April 17, 2013

Peter W. Burr  
Branch Chief, Export Sales Reporting Branch, Import Policies and Export Reporting Division  
Office of Trade Programs  
Foreign Agricultural Service  
1400 Independence Avenue SW  
Washington, DC  
20250–1021  
STOP 1021

VIA EMAIL  
Pete.Burr@fas.usda.gov

RE: Comments of the Renewable Fuels Association; Proposed rule; reopening of comment period. Export Sales Reporting Requirements (78 Fed. Reg. 16819; March 19, 2013).

Dear Mr. Burr

The Renewable Fuels Association (RFA) is pleased to submit the following comments in response to the Foreign Agricultural Service’s (FAS) proposed rulemaking reopening the public comment period with regard to mandatory export sales reporting for distillers dried grains (DDG). 78 Fed. Reg. 16819 (March 19, 2013).

RFA is the leading trade association for America’s ethanol and distillers grains producers. Its mission is to advance the development, production, and use of fuel ethanol and co-products. Founded in 1981, RFA serves as the premier meeting ground for industry leaders and supporters. RFA’s 300-plus members are working to help America become cleaner, safer, energy secure, and economically vibrant.

In regard to the proposed rule, we do not believe the addition of DDG to the FAS weekly export sales reporting requirements would enhance transparency or provide any additional benefit to market participants. For the specific reasons described below, RFA objects to the inclusion of DDG in the weekly export sales reporting regimen.

- We believe reporting of weekly DDG export sales could contribute to volatility and exaggerated price movements in the domestic DDG market. While DDG production and sales volumes have increased in recent years, the DDG market remains relatively small and considerably less liquid than well-established markets for agricultural commodities (like grain). Thus, wide swings in

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1 As an example, weekly corn export sales reports clearly influence corn futures prices and trading volumes. If reported export sales are significantly larger or smaller than expected by market participants, the reaction of the corn market can
reported weekly export sales could result in volatile fluctuations in pricing for domestic DDG sales.

- Participants in the DDG market already have an effective means of monitoring export sales. Data on export sales are collected and published monthly by the U.S. Census Bureau. This information is broadly available to market participants and has provided adequate transparency and visibility of DDG export movements. Thus, an additional and more frequent reporting directive would be redundant and would add unnecessary administrative and cost burdens.

- Weekly export sales reporting is not required for any other milled products derived from coarse grains. While weekly reporting is required for unmilled barley, corn, rye, oats, and grain sorghum, reporting is not required for any of the numerous derivative milled products from these grains. Thus, we do not believe DDG should be singled out for weekly reporting.

- DDG trades are typically based on distinct terms and conditions that specify required nutritional profiles and product characteristics. Different export markets often value different DDG properties, and this is often reflected through specific contractual terms (e.g., some export markets may place high value on the color of DDG, while other markets may demand a specific protein or fat content). Further, product characteristics valued in export markets often differ from the characteristics valued in the domestic market. Thus, lumping all DDG exports together into one weekly reporting category may skew the market’s understanding of product sales both domestically and in export markets.

Again, we remain opposed to adding DDG to the FAS weekly export sales reporting requirements for the reasons outlined in this letter. RFA thanks FAS for the opportunity to comment and we applaud the Service’s careful analysis of this issue. If you have any questions regarding these comments, please do not hesitate to contact Geoff Cooper at 636.594.2284 or gcooper@ethanolrfa.org.

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be sudden and volatile. This volatility would only be exaggerated for the much smaller and more illiquid DDGS market, particularly because the CME Group’s DDG futures contract (which includes daily price limits and position limits) is only lightly traded and most trading occurs outside of the regulated market.