



United States  
Department of  
Agriculture

June 28, 2005

BCD-104

Farm and Foreign  
Agricultural Services

Farm Service Agency

Kansas City Commodity  
Office  
P.O. Box 419205  
Kansas City, Missouri  
64141-6205

## NOTICE TO THE TRADE

**To:** All Warehouse Operators Approved Under the Uniform Grain and Rice Storage Agreement (UGRSA)

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

### Background

On June 22, 2005, Secretary Johanns authorized the release of 500,000 metric tons (MT), or approximately 18.37 million bushels, of wheat from the Bill Emerson Humanitarian Trust (BEHT) for use in Public Law 480, Title II programs. The U. S. Agency for International Development (USAID) has requested 270,000 MT of hard red winter wheat and 230,000 MT of soft white wheat to meet program needs for Africa.

The Commodity Credit Corporation (CCC) intends to acquire 270,000 MT of hard red winter wheat and 230,000 MT of soft white wheat at U.S. port locations, FOB vessel. Buy/sell transactions will allow CCC to acquire wheat at port locations and sell a corresponding quantity of BEHT wheat stocks. CCC may also exchange (swap) BEHT wheat stocks for wheat at port locations. The appropriate release processes 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 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 BEHT wheat stocks will be made available. All wheat stocks receipted as U.S. No. 2 or better are considered BEHT stocks. Information on CCC-owned inventory is available at [www.fsa.usda.gov/catalogs](http://www.fsa.usda.gov/catalogs). CCC reserves the right to use BEHT cash holdings to meet program needs.



### Anticipated BEHT Release Schedule

The quantity of wheat to be drawn out of the BEHT will be limited to the authorized release of 500,000 MT. As of June 28, 2005, the BEHT contained 1,415,349 MT of wheat. Based on projected USAID program needs and shipping dates, sales or swaps are currently planned according to the following schedule (tentative):

#### Hard Red Winter Wheat

Week Of...	Metric Tons	Bushels
July 11, 2005	50,000	1,837,167
August 8, 2005	50,000	1,837,167
September 5, 2005	100,000	3,674,334
October 3, 2005	70,000	2,572,033
<b>Total</b>	<b>270,000</b>	<b>9,920,701</b>

( *Subject to Change...* )

#### Soft White Wheat

Week Of...	Metric Tons	Bushels
July 11, 2005	50,000	1,837,167
August 8, 2005	80,000	2,939,467
September 5, 2005	50,000	1,837,167
October 3, 2005	50,000	1,837,167
<b>Total</b>	<b>230,000</b>	<b>8,450,968</b>

( *Subject to Change...* )

### 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 CCC-owned wheat stored in their facility.

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

- For this release of 500,000 MT, the maximum quantity that will be disposed of through sales or swaps at a particular location, based on the CCC warehouse code, is 40 percent of the CCC-owned wheat stored at that warehouse code as of June 28, 2005. This will be inclusive of any quantity purchased or swapped by the storing warehouse operator.

**Exception:** CCC-owned wheat totaling less than 30,000 bushels at a particular location (based on CCC warehouse code) will be available to third party buyers with no quantity limitations.

- Third party buyers may only purchase up to 15,000 MT (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 hard red winter wheat or soft white wheat at U.S. port locations delivery FOB vessel, for CCC-owned wheat stored in:

- Their own facilities, with no specific quantity limitations,
- One or more facilities controlled by other warehouse operators, provided that 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 40 percent limit has not been reached.

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

For this release of 500,000 MT, the maximum quantity that will be disposed of through sales or swaps at a particular location, based on CCC warehouse code, is 40 percent of the CCC-owned wheat stored at that location as of June 28, 2005, 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 40 percent maximum, or

- Where CCC-owned wheat totals less than 30,000 bushels.

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 (purchases/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 (sales) or 816-926-6420 (purchases/swaps).

/s/

George W. Aldaya  
Director

