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U.S. Durum Growers Assn. OFFICE OF THE SECRETARY

PROMOTING THE PRODUCTION AND MARKETING OF  
DURUM AND SEMOLINA

February 9, 2000

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

RE: MGEX Durum Contract specification changes

The United States Durum Growers Association has a concern with an adjustment in the contract specifications of the durum contract on the Minneapolis Grain Exchange.

The USDGA represents several hundred durum producers from Montana and North Dakota. The members of the association agree that there is need for greater volume in the Minneapolis Grain Exchange durum contract and we concur with most of the proposed changes in the specifications. However, the change in the protein standard from 13 to 12.5% is counterproductive. It is our belief that 13% protein is the standard for US producers, mills and processors. Products are labeled for 13% protein basis level on raw durum product.

According to North Dakota Wheat Commission durum quality reports for the past several years, 13% protein is virtually standard in the United States. The only place where 13% levels may be difficult to attain is in Canada. The USDGA is concerned that by lowering protein specifications, we are in effect encouraging the lower protein production of Canadian durum as well as a lower protein content in US durum.

We appreciate the Minneapolis Grain Exchange's attempts to change the contract to increase sales volume. The futures contract gives our producers a method to hedge their price. It can be an excellent marketing tool for price discovery as well a determinant for crop insurance and USDA price calculations. Its success is very important to all durum producers

If you have any questions or comments, please do not hesitate to contact me.

Sincerely,

Mark Birdsall  
Box 193  
Berthold, ND 58718  
701 453-3159

cc: ND Wheat Commission  
Minneapolis Grain Exchange

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