

**FEDERAL BIOBASED PRODUCTS  
PREFERRED PROCUREMENT PROGRAM**

**JANUARY 29, 2004**

>>> I'M KEITH COLLINS.

I'M THE CHIEF ECONOMIST HERE AT USDA.

I KNOW THE PRESS RELEASE WE PUT OUT FOR THIS MORNING'S EVENTS SAID IT WOULD OPEN WITH A SENIOR GOVERNMENT OFFICIAL, SO I DESIGNATE MYSELF AS THE SENIOR GOVERNMENT OFFICIAL FOR THAT FUNCTION THIS MORNING.

I WOULD LIKE TO SAY, WELCOME TO YOU-ALL. AND

I SAY THAT ON BEHALF OF SECRETARY VENMIN WHO DOES HAVE A GREAT INTEREST IN THIS PROGRAM AND SHE WOULD BE HERE TODAY BUT FOR, I'M SURE YOU WERE, SHE'S UP TO HER NECK IN MAD COW ISSUES. AND TODAY IS SPEAKING ON THOSE ISSUES AT THE NATIONAL CATTLEMAN'S BEEF ASSOCIATION CONVENTION OUT OF TOWN. SO I WANT TO WELCOME YOU-ALL TO USDA.

AND I DO WANT TO SAY SPECIAL THANKS TO THOSE OF YOU WHO PHYSICALLY CAME HERE AND ARE GOING TO OFFER SOME PUBLIC COMMENT TO US TODAY.

OUR VIDEO STREAMING IS NOT UP YET BUT THEY TELL ME IT WILL BE UP IMMEDIATELY AND IT WILL HAVE AN ARCHIVE

CAPABILITY SO PEOPLE COULD SEE THIS WHOLE THING IF THEY WANT TO ON A REPLAY.

TODAY, WE'RE HERE HOLDING A PUBLIC MEETING FOR THE PURPOSE OF GETTING COMMENT ON THE PREFERRED PROCUREMENT PROGRAM FOR BIOBASED PRODUCTS.

WE THINK SOME PRETTY EXCITING THINGS ARE TAKING PLACE IN THE WORLD OF BIOBASED PRODUCTS.

YEAR AFTER YEAR, MONTH AFTER MONTH, STEADILY WE HAVE SEEN IMPROVEMENTS IN THE TECHNOLOGY OF THESE PRODUCTS.

IMPROVEMENT IN THE ECONOMICS OF THESE PRODUCTS.

AND SO WE'RE AT THE POINT NOW WHERE AFTER YEARS OF TALKING ABOUT THE PROMISE OF BIOBASED PRODUCTS IN THE MARKETPLACE WE ARE REALLY TALKING ABOUT THE REALITY OF BIOBASED PRODUCTS IN THE MARKETPLACE.

I THINK THE PRIVATE SECTOR HAS DONE THE HEAVY LIFTING TO GET US HERE.

THE PRIVATE SECTOR HAS HAD PEOPLE WITH CREATIVE MINDS AND PEOPLE WITH INVESTMENT CAPITAL THAT HAVE COME TOGETHER TO CREATE NEW PRODUCTS, TO USE THROUGH NOBLE MATERIALS AS THEIR FOUNDATION.

I THINK THESE PRODUCTS TODAY CAN COMPETE WITH FOSSIL ENERGY-BASED PRODUCTS.

THEY CAN COMPETE ON PRICE.

THEY CAN COMPETE ON PERFORMANCE.

THEY ARE PRODUCTS THAT CONSUMERS WANT TODAY AND THEY ARE PRODUCTS THAT CONSUMERS WILL WANT INCREASINGLY IN THE FUTURE.

THE PUBLIC SECTOR ALSO IS SUPPORTING THE BIOBASED PRODUCT INDUSTRY IN ITS GROWTH AND I THINK THIS IS HAPPENING IN A NUMBER OF IMPORTANT WAYS AND ONE OF THE MOST IMPORTANT WAYS AND IT BRINGS US HERE TODAY, IS TITLE 9 OF THE 2002 FARM BILL.

THE SO-CALLED ENERGY TITLE.

IN THAT TITLE CONGRESS MADE A VERY IMPORTANT STATEMENT ABOUT BIOBASED PRODUCTS AND HOW THEY CAN IMPROVE THE NATION'S ENERGY SECURITY.

YOU HO THEY CAN PROTECT THE ENVIRONMENT.

HOW THEY CAN GENERATE NEW ECONOMIC OPPORTUNITIES FOR PRODUCERS.

HOW THEY COULD GENERATE NEW MANUFACTURING BUSINESSES IN RURAL AREAS.

HOW THEY COULD GENERATE RURAL EMPLOYMENT.

WHEN WE LOOK AT AGRICULTURAL PRODUCTS, PARTICULARLY THE BULK COMMODITIES, AS EVERYBODY KNOW WHOSE FOLLOWS THOSE MARKETS, THEY HAVE BEEN IN CONTINUAL COMPETITION AROUND THE WORLD FOR YEARS.

THEIR EXPORTS HAVE STAGNATED FOR SOMETIME.

THEY ARE A LOT LIKE THE MANUFACTURING INDUSTRY IN THE UNITED STATES IN THAT THEY NEED NEW MARKETS WITH GROWING DEMAND TO PROSPER.

AND THAT'S WHAT WE BELIEVE BIOPRODUCTS CAN DO FOR AMERICAN AGRICULTURE AND PARTICULARLY THOSE BIOPRODUCTS CAN BE PROCESSED AND MANUFACTURED IN RURAL AREAS.

THEY CAN CREATE RURAL INVESTMENT.

THEY CAN CREATE WEALTH.

THEY CAN CREATE A BETTER QUALITY OF LIFE.

SECTION 9002 OF TITLE 9 OF THE FARM BILL PROVIDES FOR THIS PREFERRED PROCUREMENT PROGRAM FOR BIOBASED PRODUCTS PROVIDING THESE PRODUCTS MEET CERTAIN CRITERIA.

IN A COUPLE OF MINUTES, ROGER CONWAY, THE DIRECTOR OF OUR OFFICE OF ENERGY POLICY AND NEW USES IS GOING TO WALK YOU THROUGH SOME OF THE KEY PROVISIONS OF THE RULE THAT HAS BEEN PROPOSED.

AND I WOULD SAY DEVELOPING THIS RULE AS ALL OF YOU KNOW, HAS TAKEN SOMETIME.

AND IT'S TAKEN SOMETIME BECAUSE THE CONCEPT IN THE RULE IS NEW.

IT'S TAKEN SOMETIME BECAUSE IT'S SEQUENTIAL.

IT'S TAKEN SOME TIME BECAUSE IT'S COMPLEX.

I SAY IT'S SEQUENTIAL.

I THINK IT'S ESPECIALLY SEQUENTIAL BECAUSE THE RULE IS A MANDATE.

A MANDATE OR A REQUIREMENT FOR ALL FEDERAL AGENCIES TO PREFER BIOBASED PRODUCTS.

ALL AGENCIES HAVE TO PREFER THESE PRODUCTS UNLESS THEY ARE NOT RECENTLY AVAILABLE, UNLESS THEY FAIL TO MEET APPLICABLE PERFORMANCE STANDARDS, OR THEY ARE AVAILABLE ONLY AT AN UNREASONABLE PRICE.

AND BECAUSE ALL FEDERAL AGENCIES ARE AFFECTED BY THIS, AND ARE COVERED BY THIS MANDATE, IN THE CLEARANCE PROCESS OF THIS RULE, WE HAVE ALL FEDERAL AGENCIES REVIEW THIS RULE.

I SAID IS THE RULE IS COMPLEX.

IT'S COMPLEX BECAUSE IT INVOLVES LOTS OF INTRICATE ISSUES THAT HAVE TO BE RESOLVED AND THESE ISSUES RANGE REMEMBER DETERMINING WHAT THE RENEWABLE MATERIALS ARE -- THAT QUALIFY A BIOBASED PRODUCT TO THE MINIMUM LEVELS OF BIOBASED CONTENT, TO HOW THE BIOBASED CONTENT IS MEASURED.

AS YOU CAN GUESS, ISSUES LIKE THIS GENERATED DIFFERENT POINTS OF VIEW WITHIN THE EXECUTIVE BRANCH

AND WE SPENT SOMETIME RESOLVING THOSE ISSUES AND OF COURSE TODAY WE EXPECT TO HEAR YOUR VIEWS ON HOW WELL WE RESOLVED THOSE ISSUES.

ONE ESPECIALLY COMPLEX AREA I THINK IS THE UNIQUE RESPONSIBILITIES THAT THE STATUTE GIVES THE SECRETARY OF AGRICULTURE.

BEFORE QUALIFYING FOR PREFERRED PROCUREMENT, THE ITEMS THAT THE SECRETARY HAS TO DESIGNATE HAVE TO BE CONSIDERED FOR THEIR AVAILABILITY AND THEIR ECONOMIC AND TECHNOLOGICAL FEASIBILITY, INCLUDING LIFE CYCLE COSTS.

AND THE STATUTE ALSO REQUIRES THE SECRETARY HAS TO PROVIDE INFORMATION ON THE AVAILABILITY, THE RELATIVE PRICE, THE TECHNICAL PERFORMANCE, THE ENVIRONMENTAL AFFECTS AND THE PUBLIC HEALTH AFFECTS AND WHERE APPROPRIATE, RECOMMENDED LEVEL OF BIOBASED MATERIAL TO BE CONTAINED IN THE ITEMS.

NOW OBVIOUSLY TO DETERMINE ALL OF THESE THINGS IS NOT EASY.

IT REQUIRES THE RIGHT, THE APPROPRIATE TESTING AND EVALUATION STANDARDS AND IT REQUIRES A PROCESS TO ENSURE THAT THE TESTS RESULTS HAVE INTEGRITY.

WE BELIEVE THE PROPOSED RULE ACCOMPLISHES THESE REQUIREMENTS WHILE AT THE SAME TIME LIMITING THE

INFORMATION REQUIREMENTS IT PROPOSES TO PUT ON THE PRIVATE SECTOR.

NOW WE WELCOME YOUR COMMENTS ON THESE ISSUES IN WAYS WE CAN BECOME MORE EFFECTIVE IN IMPLEMENTING THIS PROGRAM.

SO YOU MAY NOT AGREE WITH EVERYTHING WE HAVE IN THIS RULE.

AND I WOULD SAY IF YOU DON'T, IF YOU DON'T LIKE THE COURSE WE ARE CHARTING AND THE WAY THE SHIP IS BEING STEERED HERE, THAT'S GREAT.

WE WANT TO HEAR YOUR THOUGHTS ABOUT THAT.

I ALSO HOPE YOU'LL KEEP IN MIND, A COUPLE OF PRINCIPLES WE HAVE TO KEEP IN MIND AS WE LOOK AT HOW WE'RE GOING TO IMPLEMENT THIS PROGRAM.

I THINK SEVERAL OF THESE THINGS I OUGHT TO MENTION.

THE FIRST, I THINK, IS THAT WE BELIEVE THAT A SUCCESSFUL BIOBASED PROCUREMENT PROGRAM CAN PROVIDE A SIGNIFICANT BOOST TO THE BIOBASED INDUSTRY IN THE UNITED STATES.

WE BELIEVE TO ACHIEVE THAT BOOST THAT THE PROGRAM HAS TO HAVE INTEGRITY.

WHAT DO I MEAN BY THAT?

I THINK IT MEANS THAT FEDERAL PROCUREMENT OFFICIALS

IN THE FEDERAL USER COMMUNITY HAS TO HAVE CONFIDENCE IN THE QUALITY OF THE PRODUCTS IN CONFIDENCE IN THE PROGRAM.

AND I THINK THIRD, AN ESSENTIAL WAY TO ACHIEVE THAT INTEGRITY IS TO HAVE THE ITEMS AND THE PRODUCTS THAT HAVE TO BE PROCURED, MEET THE TESTS AND MEET THE INFORMATION REQUIREMENTS OF THE STATUTE WITH TRANSPARENCY AND OBJECTIVITY.

I WANT TO TURN TO THE EVENTS OF TODAY.

ROGER CONWAY IS GOING TO OPEN WITH A BRIEF OVERVIEW OF THE KEY PROVISIONS OF THE PROPOSED RULE.

HE IS GOING TO BE FOLLOWED BY GLENN HAGGSTROM HERE WHO IS HERE.

I SHOOK HIS HAND.

WHO IS THE DEPUTY DIRECTOR OF THE USDA PROCUREMENT AND PROPERTY MANAGEMENT.

GLENN WILL DISCUSS USDA'S ACTIVITIES IN DEVELOPING A MODEL PROCUREMENT PROGRAM FOR USDA AND OTHER FEDERAL AGENCIES.

