegible, please call (608) 266-5831**

**Message:** This letter was sent to all of the members of Wisconsin's Congressional Delegation and USDA Secretary Dan Glickman.

A hard copy will also be sent to each office.

Office: P.O. Box 8953 • Madison, WI 53708 • (608) 266-5831 • Toll-Free: 1 (800) 362-9472
Home: P.O. Box 112 • Forest Junction, WI 54123-0112 • (414) 989-1240

Chairman:
Agriculture Committee

Member:
Consumer Affairs
Government Operations
Natural Resources

# Al Ott

State Representative • 3rd Assembly District

December 21, 1998

Mr. Dan Glickman, Secretary
United States Department of Agriculture
USDA Administration Building
14th and Independence S.W.
Washington, DC 20250

Dear Secretary Glickman:

I am the Chairman of the State of Wisconsin's Assembly Committee on Agriculture. On Thursday, December 17, my Committee held a public hearing to discuss the current crisis in the hog industry. My office received more than three hundred letters from all areas of the state and over two hundred people attended the hearing.

The morning portion of the hearing was devoted to testimony from experts in the industry—University of Wisconsin personnel, producers, marketers, processors, retailers and lenders. The afternoon portion gave the public a chance to testify before the Committee. Comments from both the industry and producers give cause for grave concern for the very survival of the independent pork producer in Wisconsin.

Throughout the several hours of testimony, it became increasingly clear that the independent hog farmer not only has problems maintaining a place in farming, but can barely provide for himself and his family. If this price crisis continues very long, we will lose many producers.

There are a number of reasons for the low market prices–a high production level, lack of slaughter facilities (currently none in Wisconsin), Canadian imports, and lack of access to markets.

If we want to keep the independent pork producer alive, it is crucial that action be taken as soon as possible. In Wisconsin, we are looking for ways to remedy this situation. However, because this crisis has affected the industry nationally, federal involvement is crucial. It is our hope that the State of Wisconsin, the Congress, the USDA and the hog industry can work together to provide relief for Wisconsin's pork producers.

Please feel free to contact me to discuss this very crucial issue. Thank you in advance for your concern for the future of Wisconsin's pork producers.

Sincerely,

Al Ott

Al Ott
State Representative
3rd Assembly District

Office: P.O. Box 8953 • Madison, WI 53708 • (608) 266-5831 • Toll-Free: (888) 534-0003 • Rep.Ott@legis.state.wi.us
Home: P.O. Box 112 • Forest Junction, WI 54123-0112 • (920) 989-1240

**Narveson, Linda**

**From:** Dennis R. Buege [drbuege@facstaff.wisc.edu]
**Sent:** Monday, December 21, 1998 5:22 PM
**To:** Rep.Ott
**Subject:** Pork Info

Al or Greg:

I requested your e-mail address so I could forward to you a daily info source I get on the pork industry. It contains quite a bit about the the current pork crisis. If you should already be receiving this, please let me know. Otherwise, I will forward those daily reports which have items I feel would be useful to you.

Also, there is some interest by pork producers in donating animals to food banks to help the needy. The problem is that most of our small slaughter plants are very, very busy right now, and can't take in animals until February or March. We may do some here at the lab, and survey processors to determine if any could get involved in January.

The second hurdle is paying for the processing (probably $50-60 per pig). Some processors may consider donating part of this, but I don't think all will be able to. We are looking for possible sources to help pay for processing. Do you have any ideas. Even with that standard processing charge, the pork will go to the food bank at probably only about $.50 per pound for the packaged meat.

Dennis Buege
Dennis R. Buege
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drbuege@facstaff.wisc.edu

**Narveson, Linda**

**From:** Dennis R. Buege [drbuege@facstaff.wisc.edu]
**Sent:** Monday, December 21, 1998 5:24 PM
**To:** Rep.Ott
**Subject:** PorkNet's Daily Update -- Thursday, December 10, 1998

**From:** "Dr. Tom Stein" <tomstein@porknet.com>
To: PorkMail <tomstein@porknet.com>
Subject: PorkNet's Daily Update—Thursday, December 10, 1998
Reply-To: tomstein@porknet.com
Organization: Knowledgeworks, Inc
Date: Thu, 10 Dec 1998 13:25:25 -0600

