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COMMITTEE ON AGRICULTURE

GENERAL FARM COMMODITIES

FORESTRY, RESOURCE CONSERVATION
AND RESEARCH

COMMITTEE ON THE BUDGET

UNITED STATES
HOUSE OF REPRESENTATIVES

March 15, 1999

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COMMENT

Ms. Jean A. Webb
Secretary
Commodities Futures Trading Commission
Three Lafayette Centre
1155 21st St., NW
Washington, DC 20581

Dear Ms. Webb:

It has come to my attention that the Commodities Futures Trading Commission (CFTC) is considering a matter which is of considerable importance to many of the soybean growers in the 2nd Congressional District of Minnesota.

It is my understanding that the Chicago Board of Trade has proposed changes to its soybean oil futures contracts. The proposed changes would have a significant impact on the South Dakota Soybean Processors (SDSP), which is a cooperative owned by over 2,000 farm families in South Dakota and Minnesota. The plant is located on the South Dakota-Minnesota border, and draws many of its members from southwestern Minnesota.

Of the three proposed changes which are before the CFTC for consideration, the SDSP has accepted two of the three, although those changes could potentially harm the cooperative's profitability. The SDSP has decided to support the proposal to double the Automatic Adjustment Differentials and to change the load out rate, with a reasonable condition. However, the SDSP is opposed to the proposal to require warehousemen to deliver the commodity to the nearest Class I Railroad. The SDSP believes that this provision is anti-competitive and is targeted primarily at their cooperative.

I support the positions which the SDSP has taken in this matter, and urge the members of the CFTC to act accordingly. During these challenging financial times for farmers, including soybean producers, it is extremely important that farmers be encouraged to add value to their products through cooperative ventures. The SDSP is a prime example of such a value-added endeavor and should not be penalized for their location through the changes proposed by the Chicago Board of Trade.

Thank you for your attention to this important matter.

Sincerely,

DAVID MINGE
Member of Congress

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