AS YOU KNOW, WHEN WE GO OUT WITH A FINAL RULE FOR GUIDELINES AND DESIGNATING ITEMS, ALL FEDERAL AGENCIES HAVE A YEAR TO PUT THEIR OWN PROCUREMENT PROGRAM IN PLACE AND WE BELIEVE USDA HAS A KEY ROLE IN HELPING OTHER AGENCIES DO THAT AND SO WE'RE

TAKING A LEAD IN DEVELOPING OUR OWN PROGRAM WITH THE IDEA OF HELPING OTHER AGENCIES DO THE SAME THING.

AFTER THOSE PRESENTATIONS AND ANY QUESTIONS YOU MIGHT HAVE ON THEM, WE'LL GO INTO PUBLIC COMMENTS.

AND TO HEAR THE PUBLIC COMMENTS, IF YOU SEEN OUR PRESS RELEASE ON TODAY'S EVENTS, WE - HAVE A PANEL OF EXPERTS.

THESE PEOPLE ARE EXPERTS IN BIOBASED PRODUCTS.

THEY ARE EXPERTS IN FEDERAL PROCUREMENT, THEY ARE EXPERTS IN THE LAW.

LET ME INTRODUCE THEM.

AND I WOULD SAY WHAT THEIR ROLE IS GOING TO BE IS THEY ARE GOING TO LISTEN TO THE COMMENTS.

THEY MAY ASK YOU QUESTIONS IF YOU'RE A COMMENTOR IF YOU'RE UNCLEAR OR WANT TO HEAR MORE ABOUT WHAT YOU HAVE TO SAY.

THESE ARE PEOPLE WHO ARE GOING TO MAKE DECISION BUSY WHAT THIS FINAL RULE IS GOING TO LOOK LIKE OR IF THEY CAN'T RESOLVE SOME OF THESE ISSUES, THEY ARE GOING TO MAKE RECOMMENDATIONS TO THE HIGH LEVELS OF OMB OR USDA TO MAKE THE DECISION THAT IS WILL GO INTO THE FINAL RULE.

THIS IS AN IMPORTANT PANEL.

ROGER CONWAY IS GOING TO MODERATE THE PANEL.

THE PANEL WILL CONSIST OF GLENN HAGGSTROM WHO I JUST INTRODUCED, AND DAN HILTON.

DAN IS AN ATTORNEY IN THE OFFICE OF GENERAL COUNCIL WITH USDA.

HE WAS THE KEY LEGAL VISOR IN THE DEVELOPMENT OF THIS PROPOSED REAL AND HE IS AN EXPERT IN FEDERAL PROCUREMENT LAW.

WE HAVE CARMELA BAILEY, WHO IS THE NATIONAL PROGRAM LEADER FOR AGRICULTURAL MATERIALS IN CORPORATIVE STATE RESEARCH EDUCATION AND EXTENSION SERVICE, AND WHO IS AN EXPERT ON BIOBASED PRODUCTS AND WE HAVE CYNTHIA VALENA, THE DEPUTY ASSOCIATE ADMINISTRATOR IN THE OFFICE OF FEDERAL PROCUREMENT POLICY AT O&B. AS YOU KNOW THE STATUTE REQUIRES THAT SECTION 9002 IMPLEMENTED JOINTLY AND WE HAVE BEEN WORKING TOGETHER TO DO EXACTLY THAT.

THERE ARE A COUPLE OF OTHER PEOPLE I WANT TO INTRODUCE AS WELL.

WHILE THIS RULE HAS BEEN IN DEVELOPMENT, WE HAVE FORGED AHEAD WITH TRYING TO DEVELOP THE INFRASTRUCTURE SO THAT THIS PROGRAM CAN BE PUT UP IN PLACE SO THAT WE UNDERSTAND TESTING REQUIREMENTS. WE UNDERSTAND THE AVAILABILITY OF TESTING

LABORATORIES.

WE UNDERSTAND THE STANDARDS FOR BIOBASED CONTENT.

WE HAVE A WEB BASED SYSTEM TO TAKE INFORMATION FROM VENDORS AND MAKE IT AVAILABLE TO THE USERS, THE FEDERAL PROCUREMENT USERS.

TO DO ALL OF THAT WE HAD HELP FROM A NUMBER OF FOLKS.

IN ONE AREA WHERE WE HAVE GOTTEN A TREMENDOUS AMOUNT OF HELP IS A CORPORATIVE AGREEMENT WE ENTERED INTO WITH THE CENTER FOR INDUSTRIAL RESEARCH AND SERVICE AND THE COLLEGE OF ENGINEERING AT IOWA STATE UNIVERSITY AND WE ARE PLEASED TO HAVE THE DIRECTOR OF THE CENTER, DR. RON COX, RIGHT THERE.

AND ALSO WITH RON IS STEVE DEVLIN, A SPECIALIST IN PRODUCT DEVELOPMENT AND MANUFACTURING AT THIS CENTER.

NOW ANOTHER AREA, WE ALSO HAVE BEEN PROVIDING FINANCIAL SUPPORT TO THE DEPARTMENT OF COMMERCE'S NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY TO ENHANCE THEIR CAPE ABILITY TO TEST BIOBASED PRODUCTS.

TEST THEM FOR LIFE CYCLE COST, ENVIRONMENTAL AFFECTS AND PUBLIC HEALTH BENEFITS.

AND WE HAVE BARBARA FROM NIST HERE TODAY.

THESE ARE ALL PEOPLE THAT YOU CAN DRAW ON TO GET INFORMATION FROM WHILE YOU'RE HERE TODAY.

AND FINALLY, I WANT TO MENTION THAT USDA HAS BEEN WORKING WITH THE AMERICAN SOCIETY FOR TESTING AND MATERIALS SO THAT WE HAVE AN ACCEPTED SCIENCE BASED STANDARD FOR BIOBASED CONTENT AND BIOBASED PRODUCTS. AND WE ARE REALLY PLEASED TODAY TO HAVE WITH US REPRESENTING ASTM, DR. ROMANI WHO IS RIGHT DOWN IN FRONT.

HE IS PROFESSOR OF CHEMICAL AND BIOCHEMICAL ENGINEERING AT MICHIGAN STATE UNIVERSITY.

HE IS ALSO A MEMBER OF THE BOARD OF DIRECTORS OF ASTM AND CHAIRMAN OF THE SUBCOMMITTEE ON DEGRADABLE PLASTICS IN BIOBASED PRODUCTS.

THERE IS ONE PERSON WHO IS NOTICEABLE IN HIS ABSENCE HERE TODAY.

AND I WOULD LIKE TO SAY I WISH HE WAS LISTENING ON THE INTERNET IF WE HAVE IT UP AND RUNNING BY NOW, AND THAT'S DR. MARVIN DUNCAN.

HE WAS THE PROJECT LEADER FOR DEVELOPING THIS PROPOSED RULE.

UNFORTUNATELY, HE HAD TO UNDERGO EMERGENCY SURGERY THIS WEEK AND SO HE IS NOT WITH US TODAY.

HE IS CONVALESCING.

HE IS PERHAPS THE MOST AUTHORITATIVE PERSON IN USDA  
ON THIS -- SO WE'LL STRUGGLE A LITTLE BIT TO GET BY  
WITHOUT HIM TODAY.

WE WISH HIM A SPEEDY RECOVERY.

I THANK YOU FOR YOUR ATTENTION LISTENING TO THE  
SENIOR OFFICIAL, BUT I MOSTLY THANK YOU FOR YOUR  
PARTICIPATION IN THIS PUBLIC MEETING TODAY AND WE  
LOOK FORWARD TO YOUR THOUGHTS ON THIS PROPOSED RULE  
FOR IMPLEMENTING WHAT I THINK WILL BE AN EXCITING  
NEW PROGRAM FOR AMERICAN AGRICULTURE, FOR BIOBASED  
PRODUCT MANUFACTURERS AND FOR AMERICAN CONSUMERS.  
AND WITH THAT, ROGER, I'D LIKE TO TURN IT OVER TO  
YOU AND LET YOU TAKE IT AWAY.

>> THANK YOU, MR. SENIOR OFFICIAL.

OKAY.

TODAY, WE'RE GOING TO TALK ABOUT THE FEDERAL  
BIOBASED PRODUCTS PREFERRED PROCUREMENT PROGRAM,  
ALSO KNOWN AS FB4P.

NO RELATION TO R2D2.

AND WE'LL TALK ABOUT EXPLAINING THE PROPOSED RULE.  
NEXT, PLEASE.

AND THIS OF COURSE IS THE PRESENTATION TODAY.

NEXT, PLEASE.

THIS IS A NEW FEDERAL PROGRAM AND AS KEITH MENTIONED, IT WAS INCLUDED IN THE FARM BILL OF 2002, WHICH INCLUDED TITLE 9 AND ENERGY TITLE.

SECTION 9002 CREATED A REQUIREMENT THAT FEDERAL AGENCIES PURCHASE BY ON BASED PRODUCTS.

THIS NEW FEDERAL PROGRAM REQUIRES THE BIOBASED PRODUCTS PURCHASE AND ALL FEDERAL AGENCIES WILL BE REQUIRED TO PURCHASE BIOBASED PRODUCTS.

A PROPOSED RULE WHICH WE ARE HERE TO TALK ABOUT TODAY AND RECEIVE COMMENTS, SETTING UP THE PROGRAM WAS PUBLISHED FOR PUBLIC COMMENT IN THE FEDERAL REGISTER ON DECEMBER 19, 2003.

AND WE HAVE A 60 DAY COMMENT PERIOD CURRENTLY OPEN ON THE PROPOSED RULE.

NEXT, PLEASE.

WHAT DOES THIS PROGRAM DO FOR FEDERAL AGENCIES?

IT DOES A NUMBER OF THINGS.

IT'S A WAY TO ACQUIRE ENVIRONMENTALLY FRIENDLY PRODUCTS.

IT HELPS IN IDENTIFYING THOSE PRODUCTS AND THEIR CHARACTERISTICS.

AND IMPORTANTLY FOR US, AND USDA, IT IMPROVES MARKET DEMAND FOR BIOBASED PRODUCTS, WHICH AS MORE BEING

PURCHASED WILL HELP INCREASE AVAILABILITY AND DIVERSITY.

NEXT, PLEASE.

NOW WHAT IS THIS PROGRAM DO FOR MANUFACTURERS AND VENDORS?

FIRST OF ALL, IT CREATES A PREFERRED FEDERAL MARKET FOR BIOBASED PRODUCTS.

SECONDLY, IT'S GOING TO ACQUAINT FEDERAL USERS WITH PRODUCT CHARACTERISTICS.

THIRDLY, IT'S GOING TO HELP TO MAKE BIOBASED PRODUCTS ECONOMICALLY VIABLE IN CONSUMERS MARKETS AND SPUR DEVELOPMENT OF NEW PRODUCTS AS MORE ARE BEING PURCHASED IN THE FEDERAL MARKETPLACE.

NEXT, PLEASE.

SECTION 9002 SETS OUT CERTAIN FEDERAL AGENCIES REQUIREMENTS AND IT DEFINES BIOBASED PRODUCTS AS COMMERCIAL OR INDUSTRIAL PRODUCTS THAT ARE COMPOSED IN WHOLE OR IN SIGNIFICANT PART OF BIOLOGICAL MATERIALS OR RENEWABLE DOMESTIC AGRICULTURAL MATERIALS, INCLUDING PLANT, ANIMAL AND MARINE MATERIALS OR FORESTRY MATERIALS.

NEXT, PLEASE.

IT REQUIRES FEDERAL AGENCIES TO PURCHASE BIOBASED

PRODUCTS WITH 3 EXTENSIONS.

FEDERAL AGENCIES HAVE 3 OUTS WHICH WE NEED TO FOCUS ON.

THAT'S BIOBASED PRODUCTS WHEN THEY ARE NOT RECENTLY AVAILABLE, BIOBASED PRODUCTS THAT ARE NOT AVAILABLE AT A REASONABLE COST, AND WHEN BIOBASED PRODUCTS FAIL TO MEET PERFORMANCE STANDARDS OF PROCUREMENT AGENCIES.

NEXT, PLEASE.

THE REQUIREMENT APPLIES TO PURCHASE OR ACQUISITION OR PROCUREMENT ITEM AND THE ITEM IS THE GENERIC TERM WE ARE USING HERE, WITH THE PURCHASE PRICE EXCEEDS TEN THOUSAND AND THE PROPOSED RULE IS CONSIDERING THE ENTIRE AGENCY, NOT A SUB COMPONENT TO BE THE CRITICAL ELEMENT HERE.

OR WHEN THE QUANTITY OF SUCH ITEMS OR THEIR FUNGAL EQUIVALENTS IN THE PRECEDING YEAR WERE TEN THOUSAND OR MORE.

FEDERAL AGENCIES MUST ASSURE THAT THEIR SPECIFICATIONS COMPLY.

