

LouisDreyfus

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17 November, 1999

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OFFICE OF THE SECRETARIAT

Ms. Jean A. Webb
Commodity Futures Trading Commission
Three Lafayette Centre
1155 Street NW
Washington, DC

Dear Ms. Webb:

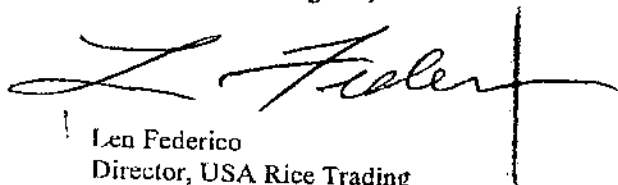
We understand that a proposed modification to the CBOT Rice Futures contract is currently before your agency for review. Louis Dreyfus Corporation has been a firm supporter of the CBOT rice contract since its inception. Our belief in its value to the trade leads us to conclude that the proposed modifications, i.e., a limit on the amount of rough rice damaged by heat ("stain") that may be delivered against the contract, must be approved. We agree with the majority of our colleagues in the trade, who feel that a maximum limit of ten stained kernels per 500 grams is both necessary and feasible.

We do not feel that the 10-kernel limit on stain will significantly impact the quantity of deliverable supplies. For several years, domestic and export consumers of rough and milled rice have demanded products that contain no heat damage or stain. Responding to that demand, the industry (both millers and growers) has improved production methods such that the overwhelming majority of rice produced in the U.S. Delta is free of both heat-damaged and stained kernels. Mills routinely buy cash rough rice from growers subject to it being free of both heat-damage and stain. In the relatively rare circumstance that stained rice is accepted, the supplier is charged with a steep discount.

The 10-kernel limit will give warehousemen sufficient flexibility to accept (and deliver) the rare load of rough rice that contains a small amount of stain. However, it will prevent warehousemen from blending quality supplies with clearly inferior product.

The US rice industry's future lies in its ability to produce a superior product. To remain competitive, US rice processors, exporters, and users require a consistent, liquid hedging tool. Without this reform, the contract will continually fail to meet this need.

Thanks and best regards,



Len Federico
Director, USA Rice Trading
Louis Dreyfus Corporation

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