



RECEIVED  
C.F.T.C.

99-23  
③  
RECEIVED  
C.F.T.C.

99-24  
②

1999 AUG 31 P 2: 21

1999 AUG 31 A 11: 39

Carl W. Brothers  
Senior Vice President  
International Rice & Partnerships

RECEIVED  
RECOVER

SECRETARIAT

August 27, 1999

Ms. Jean Webb  
Secretary to the CFTC  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street NW  
Washington, DC 20581

### COMMENT

Dear Ms. Webb:

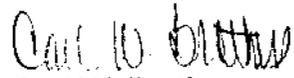
We wish to provide the following comment to the Federal Register notice regarding the Chicago Board of Trade recommendation to eliminate the delivery differential of 15 cents per hundredweight discount for delivery at non-mill site warehouses.

We do not support the elimination of the non-mill site warehouse discount at 15 cents per hundredweight for the following reasons:

- (1) The suggestion originated from increased rough rice barge loading on the rivers in the recent past. However, demand for rough rice loading to river barges ebbs and flows with Central and South American rice crop failures created by such phenomena as the recent El Nino. Central and South American rice crops have recovered from the recent El Nino effects and exports of rough rice are projected to decline 42% in the 1999/00 season.
- (2) The preponderance of all U.S. rough rice produced continues to flow to U.S. milling facilities. This, of course, is the reason for mill points being par from the beginning of rice futures trading while non-mill site warehouses were set at a 15 cents per hundredweight discount to cover increased freight costs to the mill.
- (3) Eliminating the non-mill site warehouse discount will increase the basis offered by non-mill site warehouses which will make CBOT delivery the best cash option for the delivering non-mill site warehouse. This will encourage CBOT deliveries and create the CBOT serving as nothing more than a clearinghouse for cash rough rice sales.

We appreciate the opportunity to comment on the proposed change to eliminate the delivery differential.

Regards,



Carl W. Brothers  
Senior Vice President –  
International Rice & Partnerships