PorkNet's PorkMail Daily Update – Thursday, December 10, 1998

This issue received by over 2,000 pork industry professionals

** visit http://www.porknet.com **

## TODAY'S ARTICLES

1. Seven Weeks Before We May See $30 Hogs
2. Wednesday's Grain Markets – Review
3. Walkout/Strike at Big Canadian Pork Processor
4. Cassia County, Idaho Targeted For 72,000-Head Pig Farm
5. Branstad: Investigate Pork Industry
6. Real-Time Ultrasound Accuracy for Backfat and Loin Muscle
7. Feed-Conversion Ratio of Finisher Pigs in the USA
8. Improving Piglet Performance – A Place for Liquid Diets?
9. Mycoplasma Vaccination in Continuous-Flow Production Systems
10. Innovative Waste-Treatment Plant Announced
11. Seeking Info—Insect Problems and Hog Farms

## MARKETS & PRICES

Seven Weeks Before We May See $30 Hogs

Swine Economics Report / Ron Plain / December 4, 1998

Hog prices continue to be stuck in the teens. The reason is because there are more hogs ready for market than packers can handle. This week's slaughter is 2.161 million head. That's the second largest ever. The record was set two weeks ago at 2.192 million. Because of the Thanksgiving holiday, only 1.85 million hogs were slaughtered last week. Although packers obviously can kill over 2 million head per week, they don't like to. Any time hog slaughter exceeds 2 million head in a week, packers are pushing their workers very hard. This means a lot of over-time pay, tired workers (which causes reduced efficiency), and morale problems. We are not likely to see hog prices back in the $30s until slaughter drops below 2 million head in a non-holiday week.

Except for Thanksgiving week, hog slaughter has been above 2 million head each week since the last full week in September. During this time, the 5 market weekly average hog price has declined from $29.89/cwt for the week ending on September 26 to $15.67/cwt last week.

When is weekly slaughter likely to drop below 2 million head in a non-holiday week? For the past 5 weeks, hog slaughter has averaged 10.6% higher than the comparable weeks in 1997. If we continue to see weekly slaughter that is 10% above year earlier levels, then hog slaughter will be above 2 million head (in non-holiday weeks) until the week ending on May 22, 1999. If slaughter runs 8% above year earlier levels, we'll have 2 million plus weekly kills until the week ending on April 17, 1999. A 6% increase from year earlier levels will keep slaughter in non-holiday weeks above 2 million head until the week ending on February 6, 1999. A 4% increase in weekly slaughter means that fewer than 2 million head will be killed next week and the week ending on January 23, 1999. It is highly unlikely that hog slaughter will be up only 4% for the week starting December 7. Last week's kill was 11.2% higher than the same week in 1997. But, it is quite possible that slaughter will only be up 5% or so by late January. Thus, it may be another 7-8 weeks until $30 hog prices return.

Wednesday's Grain Markets – Review

Grain and soybean futures fell sharply Wednesday on the Chicago Board of Trade. Wheat futures fell sharply on news that Pakistan had snubbed U.S. exporters and opted to purchase 200,000 metric tons of Australian wheat and 50,000 metric tons of Canadian wheat. The news reinforced ideas U.S. export demand will remain weak well into next year despite offering prices that are sharply lower than this time a year ago. Soybeans and corn retreated amid forecasts for heavy beneficial rains in water-starved South American growing regions. Soybeans took the brunt of the losses amid predictions that nearly 2 inches of rain will fall in southern Brazil in the next few days. That region accounts for nearly half the country's soybean crop, and the rain is expected to rejuvenate plants that suffered for weeks from dry, hot weather. Brazil produces nearly a fifth the world's soybean supply, second only to the United States. The rain also is expected to lead to increased farmer planting of soybeans over competing crops. The rain also was expected to benefit corn and soybeans in Argentina, which could lead to increased export competition. (AP)

Daily Market Summary

http://www.porknet.com/webnav.cfm?link=http%3A%2F%2Fwww%2Eext%2Emissouri%2Edu%2Fagebb%2Fmkt%2Fbullet7%2Ec&lst=1

USDA Midwest Direct Hogs (updated daily) http://www.porknet.com/webnav.cfm?link=gopher%3A%2F%2Fshelley%2Eca%2Euky%2Eedu%2F00%2F%2Eagwx%2Fusr%2Fmarkets%2Fusda%2FWHLS831&lst=1