WITHIN ONE YEAR, AFTER PUBLICATION OF THE GUIDELINES THAT WE ARE TALKING ABOUT TODAY, A SURE AGENCY SPECIFICATIONS REQUIRE USE OF BIOBASED PRODUCTS.

THEN ALSO THEY MUST DEVELOP A PROCUREMENT PROGRAM

THAT HAS A BIOBASED PRODUCTS PREFERENCE PROGRAM, AN AGENCY PROMOTION PROGRAM, AND AN ANNUAL REVIEW AND MONITORING OF THE EFFECTIVENESS OF THE AGENCY'S PROGRAM.

THERE ARE EXCLUSIONS FROM THIS PROGRAM.

EXPLICITLY IN THE STATUTE, FOOD AND FEED, MOTOR VEHICLE FUELS, AND ELECTRICITY.

NOW WHAT MUST A MANUFACTURER DO TO PARTICIPATE IN THE PROGRAM?

A MANUFACTURER OR VENDOR CAN CLAIM COVERAGE UNDER THE PROGRAM FOR ALL PRODUCTS FOR WHICH ITEMS, ONCE AGAIN ITEMS ARE THIS GENERIC COMPONENT CATEGORY, HAVE BEEN DESIGNATED BY RULE MAKING.

SECONDLY, THEY MUST CERTIFY THAT THE BIOBASED CONTENT OF THE PRODUCT IS CONSISTENT WITH STATUTORY DEFINITION AND THIRDLY THEY MUST CERTIFY THE BIOBIDS CONTENT MEETS MINIMUM REQUIREMENTS USING ASTM STANDARD WITH TESTS CONDUCTED BY AN INDEPENDENT ASTM, ISO THIRD PARTY.

HOWEVER ARE WE ALONG IN IMPLEMENTING THE PROGRAM?

I THINK WE ARE MAKING A GREAT DEAL OF PROGRESS.

WE HAVE THE INFORMATIONAL WEBSITE WORKING WITH IOWA STATE.

THIS WEBSITE WE ENVISION AS HELPING US GET INFORMATION SO THAT WE CAN DESIGNATE ITEMS AND ALSO WILL SERVE AS INTERFACE BETWEEN PROCUREMENT SPECIALISTS AND MANUFACTURERS AND VENDORS.

SECONDLY THE PROPOSED RULE IS AVAILABLE ON THE WEBSITE ALONG WITH A STEP-BY-STEP PROCESS FOR YOU TO MAKE PUBLIC COMMENTS ON THIS RULE.

AND WE'RE HOPING TO VERY SOON MAKE SEPARATE REGULATORY PROCESSES OF DESIGNATING ITEMS FOR PROCUREMENT AND THIS IS VERY SIMILAR TO WHAT HAS BEEN DONE WITH REKRA THIS.

PROGRAM PATTERNED ALONG THOSE LINES THOUGH THERE ARE DIFFERENCES.

DESIGNATING ITEMS WILL ACTIVATE THIS PROGRAM.

ITEMS, AS I MENTIONED EARLIER, ARE GENERIC GROUPINGS OF PRODUCT SUCH AS COMPOSITE PANELS, FERTILIZER, CUTTING OILS, FORMULATING SOLVENTS OR PLANT AND VEGETABLE INKS AND THAT'S A LARGE PART OF WHAT THIS RULE IS INVOLVED IN DOING IS SETTING UP THE SUPER STRUCTURE TO DESIGNATE ITEMS.

USDA WILL PROPOSE RULES FOR PROCUREMENT UNDER THE PROGRAM.

WHAT ARE WE DOING TO GET ITEMS DESIGNATED?

ON UNTIL AN ITEM IS DESIGNATED BY REGULATION,

PRODUCTS WITHIN THAT ITEM DO NOT QUALIFY FOR THE BENEFITS OF THE PROGRAM.

SO, WE'RE GOING TO WORK VERY ARDUOUSLY WITH MANUFACTURERS AND VENDORS AND FEDERAL AGENCIES AND OTHERS WHO CAN PROVIDE INFORMATION TO HELP US TO DO TESTING ON BIOBASED CONTENT, A BES ANALYSIS TO DETERMINE ENVIRONMENTAL AND HEALTH EFFECTS OF THE PRODUCT AND ESTABLISH A MINIMUM LEVEL OF BIOBASED CONTENT.

IN ADDITION, WHEN AN ITEM IS DESIGNATED, MANUFACTURERS AND VENDORS OF ANY PRODUCT THAT FITS WITHIN THAT ITEM DESIGNATION CAN RECEIVE THE PROGRAM BENEFITS WHEN SELLING TO FEDERAL AGENCIES.

MANUFACTURERS AND VENDORS MUST CERTIFY THAT THE FEEDSTOCK MEETS THE DEFINITION IN STATUTE AND THAT THE BIOBASED CONTENT OF PRODUCT EQUALS OR EXCEEDS THE MINIMUM LEVEL FOR THAT ITEMS.

YOU, THE BIOBASED MANUFACTURERS AND FEDERAL AGENCIES AND OTHERS, CAN HELP US IMPLEMENT THIS PROGRAM.

YOUR FIRM CAN PROVIDE US WITH INFORMATION ON BIOBASED PRODUCTS YOU PLAN TO OFFER TO FEDERAL AGENCIES.

WE NEED INFORMATION AND THIS IS DIRECTLY FROM THE

STATUTE ON THE AVAILABILITY OF PRODUCTS, THE PERFORMANCE OF PRODUCTS, THE LIFE CYCLE COSTS OF USING THOSE PRODUCTS, AND WE ASK YOU TO TALK WITH US ON HOW YOUR INFORMATION CAN HELP SPEED THE DESIGNATION OF ITEMS FOR A PREFERRED PROCUREMENT. THERE IS ADDITIONAL INFORMATION WE MUST HAVE TO PROVIDE FOR FEDERAL AGENCIES.

THE STATUTE SAYS THE SECRETARY MUST PROVIDE THIS INFORMATION TO FEDERAL AGENCIES ONCE WE HAVE DESIGNATED ITEMS.

WE NEED INFORMATION ON THE RELATIVE PRICE OF PRODUCTS, THE PERFORMANCE OF PRODUCTS, ENVIRONMENTAL AND PUBLIC HEALTH BENEFITS OF USING THE PRODUCTS, RECOMMENDED LEVEL OF BIOBASED CONTENT AND WE WILL DEVELOP INFORMATION AT ITEM LEVEL FROM INFORMATION COLLECTED AT THE PRODUCT LEVEL.

WE ARE BASICALLY USING INDUCTIVE LOGIC HERE BECAUSE THERE IS NO SUCH THING REALLY AS AN ITEM.

WE ARE GOING TO USE INDIVIDUAL PRODUCT INFORMATION, EXTRAPOLATE FROM THAT TO DESIGNATE ITEMS.

THE INDIVIDUALS TO CONTACT FOR THIS INFORMATION ARE STEVE DEVLIN.

STEVE, RAISE YOUR HAND.

AND MARV DUNCAN WHO IS OUT THIS WEEK AND WE ARE

HOPING THAT WE'LL HAVE HIM BACK IN THE SADDLE VERY SOON.

NEXT, PLEASE.

NOW WHERE DID THE LIST OF ITEMS IN THE PREAMBLE OF THE RULE ORIGINATE?

THERE HAD BEEN A STUDY, A WELL DONE STUDY BY CONCURRENT TECHNOLOGIES CORPORATION THAT EMPLOYED AN EXPERT PANEL FROM INDUSTRY ACADEMIA AND GOVERNMENT TO MAKE DETERMINATION OF WHAT PERSPECTIVE ITEMS MIGHT BE.

AND THAT STUDY IDENTIFIED 11 BROAD CATEGORIES COMPOSED OF SEVERAL ITEMS OF GENERIC GROUPINGS OF EACH PRODUCT.

AS YOU KNOW IN THE STATUTE, THERE IS A LABELING PROGRAM TO FOLLOW AND WE HAVE BEEN THINKING ABOUT DEVELOPING THIS LABELING PROGRAM PROVIDED FOR IN THE STATUTE AND WE'LL BE CONTINUING TO WORK ON THAT.

THIS USDA CERTIFIED BIOBASED PRODUCT LABEL AND LOGO WE PLAN TO HAVE AVAILABLE FOR FUTURE USE AND THE REQUIREMENTS WILL BE BASED ON PRODUCT INFORMATION PROVIDED TO THE BUYER.

IN CONCLUSION, THE REGULATORY PROCESS IS PROGRESSING.

WE ARE NOW STARTING TO FOCUS ON REGULATIONS ON HOW TO DESIGNATE ITEMS FOR A PREFERRED PROCUREMENT BY FEDERAL AGENCIES.

WE WELCOME YOUR INPUT FOR MANUFACTURERS, VENDORS AND OTHERS IN ASSEMBLING THIS INFORMATION REQUIRED BY STATUTE AND WORKING TOGETHER, WE CAN HELP JUMPSTART THIS PROGRAM.

THIS IS A VERY IMPORTANT PROGRAM FOR USDA.

WE DEEPLY BELIEVE IN THIS PROGRAM ALONG WITH OTHER GOVERNMENT AGENCIES AND OTHERS WHO ARE WORKING WITH US.

SO WE NEED YOUR SUPPORT TO HELP MAKE THIS WORK.

THANK YOU FOR YOUR TIME AND OUR NEXT SPEAKER WILL BE GLENN HAGGSTROM, DEPUTY DIRECTOR OF OFFICE OF PROCUREMENT AND PROPERTY MANAGEMENT.

THANK YOU AGAIN.

>>> IT'S IN THERE SOMEWHERE, TRUST ME.

I'VE SEEN IT.

THERE IT IS.

GOOD MORNING LADIES AND GENTLEMEN.

I'M HERE TODAY TO DISCUSS USDA'S FEDERAL BIOBASED PRODUCT PROCUREMENT PROGRAM OR FB4P FOR OBVIOUS REASONS.

FOR THE NEXT COUPLE OF MINUTES LET ME GIVE YOU AN

IDEA OF WHAT WE ARE DOING TO ESTABLISH A FEDERAL PROCUREMENT PROGRAM TO BENEFIT THE PUBLIC AND PRIVATE SECTORS.

LET'S START WITH THE ORIGINS AND PURPOSE OF THE FEDERAL PROCUREMENT PROGRAM.

WHY DO WE NEED AN AFFIRMATIVE PROCUREMENT PROGRAM?

SECTION 9,000 TWO OF THE FARM SECURITY AND RURAL INVESTMENT ACT REQUIRES THE DEVELOPMENT OF AN AFFIRMATIVE PROCUREMENT PROGRAM THAT CONTAINS A BIOBASED PRODUCTS PREFERENCE PROGRAM, A PROMOTION PROGRAM AND REVIEW AND MONITORING.

THE PURPOSE OF THIS AFFIRMATIVE PROCUREMENT PROGRAM IS TO FIRST, IMPROVE DEMAND FOR BIOBASED PRODUCTS, SPURT DEVELOPMENT OF VALUE ADDED AGRICULTURAL PROCESSING AND MANUFACTURING IN RURAL COMMUNITIES, AND FINALLY, TO ENHANCE THE NATION'S ENERGY SECURITY BY SUBSTITUTING DOMESTICALLY PRODUCED BIOBASED PRODUCTS FOR FOSSIL ENERGY BASED PRODUCTS DERIVED FROM IMPORTED OIL AND NATURAL GAS.

WE WILL BE WORKING WITH THE OFFICE OF MANAGEMENT AND BUDGETS OFFICE OF FEDERAL PROCUREMENT POLICY TO DEVELOP AN AFFIRMATIVE PROGRAM AND PROCUREMENT POLICIES, PROCEDURES AND PROCESSES TO PROMOTE

BIOBASED PURCHASING.

USDA WILL BE TAKING THE LEAD TO TEST THESE POLICIES, PROCEDURES AND PROCESSES AND WHEN SUCCESSFUL AND READY, THEY WILL BE MADE AVAILABLE FOR GOVERNMENT RIDE USE.

ONE OF THE FIRST ACTIONS WE'LL BE TAKING IS TO CHANGE PROCUREMENT POLICY.

SO HOW DO WE PLAN TO DO THAT?

THE FEDERAL ACQUISITION REGULATION OR FAR, IS THE FOUNDATION DOCUMENT USED BY FEDERAL GOVERNMENT PURCHASING PERSONNEL FOR GUIDANCE IN IMPLEMENTING STATUTORY REQUIREMENTS.

THE FAR MUST BE AMENDED TO IMPLEMENT THE REQUIREMENTS OF SECTION 9,TWO OF THE FARM BILL.

A COMPREHENSIVE APPROACH IS BEING TAKEN IN DRAFTING THE LANGUAGE.

