

DEPARTMENT OF AGRICULTURE**Commodity Credit Corporation****Installation and Improvement of Grain Cleaning Equipment**

AGENCY: Commodity Credit Corporation, USDA.

ACTION: Notice.

SUMMARY: The Commodity Credit Corporation (CCC) is soliciting public comment on the merits of whether the CCC should finance, in some manner, the installation or upgrading of grain cleaning systems at wheat export elevators in the United States. The goal of this initiative, if undertaken, would be to improve the quality and competitiveness of U.S. wheat exports by insuring that foreign buyers may readily purchase U.S. wheat with dockage specifications substantially lower than currently available from export elevators.

DATES: Written comments on this notice must be received on or before December 29, 1999 to be assured of consideration. A public meeting concerning the subject matter of this notice will be held. The place, date, and time of the meeting will be announced in the **Federal Register**.

FOR FURTHER INFORMATION CONTACT: Please direct written correspondence to: Timothy J. Galvin, Administrator, Foreign Agricultural Service, Room 5071, 1400 Independence Ave. SW, Washington, DC 20250. Telephone, fax or e-mail correspondence may be directed to: Sam Dunlap, Assistant to the Administrator, Foreign Agricultural Service, Phone: (202) 720-1743, Fax: (202) 690-0493, e-mail: dunlaps@fas.usda.gov.

SUPPLEMENTARY INFORMATION: U.S. producers of wheat—particularly growers of Hard Red Winter Wheat—cite on-going complaints from foreign buyers about the cleanliness (and therefore perceived quality) of U.S. wheat, especially in comparison to the wheat available from certain foreign competitors. Although this complaint has been a long-standing theme among some public and private sector buyers, as well as some U.S. producers, the increasing trend toward privatization of grain imports throughout the world during the 1990's may be giving the issue greater importance. The growing ranks of private sector buyers are increasingly more discriminating in making their purchase decisions, compared to their publicly-owned predecessors.

While price competitiveness remains central to purchasing decisions, major wheat export competitors have

apparently capitalized on buyers' concerns about U.S. wheat cleanliness in their marketing programs. For example, the wheat offered by key export competitors, notably Australia and Canada, contains average dockage levels of about 0.2%. By comparison, dockage levels for U.S. wheat inspected for export during 1998 averaged from 0.5% to 0.7% depending on class.

A 1992 study by the USDA Economic Research Service concluded that the mandatory cleaning of all U.S. wheat exports could increase wheat exports by 2%, and that voluntary cleaning for selected markets, while not likely to attain the export increase projected by mandatory cleaning, would nevertheless have positive economic results in the form of increased exports. The Economic Research Service concluded that an overall reduction in dockage and foreign material could benefit the U.S. wheat industry only if cleaner U.S. wheat induces sufficient trade benefits to overcome the net domestic cost.

Public and private importers of wheat, especially in Asia, continue to tighten specifications for their imported wheat purchases. For example, the changing purchase specifications of one major buyer in the Pacific Rim, Japan, has already brought about the installation of wheat cleaning systems in the U.S. Pacific Northwest. An apparently growing number of smaller buyers in Latin America and other regions are seeking cleaner wheat but claim not to be able to secure the wheat from U.S. sources. They can, and reportedly have, turned to competitors to fill their needs. Yet some in the U.S. private sector apparently conclude that the costs of installing and operating grain cleaning equipment in many U.S. ports are not justified by the potential returns to private firms.

The CCC is considering providing financial assistance to support the installation or upgrading of grain cleaning equipment at export elevators. Authority for this activity is section 5(b) and (f) of the CCC Charter Act, 15 U.S.C. 714c(b) and (f). These provisions, respectively, authorize CCC to "[m]ake available materials and facilities required in connection with the production and marketing of agricultural commodities" and to "aid in the development of foreign markets" for agricultural commodities.

The CCC must consider numerous issues before initiating any activity to support the installation or upgrading of wheat cleaning facilities, including the likely scope and cost of such an initiative (with a preliminary cost estimate of approximately \$5 million per facility); the extent and form of

CCC's financing role; and how to ensure that those existing elevators, primarily in the Pacific Northwest, who have already undertaken such investments are not competitively disadvantaged.

Comments are invited on all aspects of this proposed initiative. However, it would be particularly helpful if comments addressed the following:

(1) The size and scope of such an initiative. For example, should the program be available to essentially all elevators providing wheat for export, or should the program be established on a pilot basis at a small number of facilities?

(2) Impact on those elevators in the United States that have already undertaken the expense of installing grain cleaning equipment. Should financing be limited largely to those regions of the country in which elevators have not yet undertaken such expenditures?

(3) The CCC's financing role. What is the appropriate role of government financing when the private sector declines to invest in grain cleaning equipment on its own? What should be the extent of CCC subsidy, ranging from guaranteeing loans on commercial terms to cost-share grants? If cost-share, should the CCC's contribution be established at a fixed percentage? Alternatively, should an elevator's willingness to finance relatively more of the investment be a competitive factor in awarding CCC financing? What costs should be financed by the CCC?

FAS will announce the place, date, and time of the public meeting regarding this proposal.

Signed at Washington DC on November 23, 1999.

Timothy J. Galvin,

*Administrator, Foreign Agricultural Service;
Vice President, Commodity Credit Corporation.*

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DEPARTMENT OF AGRICULTURE**Food Safety and Inspection Service**

[Docket No. 99-048N]

Canada's Modernized Poultry Inspection Program (MPIP)

AGENCY: Food Safety and Inspection Service, USDA.

ACTION: Notice; request for comments.

SUMMARY: The Food Safety and Inspection Service (FSIS) is announcing the availability of a paper prepared by the Canadian Food Inspection Agency (CFIA) that describes its new