National Base Lean Hog Carcass Slaughter Cost Report (updated daily)
http://www.porknet.com/webnav.cfm?link=http%3A%2F%2Fwww%2Eams%2Eusda%2Egov%2Fmncs%2Fmn%5Freports%2FNW%5FLS295%2Etxt&lst=1

Weekly Midwest Hog Review (updated each Friday)
http://www.porknet.com/webnav.cfm?link=http%3A%2F%2Fwww%2Eams%2Eusda%2Egov%2Fmncs%2Fmn%5Freports%2Fsc%5Fls851%2Etxt&lst=1

Iowa-Southern Minnesota Direct Hogs (updated daily)
http://www.porknet.com/webnav.cfm?link=http%3A%2F%2Fwww%2Eams%2Eusda%2Egov%2Fmncs%2Fmn%5Freports%2FNW%5FLS230%2Etxt&lst=1

## NATIONAL PORK PRODUCERS COUNCIL NEWS

http://www.nppc.org/NEWS/newsLeader-rls.html

## BUSINESS & COMPANIES

Walkout/Strike at Big Canadian Pork Processor

December 7, 1998 / CP Wire / Toronto Star / TORONTO—A strike at one of the province's major pork processing plants has left Ontario hog farmers struggling, according to this story, to find slaughter facilities for 25,000 animals a week. Picket lines went up Monday when 950 employees at Quality Meat Packers Ltd. walked off the job at plants in Toronto and Brampton. About 100 angry workers who gathered outside the company's abattoir and processing plant said they had no choice but to strike over proposed cuts to wages and benefits.
Source: AnimalNet

## INTERNATIONAL TRADE

Nothing Posted Today.

## INDUSTRY ANALYSIS (MARKETING, STRATEGY, MARKET POTENTIAL)

Cassia County, Idaho Targeted For 72,000-Head Pig Farm

December 9. 1998 / TWIN FALLS, IDAHO—Now that Twin Falls County has turned down a proposed hog farm that could have produced 72-thousand pigs... Cassia County is the new target. Pro-Ag Incorporated will ask

Cassia County commissioners next Monday for a special use permit. Twin Falls rejected the hog farm after neighbors complained about property values, health and safety issues. Source: Yahoo News

## CURRENT ISSUES

Branstad: Investigate Pork Industry

December 8, 1998 / DES MOINES—Governor Terry Branstad is the latest of a number of state politicians calling for an investigation into the pork industry. Branstad says there needs to be an investigation into why farmers get low prices for hogs... and why those low prices are NOT passed on to consumers at the market. Branstad's comments came yesterday during his weekly news conference at the statehouse.
Source: Yahoo News

## MEAT SCIENCE

Evaluation of the Accuracy of Real-Time Ultrasonic Measurements of Backfat and Loin Muscle Area in Swine Using Multiple Statistical Analysis Procedures

Moeller SJ, Christian LL. Journal of Animal Science 76 ( 10): 2503-2514, 1998. Real-time ultrasonic measurements of 10$^{th}$-rib backfat (BF10) and loin muscle area (LMA) were made by a single technician at four mean BW (67.4, 80.3, 93.4, and 104.9 kg) on live hogs to assess the accuracy of predicting carcass measurements before and at slaughter weight. Records were evaluated on 655 purebred barrows and 472 purebred gilts in two tests. Ultrasonic BF10 and LMA were within +/- 4 mm and +/- 6.45 cm(2), respectively, of the corresponding carcass measurement 75.9 and 89.8% of the time. Standard errors of prediction (SEP) for BF10 and LMA across the two tests were 3.46 mm and 4.04 cm(2), respectively. Results indicate that the magnitude of the carcass measurement affects bias and accuracy of prediction for real-time ultrasonic measurements of BF10 and LMA. The SEP statistic is more consistent in evaluating accuracy of ultrasonic measurement than bias, absolute deviations, and percentage of absolute deviation.