AT A MINIMUM, USDA WILL SUGGEST REVISIONS TO PART 2, DEFINITIONS OF WORDS AND TERMS, PART 7, ACQUISITION PLANNING, PART 11, DESCRIBING AGENCY NEEDS, PART 12, ACQUISITION OF COMMERCIAL ITEMS, PART 13, SIMPLIFIED ACQUISITION PROCEDURES, PART 23, ENVIRONMENT, ENERGY AND WATER EFFICIENCY, RENEWABLE ENERGY TECHNOLOGIES, OCCUPATIONAL SAFETY AND DRUG-FREE WORKPLACE, AND FINALLY PART 42, CONTRACT ADMINISTRATION AND AUDIT

SERVICES.

AFTER THE DRAFT LANGUAGE IS DEVELOPED, IT WILL BE SUBMITTED TO THE FAR COUNCIL WHICH WILL EVENTUALLY RESULT IN THE PUBLICATION OF FIRST A PROPOSED RULE AND THEN A FINAL RULE.

A CRUCIAL PART OF ANY PROGRAM IS TO ENSURE ITS SUCCESS.

WHAT ARE WE DOING TO MAKE THIS PROGRAM SUCCEED?

MAKING BIOBASED PRODUCTS EASY TO PURCHASE IS A CRITICAL ELEMENT IN MAKING PROGRAMS SUCCESSFUL.

WE WILL BE REVIEWING CASE STUDIES AND AGENCIES EXPERIENCES TO CAPTURE LESSONS LEARNED AND SUCCESS STORIES AND TO BUILD ON PAST SUCCESSES.

WE'LL BE MEASURING THE AWARENESS OF FEDERAL WORKERS ABOUT BIOBASED PRODUCTS.

YOU MAY REALIZE SOME PEOPLE IN THE FEDERAL GOVERNMENT HAVE NEVER SEEN OR TOUCHED A BIOBASED PRODUCT WHILE OTHERS HAVE CONDUCTED SUCCESSFUL BIOBASED PILOTS AND HAVE CONSIDERABLE PURCHASING EXPERIENCE.

WE WANT TO BUILD ON THE EXPERIENCE THAT EXISTS AND RAISE THE AWARENESS OF THE FEDERAL WORKFORCE.

THIS ASSESSMENT OF HOW MUCH FEDERAL WORKERS KNOW

ABOUT BIOBASED PURCHASING WILL HELP US IN FUTURE EDUCATION, TRAINING AND OUTREACH ENDEAVORS.

WE'LL ALSO ASSESS INDUSTRY AWARENESS OF THE FEDERAL MARKETPLACE AND HOW TO SELL TO THE FEDERAL GOVERNMENT.

AS YOU KNOW, IN INDUSTRY, SOME SUPPLIERS HAD CONSIDERABLE SALES IN FEDERAL MARKETPLACE WHILE OTHERS FOUND IT SOMEWHAT DIFFICULT TO NAVIGATE.

WE WANT TO BUILD ON AND REPLICATE INDUSTRY SUCCESSES AND CREATE A COMPETITIVE AND VIBRANT FEDERAL MARKET PLACE FOR BIOBASED PRODUCTS.

ANOTHER IMPORTANT STEP IN THE PROGRAM WILL BE TO FOCUS ON CONTRACTS.

THAT MEANS HOW ARE WE GOING TO MAKE IT EASY TO PURCHASE BIOBASED PRODUCTS?

THE FEDERAL GOVERNMENT SPENDS MORE THAN 100 BILLION DOLLARS PER YEAR ON SERVICE CONTRACTS.

WE AT USDA WANT TO LEVERAGE SOME OF THAT BUYING POWER TO STIMULATE AND PROMOTE BIOBASED MARKETS AND TECHNOLOGIES.

YOU MAY ASK, HOW ARE WE GOING TO DO THIS?

WE ARE GOING TO REVIEW OUR PAST SPENDING AND IDENTIFY THE MARKET SERVICE CONTRACT OPPORTUNITIES FOR BIOBASED PRODUCTS.

WE'LL BE DEVELOPING GENERIC BIOBASED LANGUAGE AND TEMPLATES TO USE IN THOSE PARTICULAR CONTRACTS.

AN EXAMPLE IS A SERVICE CONTRACT FOR SERVICES.

WE'LL DEVELOP GENERIC LANGUAGE FOR INCORPORATING BIOBASED REQUIREMENTS AND STANDARDS INTO OUR FOOD SERVICE CONTRACTS.

NOT FOR THE FOOD BUT FOR THE SUPPLIES NEEDED TO OPERATE SUCH A CONTRACT.

ANOTHER ASPECT WILL BE TO FOCUS ON REPORTING AND TRACKING TO MEASURE PROGRESS.

HOW WILL WE KNOW WE ARE SUCCEEDING?

BEING ABLE TO MEASURE THE PURCHASES IN THE AFFIRMATIVE PROCUREMENT PROGRAM IS IMPERATIVE TO GAUGE EFFECTIVENESS.

ONE OF THE IMPORTANT ASPECTS IS WHATEVER WE COME UP WITH FOR TRACKING AND REPORTING SHOULD NOT BE BURDEN SOM.

AS YOU MAY KNOW, USDA AND OTHER FEDERAL AGENCIES USE A VARIETY OF PURCHASING SYSTEMS IN THEIR DAILY ACTIVITIES.

WE WILL REVIEW THE EXISTING TRACKING CAPABILITIES OF THESE SYSTEMS AND PARTNER WITH THEIR SPONSORS TO ADD BIOBASED ELEMENTS AND REPORTING ENHANCEMENTS.

FOR EXAMPLE, WE WILL WORK WITH GSA TO ENHANCE GSA ADVANTAGE, WHICH IS AN ELECTRONIC CATALOG WHERE RELEVANT INFORMATION ON BIOBASED PURCHASING CAN BE OBTAINED.

WE WILL WORK WITH OFPP AND THE OFFICE OF THE FEDERAL ENVIRONMENTAL EXECUTIVE AND GSA TO ADD DATA ELEMENTS ON BIOBASED TO THE FEDERAL PROCUREMENT DATA SYSTEM NEXT GENERATION.

LIKewise, WITHOUT BEING BURDEN SOM, WE ARE GOING TO EXPLORE WITH INDUSTRY, ASSOCIATIONS AND VENDORS THE FEASIBILITY OF INDUSTRY REPORTING ON FEDERAL GOVERNMENT BIOBASED PURCHASES.

ALL TOO OFTEN, WHEN A NEW PROGRAM COMES ALONG, THE TOOLS NECESSARY TO EDUCATE AND TRAIN OUR PEOPLE TO USE IT EFFECTIVELY ARE CONSIDERED SECONDARY.

THAT WILL NOT BE THE CASE WITH FB4P.

HOW WILL THE FEDERAL CUSTOMERS LEARN ABOUT IT?

A COMPREHENSIVE TRAINING WILL TARGET AND IDENTIFY KEY AUDIENCES.

EXAMPLES OF POTENTIAL AUDIENCES AND PERSONNEL THAT MAY RECEIVE TRAINING INCLUDE:

PROCUREMENT AND CONTRACTING, PURCHASE CARD HOLDERS, FLEET MANAGERS, CONSTRUCTION, FIELD OPERATIONS AND

ENVIRONMENT AND ENERGY.

INITIALLY, WE PLAN TO CONCENTRATE ON THE USDA  
WORKFORCE TO IMPROVE GENERAL AWARENESS AND  
KNOWLEDGE.

FOR EXAMPLE, MAKING SURE THEY UNDERSTAND WHAT OUR  
BIOBASED PRODUCTS ARE.

WHAT ARE THE MANDATES AND REQUIREMENTS?

HOW DO I FIND PRODUCT INFORMATION?

WHAT ARE THE BENEFITS?

WHAT ARE THE SOURCES OF SUPPLY?

ROLES AND RESPONSIBILITIES, WHEN AND WHERE ARE  
BIOBASED PRODUCTS USED?

WEB BASED TRAINING IS BEING DEVELOPED AND PILOTED  
WITHIN USDA FIRST.

AT THE SAME TIME, WE'LL BE WORKING WITH THE WAS OF  
MANAGEMENT AND BUDGET, OFFICE OF FEDERAL PROCUREMENT  
POLICY AND OFFICE OF FEDERAL ENVIRONMENTAL  
EXECUTIVE.

MOVING TOWARD MAKING TRAINING AVAILABLE AND  
ACCESSIBLE TO OTHER AGENCIES.

IN THE FUTURE WE ENVISION TRAINING TO BE ACCESSIBLE  
AT THE GOVERNOR ON-LINE LEARNING CENTER, SOMETIMES  
REFERRED TO AS GO LEARN, A GOVERNMENT WIDE RESOURCE  
THAT SUPPORTS DEVELOPMENT THROUGH THE WORKFORCE

THROUGH SIMPLIFIED AND ONE STOP ACCESS TO HIGH QUALITY E TRAINING PRODUCTS AND SERVICES.

ADDITIONALLY, CLASSROOM AND TRAIN THE TRAINER SESSIONS, WILL ALSO BE DEVELOPED AND IMPLEMENTED.

ANOTHER CENTRAL COMPONENT OF THE AFFIRMATIVE ITCH PROCUREMENT PROGRAM IS OUTREACH.

HOW WILL WE BRING TOGETHER FEDERAL END USERS AND BIOBASED PRODUCTS?

WE DON'T WANT TO REINVENT THE WHEEL.

WE WANT TO LEARN FROM OTHER GOVERNMENT OUTREACH PROGRAMS AND WILL REVIEW THOSE OUTREACH EFFORTS FOR LESSONS LEARNED AND SUCCESSES.

IF YOU LOOK AT THE OFFICE OF THE FEDERAL ENVIRONMENTAL PROGRAM FOR PURCHASING A FREE CYCLED CONTENT PRODUCTS, THEIR OUTREACH APPROACH IS SUCCESSFUL AND WE WANT TO CAPTURE THEIR TOOLS, TECHNIQUES AND PRACTICES TO APPLY TO THIS PROGRAM. EXAMPLE WOULD BE PUTTING AT THE BOTTOM OF PURCHASE CARD HOLDERS INVOICES A STATEMENT ON THE IMPORTANCE OF BIOBASED PURCHASING.

WE ARE GOING TO TARGET OUR OUTREACH PROGRAM TO THE END USER AND THE BIOBASED ITEMS THAT WOULD BE RELEVANT TO THEIR JOBS.

FOR EXAMPLE, FEDERAL FLEET MANAGERS ARE THE USERS OF MANY BIOBASED ITEMS SUCH AS ADDITIVES AND LUBRICANTS.

WHILE WE WILL BE MAKING PRESENTATIONS WE WILL BE TARGETING OUTREACH FACILITIES.

ALSO KEY, TO THE EFFORT IS TO MAKE THE PROGRAM MANAGERS AWARE OF BIOBASED PRODUCTS.

IN JUNE, WE'LL BE GOING TO THE FEDERAL ACQUISITION CONFERENCE AND PROVIDING INFORMATION ON BIOBASED PURCHASING TO CONTRACTING OFFICERS AND CONTRACTING SPECIALISTS.

THIS PROGRAM CERTAINLY HAS A LOT OF MOVING PARTS. MANY THINGS HAVE TO COME TOGETHER IN ORDER FOR THE AFFIRMATIVE PROCUREMENT PROGRAM TO BE SUCCESSFUL AND HAVE THE DESIRED OUTCOME OF ADVANCING BIOBASED PURCHASING.

HOW DO WE PLAN TO DO THAT?

USDA WILL BE PILOTING ALL THE COMPONENTS OF THE FEDERAL PROCUREMENT PROGRAM INTERNALLY AND REFINING AS NECESSARY BASED ON OUR EXPERIENCE.

THE OFFICE OF FEDERAL PROCUREMENT POLICY OVERSIGHT AND INVOLVEMENT WILL HELP ENSURE THE TOOLS, PRACTICES AND PROCEDURES DEVELOPED HERE AT USDA, WILL BE AS USEFUL AS POSSIBLE THROUGHOUT GOVERNMENT.

WE ARE CERTAINLY NOT DOING THIS IN A VACUUM.

WE ARE ESTABLISHING PARTNERSHIPS WITH OTHER AGENCIES SUCH AS THE DEPARTMENT OF DEFENSE, GENERAL SERVICES ADMINISTRATION AND SMALL BUSINESS ADMINISTRATION TO PROMOTE BIOBASED PURCHASING.

AN EXAMPLE WOULD BE ADDING A VALUE BASED ICON OR IDENTIFICATION TO THE CENTRAL CONTRACTOR REGISTRATION PRO NET.

THIS IS CERTAINLY AN EVOLVING PROCESS, ONE WE JUST STARTED WORKING ON IN THE LAST 90 DAYS.

THERE ARE MANY POTENTIAL AREAS WE CAN PUT OUR ENERGIES TO AND AS TIME GOES BY, WE WILL CERTAINLY CHOOSE THOSE AREAS WHERE THE LEDGERING EFFECT OF COLLABORATION AND PARTNERING WITHIN USDA AND ACROSS GOVERNMENT AGENCIES AND INDUSTRY ARE THE STRONGEST.

