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AMERICAN FARM BUREAU FEDERATION®

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May 4, 2000

COMMENT

Ms. Jean A. Webb
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

RE: The Proposed Amendment to The New York Cotton Exchange Cotton No. 2 Futures Contract

Federal Register: April 5, 2000, pgs. 17859 – 17860

Dear Ms. Webb:

The American Farm Bureau Federation (AFBF) is the nation's largest general farm organization, representing the interests of more than 4.9 million member families through affiliated state Farm Bureaus in all 50 states and Puerto Rico. We appreciate the opportunity to offer comments regarding the proposed amendment to the New York Cotton Exchange cotton No. 2 futures contract.

The Farm Bureau strongly supports the practice of allowing certified cotton stocks to remain under CCC loan and opposes the proposed amendment to discontinue this practice. The practice of allowing certified cotton stocks to remain under CCC loan has not inhibited the appropriate economic function of the futures market which is to force price convergence at the expiration of the futures contract. Thus, we support the marketing flexibility that this option provides farmers and believe that the operation of the CCC loan and the New York Cotton Exchange cotton No. 2 futures contract has actually enhanced the cotton farmer's marketing options.

In conclusion, we believe that the CCC loan and the New York futures contract work independently but in a rational manner to enhance the farmer's opportunity to participate in the futures market and are concerned that the adoption of this proposal will reduce deliverable supplies. If deliverable supplies decline as we suspect, this proposal could potentially make futures contracts more susceptible to manipulation and distortions than the system currently in place.

We thank you for the opportunity to express our strong opposition to this proposed amendment.

Sincerely,

Bob Stallman
President

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