

The Mennel Milling Company

Since 1886

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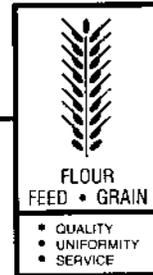
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1998 SEP 14 P 4: 16

OFFICE OF THE SECRETARIAT



September 8, 1998

Ms. Jean A. Webb, Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
11552 21st Street, N.W.
Washington, DC 20581

COMMENT

SEP 14 4 21 PM '98
COMMODITY FUTURES
TRADING COMMISSION
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Dear Ms. Webb:

Re: CBT Wheat Futures Contract Vomitoxin Proposal

The Mennel Milling Company is pleased to be able to comment on the Chicago Board of Trade Wheat Futures Contract Vomitoxin Proposal. We are the tenth largest flour milling company in the U.S. with four flour mills and are one of the largest soft wheat flour millers in the U.S. As such, we are cash buyers of soft red winter wheat and are hedgers on the Chicago Board of Trade.

We are strongly opposed to the proposed levels of 5 parts per million vomitoxin in wheat for delivery. Wheat of 5 parts per million cannot be milled into flour meeting FDA advisory levels.

We feel that the process by which the CBOT arrived at 5 parts per million has been convoluted and has not allowed input from cash grain merchants, traders, or processors. The original committee did have minority representation; however, their recommendation was thrown out, a new committee established with no representation, and an absolutely unacceptable level proposed.

Regarding your proposal as published in the Federal Register, please note that deoxynivalenol is not a fungus, it is a byproduct of the fungus *Fusarium graminearum* and is commonly known as DON or vomitoxin. This fundamental error indicates that the level of understanding of this disease and its effects on the wheat growers, handlers, and processors is neither understood nor comprehended by the CBOT nor the CFTC.

In that same paragraph of the Federal Register, it is stated that the inspection would be done "at the time of load out by the Federal Grain Inspection Service or by a third party inspection service which is mutually agreeable to the delivery receiver and the deliverer." When we experienced a crop disaster in the 1995 wheat crop, the only FGIS lab capable of measuring for vomitoxin was located in Beltsville, Maryland. While other labs have subsequently developed the capability, we experienced major problems in 1996 when the Toledo laboratory of FGIS

developed their own short-cut method of measuring for vomitoxin and issued grades which were neither accurate nor dependable.

Measuring for parts per million means that the sampling process becomes extremely important because the inspector is looking for one kernel of infected wheat in each million kernels. If the sample is not representative of the lot, the inspection cannot find those individual kernels.

The Mennel Milling Company cannot purchase wheat with vomitoxin levels above 2 parts per million and process that wheat into flour for human consumption meeting the FDA advisory level of 1 ppm and byproducts meeting FDA advisory levels of 5 ppm as specified for certain animals.

Let me cite what others have said about the problems of vomitoxin-contaminated wheat:

FDA revised its advisory levels for vomitoxin on Sept. 16, 1993, in response to the outbreak of the mold in a significant portion of the wheat crop that year. At that time, FDA:

- ♦ eliminated its previous 2 part-per-million advisory level that applied to vomitoxin present in raw wheat and wheat byproducts for human use. Instead, FDA said it would rely upon millers and processors--through their purchasing specifications and cleaning practices--to reduce the vomitoxin level so that the level present in finished wheat products for human consumption (e.g., flour, germ and bran) not exceed 1 p.p.m.

NGFA Newsletter, October 12, 1995

"...officials at the Chicago Board of Trade told the NGFA today that the exchange has not set a numerical limit for vomitoxin in wheat receipted as deliverable stocks. However, they indicated the CBOT is reviewing the situation and its vomitoxin policy is under active review."

NGFA Newsletter, July 18, 1996

"Please be advised based on the conditions of the Michigan 1996 Soft White Wheat Crop Kellogg's will not take any shipments of wheat products derived in whole or blended with this crop."

Letter to Michigan Millers from Director, Commodity Purchasing, Kellogg's

"Head scab cost Ohio wheat growers more than \$170 million in 1995 and 1996. Associated fungal toxins in the grain have cost Ohio's milling and baking industry millions of dollars as well."

Challenging what is... achieving what could be, College of Food, Agricultural, and Environmental Sciences, The Ohio State University.

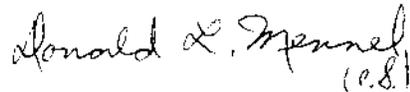
The procrastination and irresponsible delay on the part of the CBOT, not to mention the deliberate undermining of the process, is absolutely unconscionable and has cost the wheat foods industry millions upon millions of dollars. Their current proposal continues to be

unacceptable and irresponsible. **The level of vomitoxin must be set at 2 ppm in order that we create in this country a separation of food grade wheat from wheats not meeting food grade levels.** To not establish a delivery level of 2 ppm increases the volatility of the basis and removes the protection intended by the hedging process. We have waited too long for action by the CBOT, and the action they are proposing is unacceptable. We must ask that the CFTC take action to establish a delivery grade for wheat of 2 ppm in order to allow the wheat foods industry to provide safe and adequate wheat foods to the American public as established by the FDA advisory levels.

Thank you for the opportunity to comment.

Yours very truly,

THE MENNEL MILLING COMPANY

A handwritten signature in cursive script that reads "Donald L. Mennel" with the initials "(D.L.M.)" written below it.

Donald L. Mennel
President

DLM:cs