



United States
Department of
Agriculture

Farm
Service
Agency

Kansas City Commodity Office
Post Office Box 419205
Kansas City, Missouri 64141

December 9, 2004

NOTICE TO THE TRADE

BCD-82

TO: All Warehouse Operators Approved Under a Uniform Grain and Rice Storage Agreement

SUBJECT: Additional Information on Releasing Wheat from the Bill Emerson Humanitarian Trust

Background

On December 3, 2004, Secretary Veneman authorized the release of 200,000 metric tons (approximately 7.35 million bushels) of wheat from the Bill Emerson Humanitarian Trust (BEHT) for use in P.L. 480, Title II programs. The U. S. Agency for International Development (USAID) has requested soft white wheat to meet program needs for Sudan.

The Commodity Credit Corporation (CCC) intends to acquire 200,000 metric tons of soft white wheat at U.S. port locations, FOB vessel. Buy/sell transactions will allow CCC to acquire soft white wheat at port locations and sell a corresponding quantity of BEHT soft white wheat stocks. CCC may also exchange (swap) BEHT soft white wheat stocks for soft white wheat at port locations. The appropriate release process and timeframes will be determined by CCC based upon program needs and time constraints.

BEHT Release Processes

Based on the shipping timeframes, CCC will conduct buy/sell transactions or swaps to acquire soft white wheat at U.S. port locations, delivery FOB vessel. The Kansas City Commodity Office (KCCO) will issue either purchase or swap invitations to acquire wheat and Notices to the Trade to announce sales of BEHT stocks, as applicable. Each invitation or Notice to the Trade will provide further details of the transactions. As program requirements are determined, CCC may adjust the sales or swap procedures as necessary to address requested commodities, timeframes, and potential market impacts.

CCC anticipates that in order to meet the program commitments, all CCC-owned soft white wheat will be made available. All soft white wheat stocks received as U.S. No. 2 or better will be considered BEHT stocks. Information on CCC-owned inventory is available at www.fsa.usda.gov/catalogs. Please note that a new link has been added to the website to identify U.S. No. 2 or better wheat separately by class. CCC reserves the right to use cash or other classes of CCC-owned wheat to meet program needs, including wheat sold to storing warehouse operators.

Anticipated BEHT Release Schedule

The quantity of wheat to be released from the BEHT will be limited to the authorized 200,000 metric tons. As of December 3, 2004, the BEHT contained 725,169 metric tons of soft white wheat. Based on projected USAID program needs and shipping dates, sales or swaps are currently planned according to the following schedule (tentative):

Week Of	Metric Tons	Bushels
December 15, 2004	50,000	1,837,167
December 29, 2004	50,000	1,837,167
January 12, 2005	50,000	1,837,167
January 26, 2005	50,000	1,837,167
Total	200,000	7,348,668

BEHT Sales Process

KCCO will issue a Notice to the Trade and invitations announcing buy/sell transactions or swap transactions to correspond to USAID purchase orders. The Notice to the Trade will include details for these transactions.

Storing warehouse operators will have 3 business days from the date of each Notice to the Trade to purchase CCC-owned stocks. Storing warehouse operators may negotiate a purchase of any or all soft white wheat stored in their facility.

CCC-owned soft white wheat at all warehouse locations will be available to third party buyers, with the following limitations:

- For the entire release, the maximum quantity that will be sold at a particular location, based on the CCC warehouse code, is 35 percent of the CCC-owned soft white wheat stored at that warehouse code as of December 3, 2004. This will be inclusive of any quantity purchased or swapped by the storing warehouse operator.
- Third party buyers may only purchase up to 15,000 metric tons (551,150 bushels) during a single transaction.

CCC will complete third party sales without prior notification to storing warehouse operators. CCC reserves the right to adjust these limitations, as necessary to meet program needs.

BEHT Swap Process

Swap transactions will be made on a bushel for bushel basis, plus cash. KCCO will issue swap invitations that identify the bidding and shipping timeframes and port locations.

Interested parties will be allowed to offer swaps of soft white wheat at U.S. port locations delivery FOB vessel, for CCC-owned soft white wheat stored in:

- Their own facilities, with no specific quantity limitations,
- One or more facilities controlled by other warehouse operators, provided that soft white wheat stored in their own facilities is used in exchange for at least 10 percent of the offered quantity, if stocks are available and the 35 percent limit has not been reached.

Note: Bidders must swap 100 percent of any available CCC-owned soft white wheat in their facilities, if such quantity is less than 10 percent of the offered quantity.

For this release, the maximum quantity that will be swapped out of a particular location, based on CCC warehouse code, is 35 percent of the CCC-owned soft white wheat stored at that location as of December 3, 2004, including any quantity bought or swapped by the storing warehouse operator. This requirement will be waived at locations for which the storing warehouse operator agrees, in writing, to exceed the 35 percent maximum.

CCC will complete swaps without prior notification to storing warehouse operators. CCC reserves the right to adjust these limitations for subsequent sales or swaps, as necessary to meet program needs.

Additional Information

Future Notices to the Trade (sales) or Invitations (swaps) will provide additional information, including the process to submit offers. Any questions regarding this notice should be directed to KCCO at (816) 926-3816.

/s/

George W. Aldaya
Director