

**BUNGE**

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August 21, 2006

Ms. Eileen A. Donovan  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

**RE: Comprehensive Review of the Commitments of Traders Reporting Program (71 F.R. 119 (June 21, 2006))**

Dear Ms. Donovan:

Bunge North America, Inc. is pleased to provide brief comments to the Commission's request for comment regarding its Commitments of Traders (COT) reports.

Bunge North America, the North American operating arm of Bunge Limited, is a vertically integrated food and feed ingredient company supplying raw and processed agricultural commodities and specialized food ingredients to a wide range of customers in the livestock, poultry food processor, foodservice and bakery industries. Bunge operates grain elevators, oilseed processing facilities edible oil refineries and packaging plants, and corn dry mills in the United States, Canada, and Mexico.

As a commercial market participant with a significant stake in well functioning futures and option markets, Bunge shares the concerns raised and responses made in the comments submitted to the Commission by the National Grain and Feed Association (NGFA) and the National Grain Trade Council (NGTC). Thus, rather than respond to the specific questions asked by the Commission and answered comprehensively in the NGFA and NGTC submissions we simply will amplify on several of the issues raised in those comments.

As many others have noted, there is no question that the COT reports have value in agricultural markets. Farmers, merchants, processors, food manufacturers, as well as agricultural lenders each look to the reports for insight into market supply and demand trends. As such, COT reports serve an important role as an objective third-party source of aggregated market information. The weekly "look-back" provided in the Commission's report has served the sector well.

Despite this record of success for the industry and Commission, we are concerned that the historical value of the COT reports may soon lose relevance. The current definition of commercial participant used by the CFTC to report data has more recently included the new “non-traditional” financial hedge community. While welcome as a class of investors, the Commission’s decision to lump their positions into the commercial side of the report ledger has, in fact, masked true market supply and demand signals in some cases. Agricultural cash and futures markets are incredibly dynamic and are dependent on information that enables the sector to respond quickly. However, the sector is also dependent on growing cycles; once production decisions are made, they are made for an entire crop year. Separating out the financial hedge investors from traditional hedgers would help to better inform all market participants about underlying cash market conditions and influences.

Finally, the Commission through its questions appears to have serious reservations about separating out financial hedge positions for concern about revealing sensitive information. The CFTC for years has identified the aggregate commercial positions of Bunge and others without incident. While the Commission’s abundance of caution is commendable, we believe it is misplaced. The purpose of the COT report should be to provide aggregate information about market activity in a manner that bolsters confidence and reinforces the commercial utility of the futures and option markets. Traditional hedgers of physical commodities use the futures and option markets to manage cash market price risks. The COT reports must convey information in a manner that retains the direct connection between cash and futures markets. We believe the current reporting definitions, which include participants with no cash market risk, ultimately could disconnect cash from futures and risk the very utility of the underlying futures and option contracts traded on US futures exchanges.

For these reasons we strongly urge the Commission to take prompt action to separately report the positions held by the new class of non-traditional commercial participants.

Thank you for providing this opportunity to comment.

Sincerely,



Thomas J. Erickson  
Vice President Government & Industry Affairs