

tempore (Mr. KNOLLENBERG) at 4 o'clock and one minute p.m.

#### GENERAL LEAVE

Mr. SKEEN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks during further consideration of H.R. 4461, and that I may include tabular and extraneous material.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Mexico?

There was no objection.

#### AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 2001

The SPEAKER pro tempore. Pursuant to House Resolution 538 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 4461.

1602

#### IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 4461) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 2001, and for other purposes, with Mr. NUSSLE in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole House rose on Thursday, June 29, 2000, the bill was open for amendment from page 57, line 12, to page 58, line 8.

Are there further amendments to that portion of the bill?

Mr. OBEY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise to engage in a series of discussions with the distinguished gentleman from New Mexico (Mr. SKEEN).

Mr. Chairman, as we know, the Senate bill provides direct payments to dairy farmers estimated at \$443 million to offset the record low prices we have seen for much of the past year.

I would simply ask the chairman if he would be willing to work with me to ensure that direct payments for dairy farmers are included in the bill when it emerges from conference.

Mr. SKEEN. Mr. Chairman, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from New Mexico.

Mr. SKEEN. Mr. Chairman, I would be pleased to work with the gentleman from Wisconsin. I find that we agree more often than not on the specifics of dairy policy, and would point to the last 2 years of economic assistance payments we have jointly inserted into

the agriculture appropriations conference report as proof.

Accordingly, I will be pleased to carry out our tradition of working together on dairy producer assistance, when and if we ever get to conference.

Mr. OBEY. Mr. Chairman, I thank the gentleman.

Let me turn to another subject, that of ultrafiltered milk. It seems there is always some new issue popping up in the dairy area. There are growing fears about the damaging impact on domestic dairy producers from imports of dry ultrafiltered or UF milk.

Ultrafiltration is an important technology widely used in cheese plants for about 15 years to remove water, lactose, and minerals and allow manufacturers to manipulate the ingredients in cheese to arrive at the desired finished product.

The use of liquid UF milk from another location has been approved by FDA on a case-by-case basis, but there is another problem. The problem is the threat of unlimited imports of dry UF milk from places like New Zealand following a petition to FDA earlier this year by the National Cheese Institute to change the standards of identity for cheese.

I understand that there are no quotas or tariffs on this product, which is currently used in bakery mixes, ice cream, and other products that do not have the strict standards of identity that cheese has. There have also been newspaper reports suggesting that dry UF milk is already being imported for use in American cheese plants, in violation of FDA regulations.

We need to know what the facts are so we can develop an appropriate response. At a minimum, we need to understand first how much UF milk is coming into the country and what it is used for. I would ask the chairman of the subcommittee if he would be willing to work with us to get answers to those questions through the GAO and other sources.

Mr. SKEEN. Mr. Chairman, I, too, have an interest in ultrafiltered milk. I believe it is prudent to have empirical facts in order to understand the specifics of a somewhat muddled portion of the dairy production and cheese-making process.

I would offer to the gentleman that we will jointly direct either the GAO or the committee S&I staff to conduct a factual investigation into how much UF milk is produced in this country and how much is being imported and what it is used for. At that time, and with the facts on our side, I am confident that we will be able to address the issue in an intelligent and productive manner.

Mr. OBEY. I thank the gentleman.

Now I would like to turn to another subject, Mr. Chairman. That is the Dairy Export Incentive Program.

I am concerned that the USDA is not being aggressive enough in encouraging dairy exports through the Dairy Export Incentive Program, or DEIP, which al-

lows us to compete in world markets with highly subsidized exports in the European Union.

About 10 percent of DEIP contracts are apparently canceled, I understand due mainly to price undercutting by our competitors. For whatever the reason, we apparently have about 40,000 metric tons of canceled nonfat dry milk contracts dating back to June of 1995. This canceled tonnage can be reprogrammed for export by allowing exporters to rebid for them, but the Foreign Agricultural Service appears reluctant to do that, perhaps fearing that it may be taken to the WTO court by the European Union.

Mr. Chairman, as we know, DEIP saves money. It is cheaper to export surplus nonfat dry milk than it is for USDA to buy it and store it. Removing this product from the domestic market would have a beneficial impact on dairy prices. As such, again, I would ask the chair of the subcommittee to help me convince USDA to propose a solution to resolve the problem by the time we have reached conference on this bill, one that might include establishing a procedure for automatic rebidding of canceled tonnage.

Mr. SKEEN. Mr. Chairman, again, I would be pleased to work with the gentleman to address his concerns, as they are shared by myself and many others. It seems the administration has been entirely too willing to roll over to our competitors without looking to the interests of America's farmers and ranchers first, and anything we can do to reverse the trend will be a step forward.

Mr. OBEY. I thank the chairman.

Mr. Chairman, I would like to raise the question of cranberries.

The CHAIRMAN. The time of the gentleman from Wisconsin (Mr. OBEY) has expired.

(By unanimous consent, Mr. OBEY was allowed to proceed for 4 additional minutes.)

Mr. OBEY. Mr. Chairman, with respect to that product, cranberry growers, as we know, like all farmers today, it seems they are in dire straits due to overproduction, massive overproduction and lower prices. It costs about \$35 per barrel to produce cranberries. Some growers in my district are getting as little as \$9 or \$10 a barrel for their crop.

The USDA recently announced its support for industry-proposed volume controls that are desperately needed to get a handle on overproduction. That is part of the solution, but will add to the farm income problems those cranberry growers are facing, so it seems to me we have to look for more things that can be done.

Another part of the solution might be for USDA to purchase surplus products. USDA has been very responsive so far looking for opportunities to purchase surplus product, but much more needs to be done if we are to restore balance to supply and demand.