RLA

RONALD L. ANDERSON
INTERNATIONAL CONSULTANT
OILSEED PROCESSING

5 CT of Tyronwood
Northbrook, IL 60062
Phone/Fax 847-562-9425/26

141 West Jackson Boulevard #1636
Chicago, IL 60604
Phone 312-697-2959 / Fax 312-697-0341

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

COMMENT

Dear Ms. Webb:

I am writing in regard to the Chicago board of Trade's (CBOT) proposal to change the soybean oil futures contract. This contract with the automatic adjustment provision has worked well since its inception over 10 years ago. Over this period of time almost every delivery territory has had surplus oil and large quantities of oil delivered on the CBOT. The automatic adjustment provision has made the appropriate adjustments in delivery value for each territory.

The proposal to double the Automatic Adjustment differentials is reasonable and will allow for a normal transition to appropriate values in each territory. However, the proposal to require the warehousemen to deliver the commodity to the nearest class I railroad will in effect change the way that cash soyoil is traded. Currently the buyer of oil provides the equipment and determines the mode and direction of transport. The buyer negotiates the transportation rates with the railroads or trucks, while the warehouseman has very little control of this.

Such a change based solely on railroad size instead of service is anti-competitive. What about processing plants that are located on branch railroads of major carriers with infrequent service?

In closing, I urge the CFTC to reject the proposal regarding the Class I railroad.

Sincerely,

Ronald L. Anderson

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