AS THE PROCESS MATURES, WE WILL CONTINUE TO SHARE OUR PROGRESS WITH OTHER AGENCIES AND INDUSTRY.

AND FINALLY, IN THIS PARTICULAR AREA IN THE PROCUREMENT, IF YOU DESIRE MORE INFORMATION,

CERTAINLY CONTACT MR. MIKE GRAIN, WHOSE TELEPHONE NUMBER AND E-MAIL ADDRESS IS ON THE SCREEN.

AGAIN, I WOULD APPRECIATE AND THANK YOU FOR TAKING TIME THIS MORNING TO LEARN MORE ABOUT WHAT USDA IS

DOING IN TERMS OF ESTABLISHING A BIOBASED  
AFFIRMATIVE PROCUREMENT PROGRAM.

THANK YOU VERY MUCH.

>> THANK YOU, GLENN.

I THINK NOW I'D LIKE TO ASK OUR PANEL TO ASSEMBLE.  
USDA.

AFFIRMATIVE.

>> AT THIS POINT WE ARE OPEN FOR QUESTIONS OF  
CLARIFICATIONS FOR THE PROPOSED RULE.

IF ARE THERE ANY QUESTIONS FOR THE CLARIFICATION FOR  
THE PROPOSED RULE, WE'D BE HAPPY TO TAKE THAT.

IF IT TURNS OUT WE DON'T HAVE TOO MANY, THEN WE'LL  
GO AT THAT POINT INTO THE COMMENT PERIOD.

WE HAVE MICS ON BOTH SIDES OF THE ISLE THERE.

GOING ONCE.

YES, MA'AM?

>> YES, GOOD MORNING.

MY QUESTION IS ABOUT THE MATURE MARKET DESIGNATION  
THAT YOU HAVE LISTED IN THE PROPOSED RULE.

COULD YOU ELABORATE FURTHER ON THAT?

>> YES, MA'AM.

THE REASON WHY WE PUT IN THOSE FILTERS WAS BASED ON  
INFORMATION THAT WE HAD THROUGH THE CONFERENCE  
REPORT RELATED TO THIS STATUTE.

THE CONFERENCE REPORT LANGUAGE STATES THAT THE INTENTION OF THIS SECTION IS TO DEVELOP NEW BIOBASED PRODUCTS.

AND GIVEN THAT AND THE RECOMMENDATIONS OF THE CONGRESSIONAL STAFF, WE USE THOSE FILTERS TO LOOK FOR 3 ELEMENTS.

ONE WAS THAT AS A RESULT OF THAT, WE'RE NOT INCLUDING, FOR EXAMPLE, COTTON SHIRTS, BECAUSE THAT, WE DETERMINED TO BE A MATURE MARKET.

ANOTHER EXAMPLE WOULD BE WOOD PRODUCTS.

FOR EXAMPLE, THIS PODIUM OR TABLE.

UNLESS THERE WERE ADHESIVES, BIOBASED ADHESIVES ASSOCIATED WITH THAT, WE WOULD VIEW THAT AS A MATURE MARKET.

NOW A MARKET WHICH IS SPECIALIZED OR REGIONAL AND IS NOT NATIONAL, WE'RE NOT CONSIDERING TO BE A MATURE MARKET.

AND WE ALSO SET THE CUT OFF POINT AT 1972 BECAUSE THAT WAS A PERIOD WHEN YOU REALLY BEGAN TO HAVE AN EMERGENCE OF THINKING ABOUT THE FIRST ENERGY CRISIS AND THAT REALLY SORT OF GOT THE PROCESS GOING.

WE THOUGHT THAT WAS A LOGISTICAL AND NATURAL CUT OFF POINT FOR THE DEFINITION OF MATURE MARKETS.

YES, SIR.

>> ONCE ALL THE COMMENTS ARE IN FOR THE RULE, COULD YOU KIND OF TALK ABOUT A TIME FRAME AS FAR AS PUTTING ON A FINAL PROPOSAL YOU ANTICIPATE IN ACTUALLY GETTING THIS PROGRAM UP AND RUNNING?

>> THAT'S GOING TO BE CONTINGENT ON THE TYPE OF COMMENTS WE RECEIVE.

BUT WE ARE COMMITTED TO MOVE AS QUICKLY AS POSSIBLE TO GET THE FINAL RULE OUT AND TO BEGIN DESIGNATING ITEMS.

YES, SIR?

>> ROGER, I HEARD VARIOUS COMMENTS AROUND THE MINIMUM -- WHETHER ANNUAL OR DEVELOPMENTAL, THE USE OF \$10,000 FOR ANNUAL CUT OFF FOR ANNUAL CONSIDERATION AS OPPOSED TO THE USE OF THE CREDIT CARD WHICH I HAD PEOPLE CLARIFY THIS ISSUE FOR AND AGAINST TRYING TO TELL ME THAT THE 2,500 DOLLAR CREDIT CARD MINIMUM IS CONFUSING FOR ANYBODY WHO IS READING THE PROPOSED RULE.

ARE YOU, AS A CREDIT CARD USER EXPECTED TO FOLLOW THE \$10,000 MINIMUM IN THE AGGREGATION OR BUYING IN A GIVEN YEAR OR ACTUALLY EACH TIME YOU USE THE CREDIT CARD SUPPOSED -- IT'S NOT CLEAR FROM READING THE RULE WHAT IS EXACTLY INTENDED.

>> I'M WONDERING MAKE GLENN OR DAN, COULD YOU PROVIDE SOME INSIGHT ON THAT?

>> I CAN.

THAT'S A TYPICAL PROCUREMENT QUESTION ON A LOT OF PROGRAMS, NOT JUST THIS ONE.

AND I'M SURE IF IT IS UNCLEAR IN THE RULE, WE'LL TRY TO MAKE IT CLEAR FOR THE FINAL.

BUT, WHAT IT IS, IT'S VERY SIMILAR TO THE RECYCLED PRODUCTS RULE AS WELL.

AN AGENCY BUYS \$10,000 WORTH OF A PRODUCT, LET'S JUST SAY IT'S CLEANERS.

IF YOU SPEND MORE THAN \$10,000 A YEAR ON CLEANERS,

WHETHER THEY BE BIOBASED OR ANY OTHER KIND OF

CLEANERS, THEN YOU ARE SUPPOSED TO PREFER A BIOBASED CLEANER TO THAT.

AND THE 2,500 DOLLAR ON THE CREDIT CARD IS JUST, YOU

CAN USE THE CREDIT CARD UP FOR ANY PURCHASE UP TO

2,500 DOLLARS.

IT DOESN'T MEAN YOU DON'T HAVE TO FOLLOW THE RULES.

THE HARD PART WILL BE CAPTURING WHAT IS PURCHASED

WITH CREDIT CARDS.

BUT OUR INTENT IS TO FIRST GO OUT TO CREDIT CARD

HOLDERS AND TEACH THEM AND TRAIN THEM THAT WHEN THEY

GO OUT AND BUY ANYTHING THAT COULD BE A BIOBASED PRODUCT, THEY SHOULD PREFER IT OVER SOME IS OTHER BRAND WHEN USING THE CREDIT CARD.

SO IT STILL APPLIES.

>> IF I COULD CONTINUE.

IT'S ALSO OBVIOUS TO ME AND TO OTHER PEOPLE IN GOVERNMENT, THAT THERE ARE SO MANY CREDIT CARD USERS THAT THE JOB OF TRAINING THE TRAINERS WHO ARE TRAINING THE CREDIT CARD USERS IS ALMOST VAST BEYOND BELIEF FOR WHAT AMOUNTS TO 14 OR 15 BILLION DOLLARS WORTH OF BUYING.

AS CHAIRMAN OF BIOBASED MANUFACTURERS ASSOCIATION, OUR CONCERN IS THAT 14 BILLION DOLLARS DOES NOT HAVE TO FOLLOW THE AGGREGATE RULE FOR BUYING BIOBASED AS OPPOSED TO ANYTHING ELSE THEY WANT.

>> THEY DO AND THEY WILL.

THERE IS A VERY RENEWED EMPHASIS ON TRAINING THOSE PEOPLE, NOT JUST BECAUSE OF THESE KINDS OF PROGRAMS, BUT MORE BECAUSE OF FRAUD AND ABUSE ON THE CREDIT CARD PROGRAMS.

SO I THINK EVERY CREDIT CARD USER IS NOW MORE AWARE THAN EVER THEY HAVE RIGHTS AND RESPONSIBILITIES WHEN USING THOSE AND THIS WILL BE ONE OF THOSE ISSUES WE PUSH.

>> THANK YOU.

>> I MADE A MISSTEP.

WE SHOULD HAVE PEOPLE IDENTIFY THEMSELVES.

KIM, WOULD YOU LIKE TO IDENTIFY YOURSELF AND YOUR  
OCCUPATION.

>> KIM CRISTOFF WITH BIOBASED MANUFACTURERS  
ASSOCIATION.

>> DO WE HAVE ANY OTHER QUESTIONS?

>> HOWARD ROSEN FROM USDA FOREST SERVICE.

I HAVE A QUESTION ABOUT YOUR COMMENT ABOUT WHAT  
PRODUCTS.

WHAT I READ HERE, IT SAYS EXCLUDED ARE WOOD PRODUCTS  
MADE FROM TRADITIONAL HARVEST FOREST MATERIALS.

IS THAT A LITTLE BETTER DEFINITION THAN WHAT YOU  
SAID THAT WOOD PRODUCTS WERE EXCLUDED?

>> RIGHT.

>> THAT'S THE OFFICIAL DEFINITION?

I GUESS I WOULD EXPLAIN THAT -- COULD YOU EXPLAIN  
THAT A LITTLE BETTER SINCE USDA INCLUDES THE US  
FOREST SERVICE AND WOOD PRODUCTS, I KNOW, HAVE BEEN  
USED QUITE A BIT.

I GUESS I DON'T UNDERSTAND WHAT THAT -- I CAN  
UNDERSTAND YOU'RE TALKING ABOUT PRODUCTS LIKE LUMBER

AND PLYWOOD AND OTHERS THINGS.

IS THAT WHAT YOU'RE REFERRING TO?

>> THAT'S WHAT WE ARE REFERRING TO.

>> THEREFORE THOSE WOULD BE LESS PREFERABLE PRODUCTS  
THAN SOMETHING MADE DIFFERENTLY?

>> THAT WOULDN'T BE UNDER THE PROGRAM.

PREFERRED PROCUREMENT.

>> I UNDERSTAND THAT.

SO THEREFORE THE PREFERRED MATERIAL WOULD BE  
MATERIAL OTHER THAN THAT AND MY QUESTION IS, DOES  
THAT MEAN TO REPLACE THAT?

FOR EXAMPLE, THE LECTERN YOU'RE LEANING ON IS MADE  
OF WOOD.

PERHAPS THE TABLE TOP IS AND THEN IF YOU LOOK AT THE  
MATERIALS AROUND THE BUILDING HERE.

THAT WAS MY COMMENT.

MY QUESTION.

IS THAT WHAT THE INTENT OF THE RULE IS?

TO REPLACE MATERIALS LIKE THAT WITH OTHER BIOBASED  
MATERIALS FOR PREFERRED PURCHASING?

>> THAT'S WHAT THE PREFERRED RULE IS SAYING THAT  
WOOD PRODUCTS ARE CONSIDERED TO BE MATURED PRODUCTS  
UNLESS THEY WERE INCLUDING BIOPOLYMERS OR SOME OTHER  
ASSOCIATED MATERIALS.

THAT'S WHAT THE PROPOSED RULE IS PROPOSING.

>> THANK YOU.

>> HOWARD, NOBODY IS TRYING TO SAY REPLACE U, PER SE.

TO THE EXTENT HAVE YOU FURNITURE COMPOSED OF STANDARD PLYWOOD AND LUMBER ET CETERA.

THOSE PRODUCTS WILL CONTINUE TO BE MANUFACTURED, BUT THEY ARE ALSO ENVISIONING USES FOR FORESTRY MATERIAL BEYOND THAT SO THESE FORESTRY MATERIALS COULD BE USED IN UNCONVENTIONAL WAYS TO CREATE BIOBASED PRODUCTS.

THE INTENT IT TO STIMULATE NEW USES FROM THESE MATERIALS WHICH ARE NOT OTHERWISE BEING WELL USED AT THIS POINT.

>> I GUESS WE ARE GETTING INTO A DISCUSSION OF SEMANTICS.

AND MAYBE I DON'T UNDERSTAND THAT.

I WOULD ASSUME IF SOMETHING IS DEEMED AS PREFERRED, THEN IT WOULD BE PREFERRED OVER SOMETHING ELSE.