## PIG PRODUCTION

Feed-Conversion Ratio of Finisher Pigs in the USA

Losinger WC. Preventive Veterinary Medicine 36 ( 4): 287-305, 1998. Although the feed-conversion ratio is recognized as a prominent indicator of profitability for pork producers, only 212 (50.7%) of 418 producers who were asked the feed-conversion ratio for finisher pigs provided a response during the USA National Animal Health Monitoring System 1995 National Swine Study. Of these, 126 (59.4%) producers furnished a feed-conversion ratio which they characterized as having been calculated from records, while 86 (40.6%) gave a response that they characterized as estimated or guessed. Feed-conversion ratios ranged from 2.18 to 5.91 kg of feed fed for each kg of live-body weight gained during the grower/finisher phase, with a mean of 3.28 and a standard deviation of 0.52. Stepwise regression revealed the following management factors to be associated with improved feed-conversion ratios: greater than or equal to 3 different rations fed during the grower/finisher phase; no rations mixed on the farm; and not giving chlortetracycline in feed or water as a disease preventive or growth promotant. In addition, operations where greater than or equal to 3000 pigs entered the grower/finisher-production phase during the six-month period prior to interview had a better mean feed-conversion ratio than operations where fewer than 3000 pigs entered the grower/finisher phase.

## PIG NUTRITION

### Nutritional Approaches for Improving Neonatal Piglet Performance – Is There a Place for Liquid Diets in Commercial Production?

Odle J, Harrell RJ. Asian - Australasian Journal of Animal Sciences 11 ( 6): 774-780, 1998. This report includes an extensive bibliography of research articles investigating various facets of rearing neonatal piglets using liquid diets, and includes historical publications dating back to the 1940's. However, in order to provide concise and timely focus for application in modem swine production, only a selected number of recent findings are reviewed in detail. Collectively, the data presented illustrate that growth of piglets fed liquid diets can greatly exceed that of littermates fed dry diets and can even exceed growth rates of sow-reared controls (by up to 160%). The central questions that remain unanswered are: 1) Can this improved performance be obtained routinely and economically under applied farm conditions? and if so, 2) Does improved growth during the early-weaning period translate into improved net economic returns overall? Unfortunately, due to the current practical management constraints related to liquid-diet feeding (i.e., lack of an easy-to-manage feed delivery system), limited data are available which examine the efficacy of liquid-diet feeding under practical, commercial farm conditions.

## PIG HEALTH & DISEASE

### The Effect of Vaccination Against Mycoplasma hyopneumoniae in Pig Herds with a Continuous Production System

Maes D, Deluyker H, Verdonck M, Castryck F, Miry C, Lein A, Vrijens B, Dekruif A. Journal of Veterinary Medicine Series B - Infectious Diseases and Veterinary Public Health 45 ( 8): 495-505, 1998. An inactivated Mycoplasma hyopneumoniae vaccine was evaluated in five pig herds clinically infected with enzootic pneumonia and practising a continuous production system in the growing/finishing unit In each herd, a vaccinated and control group of approximately 47 pigs each were individually monitored from birth until slaughter. Vaccinated pigs received the first dose at about 1 week of age and the second approximately 3 weeks later. During ail production stages, an equal number of vaccinated and control pigs was present in the same pen. Both groups were compared with respect to major production variables and by means of serological, pathological, and bacteriological parameters (ancillary variables). Daily weight gain was improved by 14 gr/day during the period from 8 days of age until slaughter and by 25 gr/day during the growing/finishing period. Mortality rate, and the costs for curative medication were not significantly improved by vaccination. The results of the ancillary variables are presented and discussed.

## NUTRIENT MANAGEMENT

Innovative Waste Plant Announced

December 9, 1998 / BROADWAY, VA—An Illinois-based waste treatment company has promised the Shenandoah Valley NO sludge, NO smell and NO pollution. Sheaffer International says it will build a facility to treat and re-cycle waste from two poultry plants and the towns of Broadway and Timberville. Company Vice- President John Johnson says the facility will re-cycle odorless nutrients on local farms for FREE... but farmers must commit their land to agriculture for the next 25-years. The process is also expected to keep 200-thousand-pounds of nitrogen and phosphorus OUT of the Shenandoah River. The eight-and-a-half-million-dollar waste treatment project is slated to begin late next year.
Source: Yahoo News

## HUMAN RESOURCES

Nothing Posted Today.

## BIOTECHNOLOGY

Nothing Posted Today.

## FOOD TRENDS / MARKETING

Nothing Posted Today.

