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Special Executive Report

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REMINDER: SOYBEAN MEAL PROTEIN RULE INTERPRETATION

Due to the characteristics of the 2008/09 soybean crop, several market participants have inquired about the rules for protein requirements on load-outs from cancelled Soybean Meal shipping certificates. Rule 13105 states:

Any shipment of Soybean Meal testing within 0.5% of protein below 48% protein (basis official sample moisture 12.0% or less; protein to be calculated on 12.0% moisture basis if official sample moisture exceeds 12.0%) shall not be subject to rejection or penalty on account of protein content. Protein deficiency claims shall be settled between the parties on the basis of two times the delivered market price per unit of protein on date of shipment and shall be calculated on the same moisture basis as for protein rejection.

Soybean meal testing 47.5% protein or greater shall not be penalized and may not be rejected by the buyer. However, soybean meal testing below 47.5% protein may be rejected by the buyer. A buyer choosing not to reject a shipment of soybean meal testing below 47.5% protein shall submit a protein deficiency claim for 0.2% (.002) of the invoice price for each 0.1% the protein level falls below 48% (i.e., 2 times the protein deficiency).

For example, suppose a soybean meal shipment from a cancelled shipping certificate tests 47.2% protein. The stopper of this certificate may reject this shipment of 47.2% protein soybean meal. However, if the buyer does not reject this shipment, the penalty shall be based on 2 times the protein deficiency or 1.6% ((48.0 – 47.2) x 2) of the invoice price.

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