THEREFORE, THE WAY I VIEW IT IS, THERE IS A PREFERENTIAL STATEMENT HERE AND THAT WOULD BE IN MANY CASES TO REPLACE, IF THE STANDARD MATERIAL WAS ONE WHICH WAS USED FROM SOME OF THESE EXCLUDED, I'LL

PICK SILK TOO, AND SINCE I WORK FOR THE FOREST SERVICE, I PICK WOOD PRODUCTS.

I CAN'T SEE THE DIFFERENCE OTHER THAN A SEMANTIC DIFFERENCE.

>> AGAIN, IT WILL DEPEND ON WHAT THE VENDORS AND MANUFACTURERS ARE OFFERING THE GOVERNMENT TO THE EXTENT THAT THEY HAVE AN INCENTIVE TO MANUFACTURER IT.

TO QUALIFY UNDER THE PROGRAM AND IT'S BEING OFFERED, THEN YES, WE HAVE THE PREFERENCE.

BUT WE'RE NOT TELLING ANYBODY TO SUBSTITUTE ANYTHING.

WE ARE JUST TRYING TO STIMULATE THE INDUSTRY.

>> OKAY.

THANK YOU.

>> JUST A CLARIFICATION.

I THOUGHT I UNDERSTOOD ONE OF THE SPEAKERS TO SAY THAT MOTOR VEHICLE FUELS WOULD NOT BE INCLUDED AND IN THE PROPOSED RULE, I SAW A SECTION DISCUSSING ETHANOL AND BIODIESEL.

CAN YOU CLARIFY FOR ME SO I UNDERSTAND CLEARLY WHAT IS IN AND WHAT'S OUT?

>> WHAT WE ARE PROPOSING AS AN ITEM CATEGORY IS FUEL ADDITIVES.

SO MOTOR VEHICLE FUELS WOULD BE EXCLUDED AND E 85, FOR EXAMPLE, IS CONSIDERED TO BE AN ALTERNATIVE FUEL.

B 100 AND B 20 ARE CONSIDERED TO BE ALTERNATIVE FUELS.

E 10, WHICH IS CONSIDERED TO BE A FUEL ADDITIVE, COULD BE INCLUDED.

OR LOWER-LEVEL BLENDS WHICH ARE ASSOCIATED WITH THE REFORM LATED GASOLINE PROGRAM.

BIODIESEL AT ONE OR 2% LEVELS.

FOR EXAMPLE WHERE IT'S USED FOR LUBRICITY AND AS AN ADDITIVE, COULD BE CONSIDERED.

>> THANKS.

>> DANA ARNOLD, OFFICE OF THE FEDERAL ENVIRONMENT OF EXECUTIVE.

I HAVE A CLARIFICATION AND A COUPLE OF QUESTIONS.

KIM, FIRST TO YOUR QUESTION ABOUT CREDIT CARD TRAINING.

WE ALREADY HAVE QUITE A BIT UNDERWAY TO TRY AND GET OUR CREDIT CARD PURCHASES TRAINED ABOUT GREEN PURCHASING TRAINING AND IT'S BEEN A LONG UPHILL BATTLE FOR CINDY AND I TO GET THAT IN THE TRAINING. THERE IS TRAINING OFFERED BY DEFENSE ACQUISITION

UNIVERSITY WHICH WAS REVISED TO PUT GREEN PURCHASING ELEMENTS INTO IT.

THERE IS TRAINING OFFERED BY THE GENERAL SERVICES ADMINISTRATION WE ARE STILL TRYING TO GET GREEN PURCHASES ELEMENTS INTO AND THERE ARE OTHER TRAINING SOME PROVIDED BY CINDY AND OTHERS.

WE ARE WORKING ON THAT AND BIOBASED HAS ALWAYS BEEN AN ELEMENT OF WHAT WE ARE TRYING TO GET IN AND IT WILL BE IN THE FUTURE AS WELL.

THERE ARE 400,000 OF THOSE PEOPLE OUT THERE.

WE NEED TO FIND WAYS TO REACH THEM AND WE WILL WORK WITH THE AGENCIES TO TRY AND MAKE SURE THAT IF THEY ARE OFFERING THEIR OWN TRAINING THAT GREEN PURCHASING ELEMENTS INCLUDING BIOBASES ARE IN THERE.

NOW MY QUESTION, ROGER, FORGIVE ME FOR THIS ONE, I DIDN'T THINK OF IT UNTIL TODAY.

HOW ARE YOU GOING TO DEFINE LIFE CYCLE IN TERMS OF KINDS OF INFORMATION YOU ARE LOOKING FOR?

ARE YOU GOING DO ASK ABOUT THE WHOLE LIFE CYCLE INCLUDING UP STREAM AND DOWNSTREAM OR ARE YOU GOING TO BE TALKING ABOUT LIFE CYCLE DURING THE PRODUCT USE?

MOST OF THE DATA AVAILABLE RIGHT NOW IS LIFE CYCLE OF THE PRODUCT USE.

NOT UP STREAM INFORMATION OF EXTRACTION AND  
PROCESSING AND BENEFICIATION OF MATERIALS, NOT DOWN  
STREAM INFORMATION.

IF YOU THOUGHT ABOUT YET HOW YOU'RE GOING TO DEFINE  
LIFE CYCLE.

>> BOBBY WILL ASSIST IN ANSWERING THAT QUESTION.

>> THAT'S A GOOD QUESTION, DANE A IN FACT, THERE ARE  
TWO DIFFERENT DEFINITIONS OF LIFE CYCLE THAT WILL BE  
USED.

THERE IS ONE DEFINITION FOR THE ECONOMIC SIDE OF  
THINGS.

THERE IS A DEFINITION OF LIFE CYCLE AND THE CONTACTS  
OF LIFE CYCLE COSTING AND A DIFFERENT DEFINITION OF  
LIFE CYCLE IN THE DEFINITION OF ENVIRONMENTAL AND  
PUBLIC HEALTH BENEFITS.

FOR THE ECONOMIC SIDE OF THINGS ISSUE FOR LIFE CYCLE  
COSTS, WE'RE TALKING ABOUT THE COSTS FROM THE TIME  
OF PURCHASE OF THE PRODUCT THROUGH TO INSTALLATION,  
MAINTENANCE, REPAIR, REPLACEMENT, OVER SOME 6 PERIOD  
OF TIME, BEING THE SAME FOR ALL PRODUCTS WITHIN AN  
ITEM.

ON THE ENVIRONMENTAL AND PUBLIC HEALTH BENEFIT SIDE,  
THE LIFE CYCLE IS FROM CRADLE TO GRAVE BEGINNING

WITH WHEN THE RAW MATERIALS OR THE AGRICULTURAL PRODUCTION THAT IS INVOLVED IN GROWING THESE BIOBASED FEED STOCKS, INCLUDING MANUFACTURE AND TRANSPORTATION, INSTALLATION, USE AND FINALLY WASTE DISPOSAL.

YOU MENTIONED THERE WASN'T THAT MUCH UP STREAM DATA AVAILABLE WITH HELP FROM USDA LAST YEAR WE CONVENEED A BIOBASED ADVISORY GROUP OF EXPERTS AROUND THE COUNTRY IN THIS AREA AND WE DEVELOPED 8 INVENTORIES FOR 8 DIFFERENT FEED STOCKS THAT WILL PROBABLY SEE THE MOST BIOBASED PRODUCTS BELONG TO, RANGING FROM SOYBEANS TO CORN, TO WHEAT, TO RICE.

WE DEVELOPED THESE STANDARD INVENTORIES WE ARE GOING TO USE TO HELP US WITH THAT UP STREAM DATA.

>> THANK.

SECOND QUESTION IS ABOUT PROCESS AND TIME.

IS IT YOUR INTENT TO FINISH THIS FRAMEWORK RULE AND THEN START ON YOUR RULE MAKING FOR INDIVIDUAL PRODUCTS OR ITEMS AS YOU'RE CALLING THEM?

OR ARE YOU GOING TO TRY AND WORK ON SOME OF THIS SIMULTANEOUSLY SO AT THE POINT IN TIME YOU GO OUT FINAL WITH THE FRAMEWORK YOU WILL ALSO BE PROPOSING TO DESIGNATE SOME OF THE ITEMS?

>> WE ARE INTERESTED IN OF COURSE PROMULGATING THIS

RULE AS QUICKLY AS POSSIBLE AND BEGINNING INTO A PROPOSED RULE FOR DESIGNATING ITEMS.

OF COURSE WE HAVE TO RECEIVE COMMENT ON THE CATEGORIES THAT WE SELECTED BEFORE WE CAN MAKE A FINAL ON.

THAT BUT WE HAVE BEEN WORKING WITH IOWA STATE AND OTHERS TO SEE ABOUT ASSEMBLING INFORMATION FOR THE NEXT STAGE, WHICH WOULD BE THE PROPOSED RULE FOR ITEMS.

WE HOPE THAT THERE ARE LOW HANGING FRUIT THERE THAT WILL HELP EXPEDITE THE PROMULGATION OF SOME ITEMS. IN ADDITION, USDA, WITH THE ONE MILLION DOLLARS IN TEST CAN THAT WE HAVE, WE ARE GOING TO USE THAT TO FOCUS ON WHERE THERE ARE GAPS WHERE -- WE SAY IN THE PROPOSED RULE, WE THINK THERE ARE MARKET OPPORTUNITIES FOR THE FEDERAL AGENCIES AND SECONDLY WHERE THERE ARE THE LOW HANGING FRUIT WHERE THERE ARE AREAS WHERE MORE INFORMATION CAN HELP US DESIGNATE THAT ITEM.

>> LAST IS A COMMENT.

YOU HEARD FROM ME BEFORE BUT I'M TELLING YOU TODAY, ON BEHALF OF THE AGENCIES, BECAUSE YOU KNOW I CHAIR ONE OF THE INTERAGENCY GROUPS THAT WORKS ON

IMPLEMENTING GREEN PURCHASING ISSUES.

THEY WANT TO SEE YOU COORDINATE WITH DEA AND WITH EPA IN TERMS OF DESIGNATING THE PRODUCTS.

THEY DON'T WANT TO HAVE CONFLICTING DESIGNATIONS AMONG THE 3 AGENCIES.

THEY WANT TO SEE COORDINATED DESIGNATIONS OF PRODUCTS.

ONCE AGAIN I WANT TO ENCOURAGE YOU USDA TO COORDINATE WITH DEA AND WITH EPA REGARDING DESIGNATIONS OF PRODUCTS THAT WE DON'T HAVE CONFLICTING DESIGNATIONS.

>> THAT'S GOOD ADVICE AND WE'RE GOING TO WORK WITH YOU AND OTHERS TO MAKE SURE THAT WE DO COORDINATE SO THAT THINGS ARE IN A COMPLEMENTARY FASHION AND IN ADDITION WITH THE MODEL OF PROCUREMENT PROGRAM IT'S ALSO AN OPPORTUNITY FOR INTERAGENCY COORDINATION. WE ARE COMMITTED TO DO DOING THAT.

>> RICHARD WITH THE AGRICULTURAL RETAILER'S ASSOCIATION.

I HAVE TWO QUESTIONS.

ONE, YOU'RE TALKING ABOUT THE MATURE MARKETS.

I WAS WONDERING IF YOU COULD COMMENTED WHETHER YOU CONSIDER SLUDGE PRODUCTS PRODUCED FROM URBAN AREAS, A MATURE MARKET VERSUS BIOBASED PRODUCTS PRODUCED

FROM ANIMAL FEEDING OPERATIONS.

MY SECOND QUESTION IS, WITH THE UPCOMING BUDGET, HOW MUCH FUNDING IS DEDICATED TOWARDS THIS PROGRAM FOR THE UPCOMING FISCAL YEAR?

>> I CAN'T ANSWER OFFHAND THE QUESTION ABOUT SLUDGE. WE HAVE CERTAIN DEFINITIONS FOR WHAT CONSTITUTES A BIOBASED PRODUCT AND AN AGRICULTURAL PRODUCT OR BIOLOGICAL MATERIAL.

SO IF IT FITS WITHIN THAT REALM, IT WOULD BE INCLUDED.

I HAVE TO THINK ABOUT THAT.

>> WE WOULD ALSO WELCOME ANY INFORMATION THAT THE MANUFACTURERS OR VENDORS WOULD HAVE IN HELPING US MAKE THOSE DETERMINATION ON MATURE MARKETS.

IF YOU HAVE SOME DATA ABOUT REGIONAL MARKETING, NICHE MARKETING, THAT WOULD HELP US, WE CERTAINLY DO WELCOME THAT INFORMATION.

>> WE ARE OPEN FOR COMMENT FOR THAT.

AND YOUR SECOND QUESTION, WE HAVE THE ONE MILLION DOLLARS IN TESTING THROUGH 2007 TO WORK ON THIS ACTIVITY AND THEN WE HAVE THE BUDGET IN MY OFFICE, WHICH IS DIRECTLY INVOLVED IN DOING THIS AND IN ADDITION TO THE MODEL PROCUREMENT PROGRAM THEY HAVE

FUNDS FOR THIS FISCAL YEAR TO WORK ON THAT ACTIVITY  
SO, THAT'S WHAT WE CURRENTLY HAVE FOR THE 2004.