## REQUESTS & ANNOUNCEMENTS

Seeking Info—Insect Problems and Hog Farms

In one of our courses here at Southwestern College, we've been discussing the Mega Hog Farm issues around the country, especially in KS. As part of a class project we've split the class into two sections, a Pro Mega Hog Farm group and a Contra Mega Hog Farm group. One of our students (Pro group) is trying to find some information on insect problems as it relates to the Mega Hog Farm issue. Specifically, he wants to know if there are any insect problems that are brought about by the introduction of hog farms into an area? Any information (articles, internet sites, books, personal contacts etc.) that you could provide on this issue this would be helpful.

Thank you.

Gene Young
Visiting Professor in Ecology
Southwestern College
Biology Department
100 College St.
Winfield, KS 67156
phone: 316-221-8380
fax: 316-229-2713
youngg@jinx.sckans.edu

SEARCH ENGINE LINKS

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Yahoo - News About Pigs
http://www.porknet.com/webnav.cfm?link=http%3A%2F%2Fsearch%2Emain%2Eyahoo%2Ecom%2Fsearch%2Fnews%3Fp%3Dpigs&lst=1

Yahoo - News About Pork
http://www.porknet.com/webnav.cfm?link=http%3A%2F%2Fsearch%2Emain%2Eyahoo%2Ecom%2Fsearch%2Fnews%3Fp%3Dpork&lst=1

Yahoo - News About Agriculture
http://www.porknet.com/webnav.cfm?link=http%3A%2F%2Fsearch%2Emain%2Eyahoo%2Ecom%2Fsearch%2Fnews%3Fp%3Dagriculture&lst=1

Yahoo - News About Food Companies / Food Industry
http://www.porknet.com/webnav.cfm?link=http%3A%2F%2Fbiz%2Eyahoo%2Ecom%2Fn%2Fy%2Fy0012%2Ehtml&lst=1

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To find out more about Knowledgeworks or Dr. Stein, click on these links ...
http://www.porknet.com/tom.htm
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http://www.porknet.com



END OF MESSAGE

PorkNet—http://www.porknet.com—provides business and technical information

for the worldwide pork industry.

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**Narveson, Linda**

**From:** Dennis R. Buege [drbuege@facstaff.wisc.edu]
**Sent:** Monday, December 21, 1998 5:25 PM
**To:** Rep.Ott
**Subject:** PorkNet's Daily Update -- Thursday, December 17, 1998

**From:** "Dr. Tom Stein" <tomstein@porknet.com>
To: PorkMail <tomstein@porknet.com>
Subject: PorkNet's Daily Update—Thursday, December 17, 1998
Reply-To: tomstein@porknet.com
Organization: Knowledgeworks, Inc
Date: Thu, 17 Dec 1998 07:07:14 -0600

PorkNet's PorkMail Daily Update - Thursday, December 17, 1998

This issue received by over 2,000 pork industry professionals

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TODAY'S ARTICLES

1. Smithfield Announces Compliance Program
2. Bion's Biggest System Begins At Circle Four Farms in Utah
3. Farmland Industries' 1998 Sales Slip to $8.8 Billion
4. $8.5 Million in Profit-Sharing to Hormel Employees
5. Alpharma Comments on EU Feed Additive Ban
6. Trends in Antibiotic Resistance for Streptococcus suis
7. Completely Replace Inorganic Phosphorus in Finishing Diets
8. Postweaning Multisystemic Wasting Syndrome—Overview
9. Jody Maroni's Sausage Kingdom Goes Nationwide

MARKETS & PRICES

Daily Market Summary

http://www.porknet.com/webnav.cfm?link=http%3A%2F%2Fwww%2Eext%2Emissouri%2Ee
du%2Fagebb%2Fmkt%2Fbullet7%2Ec&lst=1

USDA Midwest Direct Hogs (updated daily)
http://www.porknet.com/webnav.cfm?link=gopher%3A%2F%2Fshelley%2Eca%2Euky%2E
edu%2F00%2F%2Eagwx%2Fusr%2Fmarkets%2Fusda%2FWHLS831&lst=1

National Base Lean Hog Carcass Slaughter Cost Report (updated daily)
http://www.porknet.com/webnav.cfm?link=http%3A%2F%2Fwww%2Eams%2Eusda%2Egov
%
2Fmncs%2Fmn%5Freports%2FNW%5FLS295%2Etxt&lst=1

