

COMMENT

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OFFICE OF THE SECRETARIAT

Date: November 19, 1999
To: Commodities Futures Trading Commission
Attn: Mr. Jean A. Webb, Secretary
No. of Pages: 1

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Dear Ms. Webb,

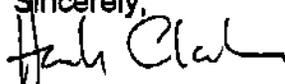
I urge the Commodities Futures Trading Commission to approve the modification of the quality specification for the rough rice futures traded at The Chicago Board of Trade.

The CBOT rough rice futures contract is the only remaining unique aspect of the U.S. rice industry. Without it, the U.S. would have nothing to offer the global rice trade that cannot be originated in another country at a cheaper price. What it offers the buyer and the seller is the ability to hedge, something unavailable in any other country. Consequently, the viability of the contract should be maintained with vigilance.

By tightening the standards for Stained and Heat Damaged Rice for futures delivery, the CFTC will eliminate a loophole in the contract that has long diminished the contract's role as a vehicle for hedging and as a transparent indicator price.

It is common knowledge that this change is opposed by a few rice mills that have always opposed price transparency in paddy and milled rice prices. These mills long for the days when mills colluded to set prices and divided market share. They opposed the creation of rough rice futures contract because they no longer were able to control prices. Some still hope the rough rice futures contract will fail; they hope to accelerate its demise by aggressively delivering stained rice. They reason that participation will diminish if longs fear receiving stained rice that is difficult to sell in the cash market.

The CFTC must call a halt to this unfair trade practice. By eliminating the option of delivering stained rice, the rough rice contract will gain greater acceptance domestically and internationally as an instrument to hedge and transfer risk.

Sincerely,

Hank Clark