YES, SIR?

>> LOUISE, WITH CARHILL INDUSTRIAL OILS AND  
LUBRICANTS.

I HAVE A COUPLE OF QUESTIONS ABOUT DESIGNATED AN  
ITEM.

GLENN, YOU MENTIONED AN ITEM WILL BE DESIGNATED  
BASED ON THE PRODUCTS UNDERNEATH IT THAT ARE  
SUBMITTED INTO THAT ITEM.

TWO QUESTIONS, ONE IS WILL YOU CONSIDER DESIGNATING  
AN ITEM WHEN YOU HAVE ONLY ONE PRODUCT UNDER IT THAT  
MEETS ALL THE CRITERIA?

AND NUMBER 2 IS, IF AS WHAT I EXPECT IS YOU'LL HAVE  
MULTIPLE ITEMS FROM MULTIPLE MANUFACTURERS -- I'M  
SORRY, MULTIPLE PRODUCTS FROM MULTIPLE MANUFACTURERS  
UNDER AN ITEM, AND THEY ALL HAVE DIFFERENT LEVELS OF  
RENEWABLE CONTENT PERFORMANCE, HOW DO YOU GO ABOUT  
DECIDING WHAT THE MINIMUM CONTENT WOULD BE FOR THAT  
ITEM?

>> WELL, IN DESIGNATING AN ITEM, YOU'RE CORRECT.

THERE COULD BE SOME ITEMS WHERE THERE IS ONLY ONE  
PRODUCT.

AND THEN THAT'S THE INFORMATION THAT WE'LL HAVE TO

WORK WITH.

IN THE CASE --

>> DO YOU THINK THAT'S OKAY?

WOULD YOU PROCEED ON THAT BASIS?

>> I THINK WE HAVE TO THINK ABOUT THAT.

I'M NOT PREPARED TO SAY AT THIS TIME.

IT DEPENDS ON THE INFORMATION.

BUT IN THE SECOND INSTANCE WHERE YOU HAVE A

DIFFERENT PRODUCT, WE ARE EXTRAPOLATING.

WE'LL HAVE A GROUP GET TOGETHER AND EVALUATE THE

ITEM DESIGNATION FROM THESE VARIOUS PRODUCTS AND

WE'RE WORKING WITH IOWA STATE ON THIS AND PERHAPS

YOU'D LIKE TO COMMENT ABOUT HOW WE WOULD EVALUATE

DIFFERENT PRODUCTS AND ASSISTING AND DESIGNATING

ITEMS.

>> STEVE DEVLIN.

I GUESS I WOULD SAY IN TERMS OF COLLECTING THAT

INFORMATION, WE'RE ACTIVELY PURSUING INTERACTIONS

WITH MULTIPLE MANUFACTURERS TO GET A BROAD SPECTRUM

WITHIN EACH ITEM.

SO IF YOU LOOKED AT, FOR INSTANCE, BIOBASED HYDROLIC

FLUIDS, WE IDENTIFIED 16 MANUFACTURERS THAT ARE OUT

THERE THAT ARE PRODUCING HYDROLIC FLUIDS FROM

BIOBASED PRODUCTS OR FROM BIOBASED FEEDSTOCK AND WE'RE COLLECTING THESE 7 POINTS OF INFORMATION FROM EACH OF THOSE MANUFACTURERS TO GIVE BASICALLY A GOOD STATISTICAL PICTURE OF THAT.

FOR THOSE ITEMS THAT DON'T HAVE THAT MANY PRODUCTS OR MAYBE THE INDUSTRY IS NOT QUITE ASTHMA TOUR, WE'RE GOING TO START OFF WITH THOSE LOWER LEVELS. OBVIOUSLY OUR INTENT IS TO INCREASE THAT INFORMATION AND PROVIDE MORE RESOURCES TO THE FEDERAL BUYERS AS THEY BECOME AVAILABLE.

SO IT'S KIND OF AN ONGOING ACTIVITY.

>> FROM THE PROCUREMENT STANDPOINT, THERE ARE TWO THINGS WE NEED TO TAKE A LOOK AT WHEN WE DO THIS IN ACQUIRING PRODUCTS.

WHEN WE CAN USE A CASE-BY-CASE BASIS OR AS A MINIMUM CONTENT ON THAT BIOBASED PRODUCT.

CERTAINLY FROM THE PROCUREMENT ASPECT IN PROVIDING SERVICES TO OUR FOLKS, I WOULD LOOK TOWARDS THE PROGRAM MANAGERS AND THE END STATE USER IN TERMS OF WHICH PRODUCT WOULD WORK BEST FOR THEM LOOKING AT THE COST OF LIFE CYCLE AND THE EFFECTIVENESS AND THEN WE WOULD REACT ON THE PROCUREMENT SIDE IN ORDER TO PURCHASE THOSE PRODUCTS ON THEIR BEHALF.

>> YES, SIR.

>> JOE COOK WITH PURDUE FARMS.

A QUESTION ON AFTER LISTENING TO GLENN HAGGSTROM'S COMMENT.

HAS THERE BEEN ANY CONSIDERATION GIVEN IN ORDER TO ENCOURAGE THE PURCHASE THE OF BIOBASED PRODUCTS THIS MIGHT BE INCORPORATED INTO AN INDIVIDUAL'S PERFORMANCE STANDARDS, IF I'M A PURCHASING AGENT FOR USDA OR WHOEVER, MIGHT THAT EVENTUALLY BE INCORPORATED INTO MY PERFORMANCE STANDARDS?

>> TO BE VERY HONEST WITH YOU, AT THIS POINT IN TIME, NO.

WE HAVE NOT GONE THAT FAR.

WHAT WE HAVE GONE THOUGH IS TAKING A LOOK AT PERFORMANCE IN TERMS OF THE OVER ALL AGENCY AND HOW IT DOES INQUIRE BIOBASED PRODUCTS.

AT SOME POINT IN TIME THAT COULD BE UP TO AN INDIVIDUAL LINE MANAGER.

IF THEY FELT THAT WAS A REQUIREMENT FOR THEIR PARTICULAR OPERATION TO INCORPORATE THOSE INTO THE POSITION DESCRIPTION AND THE WORK PLAN.

>> I WOULD ADD THAT I KNOW MANY AGENCIES UNDER THE PRESENT MANAGEMENT AGENDA AND THE HUMAN CAPITOL INITIATIVE ARE TAKING THE OPPORTUNITY TO ADD INTO

MANY INDIVIDUAL'S PERFORMANCE STANDARDS AND EVALUATIONS THINGS LIKE THIS THAT ARE IMPORTANT AND FROM THE GOVERNMENT WIDE PERSPECTIVE, I THINK OUR OFFICE AND THE OFFICE OF FEDERAL PROCUREMENT WOULD PROBABLY BE LOOKING TOWARDS SOME KIND OF PROMOTIONAL CHALLENGE, NOT NECESSARILY TO INDIVIDUALS, BUT TO AGENCIES TO GET OUT THERE AND BE AN EARLY ADOPTER OR PILOT TYPE OF CHALLENGE TYPE OF THINGS.

AS YOU HEARD HERE TODAY, WE CAN'T OFFICIALLY REQUIRE AGENCIES TO IMPLEMENT THE PROGRAM UNTIL A YEAR AFTER THE RULE IS OUT.

WE ARE READY TO GO.

AGENCIES WE HAVE ASKED THEM TO START INCORPORATING THIS ALREADY INTO THEIR AFFIRMATIVE ITCH PROCUREMENT PROGRAMS.

USDA IS DEVELOPING A MODEL TO DO THAT IN ITS OWN AGENCY.

THEY ARE NOT THE ONLY ONES.

THERE ARE OTHERS TRYING TO STEP UPFRONT AND DO THIS.

I THINK YOU WILL SEE SOME OPPORTUNITIES FOR THAT AND OPPORTUNITIES FOR REWARDS.

THE OFFICE OF FEDERAL ENVIRONMENTAL EXECUTIVE FOR THIS YEAR'S CLOSING THE CIRCLE AWARD DID START A BIOBASED CATEGORY AND THEY WILL BE GIVEN A

PRESIDENTIAL LEVEL AWARD IF THEY GET -- NOMINATIONS ARE DUE TOMORROW.

IF THEY GET AGENCIES NOMINATIONS WHERE THE AGENCY TRIED TO PURCHASE BIOBASED PRODUCTS, THEY COULD BE REWARDED UPFRONT.

WE'LL SEE SOME OF THAT.

WE ARE HOPING TO DO THAT.

>> YES, MA'AM?

>> IN THE PAPER AND PACKAGING CATEGORY YOU INCLUDE LOW GRADE COTTON.

DEFINE THAT MORE SPECIFICALLY AND FOR EXAMPLE WOULD COTTON LINTERS BE INCLUDED.

>> LOW GRADE COTTON IF IT WOULD BE CONSIDERED WASTE, COTTON LINTERS, CERTAINLY, BUT AGAIN THE DESCRIPTION WE HAVE WE'RE SEEKING COMMENT ON CLARIFYING WHAT WE HAVE DESCRIBED.

>> ROGER, ONE MORE CLARIFICATION ON THE PROPOSAL TO ELIMINATE A NONMATURE -- I'M SORRY ELIMINATE MATURE PRODUCTS.

WE ARE JUST GUESSING BUT WE THINK SOMEWHERE BETWEEN 40% AND HALF OF ALL THE BIOBASED PRODUCT THAT'S AVAILABLE BETWEEN FUELS, FOODS AND QUOTE/UNQUOTE, MATURE PRODUCTS ARE BEING ELIMINATE FRIDAY

CONSIDERATIONS PREFERRED PRODUCT.

I THINK THIS WILL BE A GOOD TIME TO HEAR HOW IT WAS RESOLVED THAT THE LARGER PART OF THE INDUSTRY MIGHT BE ELIMINATED SIMPLY BECAUSE THEY WEREN'T PROVIDING QUOTE IN QUOTE, NEW PRODUCTS.

>> WELL, I THINK CERTAINLY THAT'S NOT OUR INTENTION. I LOOKED HERE FOR THE CONFERENCE REPORT LANGUAGE AND IT SAYS THAT THIS SECTION IS TO STIMULATE THE PRODUCTION OF NEW BIOBASED PRODUCTS AND TO ENERGIZE EMERGING MARKETS FOR THOSE PRODUCTS.

SO, IN MAKING THIS MATURE DESIGNATION, WE ARE HOPING TO PROMOTE THAT IDEA FOR NEW PRODUCTS.

SO WE'RE NOT TRYING TO CHOKO OFF ANY EMERGING PRODUCT OR OPPORTUNITY.

SO, WE LOOK FORWARD TO YOUR COMMENT AND WE'LL TAKE YOUR COMMENTS INTO ACCOUNT BECAUSE WE CERTAINLY, THE INTENTION IS TO ASSIST THE BIOBASED PRODUCTS INDUSTRY AND FOR THOSE EMERGING MARKETS, WE WANT TO INCLUDE THOSE IN.

SO WE LOOK FORWARD TO YOUR COMMENTS TO HELP US CLARIFY THAT IF THERE IS AN ISSUE.

>> SUE, CONSULTANT TO THE UNITY SOYBEAN BOARD.

IF YOU BEAR WITH ME, I HAVE SEVERAL QUESTIONS THAT MANUFACTURERS HAVE RAISED TO US ABOUT THE RULE THAT

I THINK IT WOULD BE HELPFUL IF WE COULD GET CLARIFIED TODAY, BASED ON SOME LACK OF UNDERSTANDING OR MISUNDERSTANDING OUT THERE.

ONE IS TO FOLLOW-UP ON THE \$10,000 DESIGNATION. WOULD THAT BE ON AN ITEM BY ITEM BASIS SO THAT IF AN AGENCY PURCHASED \$10,000 WORTH OF LUBRICANTS, LUBRICANTS WOULD BE COVERED BUT IF THEY DIDN'T PURCHASE \$10,000 SAY WORTH OF SOLVENTS AND THE SOLVENTS WOULDN'T BE COVERED?

>> WE ARE LOOKING AT IT ON ITEMS, NOT INDIVIDUAL ITEMS.

THE PROPOSED RULE IS LOOKING AT THE TEN THOUSAND, FIRST OF ALL FOR THE ENTIRE FEDERAL AGENCIES NOT A SUBGROUP OF AGENCY AND SECONDLY, AT THE BROADER ITEM LEVEL.

>> BUT IS IT ITEM BY ITEM?

>> RIGHT.

>> SO IF AN AGENCY DIDN'T BUY MUCH INK, FOR EXAMPLE, WHICH COULD BE AN ITEM LEVEL, THEN INK WOULDN'T BE COVERED BUT IF THEY BOUGHT \$10,000 WORTH OF LUBRICANTS, COLLECTIVELY AS AN AGENCY, LUBRICATING WOULD BE COVERED?