Weekly Midwest Hog Review (updated each Friday)
http://www.porknet.com/webnav.cfm?link=http%3A%2F%2Fwww%2Eams%2Eusda%2Egov%
2Fmncs%2Fmn%5Freports%2Fsc%5Fls851%2Etxt&lst=1

Iowa-Southern Minnesota Direct Hogs (updated daily)
http://www.porknet.com/webnav.cfm?link=http%3A%2F%2Fwww%2Eams%2Eusda%2Egov%
2Fmncs%2Fmn%5Freports%2FNW%5FLS230%2Etxt&lst=1

## NATIONAL PORK PRODUCERS COUNCIL NEWS

http://www.nppc.org/NEWS/newsLeader-rls.html

## BUSINESS & COMPANIES

Smithfield Packing Company - Kinston Announces Compliance Program

SMITHFIELD, Va./ December 14 / The Smithfield Packing Company, Incorporated announced today that it is engaged in a cooperative effort based on input from the City of Kinston, the Neuse River Foundation, and the North Carolina Department of Water Quality to identify and address all water discharge issues at its Kinston, North Carolina facility. "We continue to be committed to full compliance. Smithfield intends to work cooperatively with the City, State and local environmental organizations to provide for protection of the Neuse River and the environment in general," William D. Gill, Assistant Vice President for Environmental Affairs, said. More... http://www.porknet.com/artclvw.cfm?id=1767

Construction of Bion's Biggest System to Date Begins At Circle Four Farms in Utah

DENVER / December 14 / Bion Environmental Technologies, Inc. (OTC Bulletin Board: BION) announced today that construction has begun for the building of a Bion NMS waste handling system for a 40,000 finishing hog unit at Circle Four Farm outside of Milford, Utah. According to J.T. Small, Bion's vice president of sales and marketing, the construction started the week of November 16th and is scheduled to be complete by the spring of 1999.

There are currently sixteen Bion NMS systems operating at large dairies and hog farms across the country. The Circle Four Farms installation will be the first hog farm to utilize the Bion NMS in the western part of the United States where the climate is much drier than North Carolina and Illinois (the other two states where the Bion NMS is utilized on hog farms).

J.T. Small also stated, "The Circle Four Farms system is very important to Bion and the hog industry as a whole since it will be the largest Bion system built to date. Once operational, the system will eliminate

odor, treat the wastewater and produce BionSoil that will be marketed in the western United States."
More ... http://www.porknet.com/artclvw.cfm?id=1769

Farmland Industries' 1998 Sales Slip to $8.8 Billion

CHICAGO / December 10, 1998 / Farmland Industries Inc., North America's largest cooperative that markets crop production products, livestock feed, meat and petroleum products, Wednesday reported 1998 company sales of $8.8 billion, down from $9.1 billion in 1997. Sales from affiliated business bring the total to $11.9 billion, the company said in a statement. President and Chief Executive Officer H.D. "Harry" Cleberg told members during the cooperative's annual meeting in Kansas City that $82.6 million was distributed to the cooperative's member-owners, including the special $50 million distribution in March 1998. Also, members received $32.5 million in 1998 patronage refunds. "The next 18 months will give us more opportunity than the past 18 years to evaluate alliances, ventures, acquisitions and consolidations. We must be prepared to take advantage of the opportunities before us," Cleberg said.

Hormel Foods Employees Receive More Than $8.5 Million Through Profit-Sharing Program

AUSTIN, Minn./ November 25 / Hormel Foods Corporation (NYSE: HRL), Austin, Minn.-based meat and food processing firm, today announced the largest profit sharing distribution ever made to its employees in a program unique to the industry. More than $8.5 million was distributed companywide to eligible employees on Thanksgiving Eve Day, a tradition that was started 60 years ago, in 1938. Under this year's profit sharing distribution, each eligible employee, on the average, will receive $1,579. This amounts to 2.41 extra base weekly paychecks for each eligible employee, representing an estimated extra $.74 per hour for each hour of work, vacations and holidays during the year.

## INTERNATIONAL TRADE

Nothing Posted Today.

## INDUSTRY ANALYSIS (MARKETING, STRATEGY, MARKET POTENTIAL)

Nothing Posted Today.

## CURRENT ISSUES

Alpharma Comments on EU Feed Additive Ban; Reiterates Strong Growth Goals for 1999

FORT LEE, N.J./ December 14 / Alpharma Inc. (NYSE: ALO) commented

today on the decision made by EU Agriculture Ministers to ban the use of certain antibiotics as feed additives in animals. Albac®, Alpharma's zinc bacitracin antibiotic which was the only company product effected, was among the products banned. While the EU ban is not material to Alpharma from a financial standpoint, (representing only a small percentage of the Company's annual revenues), the Company today expressed its profound disappointment over the decision because it was not supported in any way by scientific data. Alpharma intends to continue to work with the Commission to effect an early review of all the scientific data on zinc bacitracin with the objective of having the product reinstated for use in animals.
More... http://www.porknet.com/artclvw.cfm?id=1766

## MEAT SCIENCE

Nothing Posted Today.

## PIG PRODUCTION

Trends in the Resistance to Antimicrobial Agents of Streptococcus suis Isolates from Denmark and Sweden

Aarestrup FM, Rasmussen SR, Artursson K, Jensen NE. Veterinary Microbiology 63 ( 1): 71-80, 1998. This study was conducted to determine the MIC values of historical and contemporary Streptoccocus suis (serotypes 2 and 7) from Denmark and S, suis (serotype 2) from Sweden. A total of 52 isolates originating from 1967 through 1981 and 156 isolates from 1992 through 1997 in Denmark and 13 isolates from Sweden were examined for their MICs against 20 different antimicrobial agents. This study demonstrated a significant serotype-associated difference in the susceptibility to macrolides and tetracycline and demonstrated that an increase in resistance among S. suis isolates has taken place during the last 15 years to the two most commonly used antimicrobial agents (tylosin and tetracycline) in pig production in Denmark. To read the full abstract, search the PorkNet Reference Library using Author = Aarestrup and Year = 1998.
www.porknet.com

## PIG NUTRITION

Adding Wheat Middlings, Microbial Phytase, and Citric-Acid to Corn-Soybean Meal Diets for Growing Pigs May Replace Inorganic Phosphorus Supplementation

Han YM, Roneker KR, Pond WG, Lei XG. Journal of Animal Science 76 (10): 2649-2656, 1998. Three experiments were conducted with 96 growing Landrace x Yorkshire x pure crossbreds to determine the collective effectiveness of cereal phytase from wheat middlings, microbial phytase, and citric acid in improving phytate-P bioavailability in corn-soy diets. It seems feasible to completely replace

calcium phosphate with 10 to 15% wheat middlings, 300 U microbial phytase/kg, and 1.5% citric acid in the corn-soy diets for growing pigs. To read the full abstract, search the PorkNet Reference Library using Author = Han YM and Year = 1998.
www.porknet.com

## PIG HEALTH & DISEASE

Postweaning Multisystemic Wasting Syndrome - Epidemiology and Clinical Presentation

Harding JCS, Clark EG, Strokappe JH, Willson PI, Ellis JA. Swine Health and Production 6 ( 6): 249-254, 1998. Objective: To describe the characteristics of postweaning multisystemic wasting syndrome (PMWS). Methods: A retrospective analysis of the production records of a 600-sow herd with clincial signs consistent with endemic PMWS was conducted. Results: In the case herd, postweaning mortality rate peaked at 7.67% on month 9 of the epidemic, then returned within 16 months to pre-outbreak levels of 2.1%-2.5%. The most common causes of death reported by the farm were unthriftiness (weight loss, emaciation),jaundice

(liver disease), and dyspnea (respiratory disease).
Implications: Control of PMWS is difficult and may depend largely on pig flow, improved sanitation, and early recognition and segregation of sick pigs. To read the full abstract, search the PorkNet Reference Library using Author = Harding and Year = 1998.
www.porknet.com

## NUTRIENT MANAGEMENT

Nothing Posted Today.

## HUMAN RESOURCES

Nothing Posted Today.

## BIOTECHNOLOGY

Nothing Posted Today.

## FOOD TRENDS / MARKETING

Host Marriott Services to Roll Out Jody Maroni's Sausage Kingdom Across the USA

VENICE BEACH, Calif./ December 14 / Jody Maroni's Sausage Kingdom, The Home of the Haut Dog, and Host Marriott Services have agreed to