>> YES, THE PROPOSED RULE IS FOCUSING ON AN ITEM.

>> THE OTHER QUESTION IS ON SERVICE CONTRACTS AND GLENN MENTIONED ON THE MODEL PROGRAM YOU WERE LOOKING AT SERVICE CONTRACTS.

FROM THE GUIDELINES IT WASN'T CLEAR WHETHER PROVIDERS OF SERVICE CONTRACTS WOULD ALSO GET A PREFERRED PREFERENCE IF THEY USED IN THE SERVICE CONTRACT A DESIGNATED ITEM.

>> YOU'RE RIGHT.

IT'S NOT CLEAR.

BUT CERTAINLY AS WE STRUCTURE A CONTRACT TO GO OUT WITH OUR STATEMENT OF NEED OR STATEMENT OF WORK, THAT COULD BE INCLUDED IN IT SO WHEN THE PERFORMANCE IS EVALUATED, OF THE VENDORS WHO SUBMIT PROPOSALS, THAT COULD CERTAINLY BE AN ADDITIVE IN TERMS OF THE SELECTION PROCESS.

>> EVEN IF IT WASN'T A CLAUSE IN THE CONTRACT THAT WENT OUT, IF A VENDOR WHO WAS RESPONDING TO THAT SOLICITATION NOTED THEY WERE USING BIOBASED, THEY COULD CLAIM THAT THAT WAS PART OF THE PREFERENCE?

>> BUT ADDITIONALLY, IN IMPLEMENTING THIS PROGRAM IN THE FEDERAL ACQUISITION REGULATION, THAT MAYBE SOMETHING THAT WILL WANT TO BE ADDRESSED IN TERMS OF PERHAPS INCLUDING CLAUSES, WRITING SPECIFICATIONS BECAUSE IT'S ENVISION SAID THIS WILL PASS DOWN TO

CONTRACTORS AND OTHER CONTACTS.

IT'S POSSIBLE THAT COULD BE AN IMPLEMENTATION CHOICE.

>> TO BE HONEST WITH YOU, THIS IS AN AREA THAT IN INFANT STATE FOR OTHER SO SOCIO ECONOMIC PROGRAMS AND WE ARE REALLY FOCUSING ON IT FOR RECYCLED PRODUCTS.

AND SO, HOPEFULLY WE'LL HAVE A LEG UP IN DOING THAT FOR BIOBASED.

AND THE FARM RIGHT NOW DOES SPECIFY FOR ENERGY EFFICIENT RECYCLE AND OTHER THAT THEY ARE SUPPOSED TO INCLUDE THEM IN SERVICE CONTRACTS.

AND WE ARE TRYING TO EMPHASIZE THAT MORE AND MORE. LAST YEAR WE PUT REQUIREMENTS IN THE FEDERAL PROCUREMENT DATA SYSTEM THAT ASKED THE CONTRACTING OFFICER WHEN THEY WRITE THE CONTRACTS, DID YOU DO THAT, DOES THIS COMPLY?

TO BE HONEST, WE ARE IN THE IN FIANCE STAGES.

YOU GUYS, THE BIOBASED INDUSTRY, WILL GET THE BENEFIT OF OUR LEARNING CURVE ON THIS AND HOPEFULLY IT WILL AUTOMATICALLY GO IN WITH THE OTHERS THAT WE'RE TRYING TO EMPHASIZE.

>> IN TERMS OF THE INFORMATION THAT MANUFACTURERS

WILL BE REQUIRED TO SUBMIT, I THINK THERE IS STILL SOME CONFUSION AMONG MANUFACTURERS ABOUT WHAT IS REQUIRED AND WHAT IS OPTIONAL.

WHAT'S GOING TO BE NEEDED TO DESIGNATE AN ITEM INITIALLY FROM A MANUFACTURER, VERSUS WHAT A MANUFACTURER OR VENDOR MIGHT NEED TO PROVIDE AFTER AN ITEM HAS BEEN DESIGNATED AND THEY ARE TRYING TO QUALIFY A PRODUCTS.

ROGER YOU MENTIONED TWO CATEGORIES FOR DESIGNATION, AVAILABILITY, ECONOMIC AND TECHNICAL FEASIBILITY AND LIFE CYCLE COST, BUT THEN THE ADDITIONAL REQUIREMENT THAT USDA NEEDS TO PROVIDE INFORMATION ON AVAILABILITY RELATIVE PRICE AND PERFORMANCE, ENVIRONMENTAL AND PUBLIC HEALTH BENEFITS TO THE FEDERAL USER COMMUNITY, AND I GUESS SOME OF THE COMPANIES ARE TRYING TO UNDERSTAND WHAT NEEDS TO GET DONE TO DESIGNATE?

WHAT INFORMATION WOULD BE REQUIRED FROM THEM VERSUS ONCE AN ITEM IS DESIGNATED.

FOR EXAMPLE, WOULD THEY ONLY HAVE TO PROVIDE INFORMATION ON AVAILABILITY, ECONOMIC FEASIBILITY AND LIFE CYCLE COSTS TO GET AN ITEM DESIGNATED AND THEN AFTER AN ITEM IS DESIGNATED, THEY WOULD PROVIDE THE INFORMATION ON ENVIRONMENTAL BENEFITS AND

PERFORMANCE AND RELATIVE PRICE?

>> I THINK WE NEED BOTH SETS OF INFORMATION.

WE NEED TO HAVE THAT SPECIFIC INFORMATION TO DESIGNATE AN ITEM BUT THEN WHEN WE'RE DESIGNATING THE ITEM AND WE'RE GOING TO FEDERAL AGENCIES, WE HAVE -- THE SECRETARY HAS TO PROVIDE THAT INFORMATION TO FEDERAL AGENCIES.

IT'S PART OF A PACKAGE.

SO ALL OF THAT INFORMATION WOULD BE HELPFUL TO GET FROM THE MANUFACTURERS.

BUT IN ADDITION, WE OURSELVES, ARE GOING TO BE USING OR TESTING FUNDING TO FIND WHERE THE HOLES ARE AND DIRECT THE TESTING FOR THE BES ANALYSIS WHICH WILL HELP WITH THE PUBLIC AND ENVIRONMENTAL AND LIFE CYCLE COST OF THINGS TOO.

I THINK WE NEED TO HAVE THAT WHOLE PACKAGE.

>> IN TERMS OF THE INFORMATION, AT THE ITEM LEVEL THAT WE NEED TO PROVIDE FOR THE FEDERAL AGENCIES, THE WAY WE ARE GOING TO DO THAT IS EXTRAPOLATE INDIVIDUAL PRODUCT INFORMATION TO A GENERIC ITEM GROUPING SO WE DON'T NEED THE LIFE CYCLE COST DATA NECESSARILY FOR EVERY INDIVIDUAL PRODUCT THAT SOMEBODY WOULD BE SELLING WITHIN THAT ITEM

DESIGNATION.

BUT WE NEED ENOUGH LIFE CYCLE COST INFORMATION SO THAT THE SECRETARY CAN CONSIDER THE LIFE CYCLE COST IN MAKING A DETERMINATION WHETHER OR NOT TO DESIGNATE THE ITEM.

SO TO THE EXTENT MANUFACTURERS, VENDORS HAVE THAT INFORMATION, WE ENCOURAGE TO YOU SHARE THAT WITH US SO IT CAN HELP SPEED THE PROCESS OF DESIGNATION.

IN TERMS OF WHAT MANUFACTURERS AND VENDORS HAVE TO PROVIDE FOR THEIR SPECIFIC PRODUCTS, THEY'LL HAVE TO DEMONSTRATE THE BIOBASIC CONTENT AND MEET MINIMUM REQUIREMENTS.

THEIR PRODUCT NEEDS TO PERFORM AT SPECIFIC REQUIREMENTS IN THE CONTRACT AND THEIR PRODUCT IS MADE A BIOBASED ITEM.

THAT THE COMPONENTS ARE THE PROPER COMPONENTS.

WHEN WE DEVELOP THE LABELING PROGRAM, THERE MAY BE ADDITIONAL INFORMATIONAL PRODUCT SPECIFIC REQUIREMENTS FOR THAT, BUT THAT IS THE NEXT STEP.

AT THIS POINT, WE NEED ALL THE INFORMATION AND SUFFICIENT INFORMATION TO DO A GENERIC ASSESSMENT SO WE CAN GET ITEMS DESIGNATED BUT IN THE PROCUREMENT PROCESS, IT WILL REALLY JUST BE THE CONTENT, THE MATERIALS THAT COMPOSE THE PRODUCT AND THE

PERFORMANCE THAT THE CONTRACT AND OFFICERS WILL MOST LIKELY ALL THEY ARE GOING TO NEED.

>> I THINK SOME CONFUSION ARISES BECAUSE THE PROPOSED GUIDELINES TALK ABOUT -- TAKE BEs FOR EXAMPLE.

IT APPEARS TO BE AN OPTIONAL ITEM FOR MANUFACTURERS TO PROVIDE ON A PRODUCT BY PRODUCT BASIS, BUT YOU ARE OBVIOUSLY LOOKING FOR ENOUGH BEs ANALYSIS OF SOME INDIVIDUAL PRODUCTS TO BUILDUP AN ITEM DESIGNATION.

SO THERE IS A CONFUSION THERE AND THEN THERE IS A SECOND CONFUSION BECAUSE IT SAYS THAT IF AN AGENCY ASKS FOR INFORMATION ON ENVIRONMENTAL BENEFITS OR PUBLIC HEALTH BENEFITS THEN A MANUFACTURER MUST PROVIDE THAT AND IT MUST BE A BEs ANALYSIS.

I THINK ITS MANUFACTURERS ARE SAYING AND THEN THEY LOOK AT THE PRODUCT SUB MISSION FORM AND IT SAYS IT'S OPTIONAL.

THEY ARE SAYING IS IT OPTIONAL OR NOT OPTIONAL AND IS IT OPTIONAL AT ONE LEVEL AND NOT ANOTHER LEVEL? THERE IS A LITTLE CONFUSION THERE.

>> EVERYTHING OF COURSE IS HYPOTHETICAL AT THIS POINT ABUSE WE DON'T HAVE ANY ACTUAL DESIGNATIONS.

IT'S POSSIBLE SOME OF THE ITEM DESIGNATIONS MAYBE  
CONTINGENT ON THESE OTHER FACTORS, LIKE  
ENVIRONMENTAL PREFERIBILITY.

SO IT COULD TURN OUT TO BE MORE THAN BIOBASED  
CONTENT.

THERE MAY BE OTHER FACTORS.

THAT WILL JUST HAVE TO PLAY OUT.

THE MINIMUM WILL BE THE CONTENT, MATERIALS AND  
PERFORMANCE.

>> SO THEY WOULDN'T HAVE TO PROVIDE THE BEs ANALYSIS  
THEN?

I THINK THAT'S WHAT THE CONFUSION IS.

>> MOST LIKELY WHAT WE EXPECT AT THIS POINT, BUT  
THEY MAY NEED TO DO THAT FOR LABELING TO TAKE  
ADVANTAGE OF THE BIOBASED CERTIFIED PRODUCT LABEL.

>> THERE WAS ANOTHER QUESTION, I THINK ABOUT THE  
CARBON DATING TEST AND THE MINIMUM CONTENT LEVELS.  
THE MINIMUM CONTENT LEVELS AT LEAST AS THE PREAMBLE  
ASKED FOR COMMENT ARE POINT NUMBERS, 15%, 10%, 20%  
AND THERE ARE SOME CONCERN THAT THE CARBON DATING  
TEST WILL HAVE SOME RANGE OF PLUS OR MINUS WHEN YOU  
GET YOUR DATA BACK.

SO YOU MAY KNOW WHAT THE NEW CARBON VERSUS THE OLD  
CARBON IS WITHIN PLUS OR MINUS TWO OR 5 PERCENTAGE

POINTS.

HOW DOES THAT WORK WHEN THE DESIGNATION MINIMUM  
CONTENT WOULD BE A POINT ESTIMATE?

IF YOU'RE WITHIN THE RANGE OF ERROR OR THE  
VARIABILITY OF THE CARBON DATING TEST, WOULD YOU  
MEET THAT NUMBER?

>> ROGER, THAT'S CERTAINLY SOMETHING WE'RE GOING TO  
HAVE TO CONSIDER IN DESIGNATING CONTENT.

>> PROFESSOR ROMANI IS HERE AND HE CAN HELP WITH  
THAT ISSUE.

IT'S LIKE YOU CAUGHT ME IN CLASS.

THAT HAPPENED HIGH SCHOOL ALL THE TIME.

>> I GUESS THE QUESTION WAS, SINCE THERE IS A  
MINIMUM SPECIFIED BIOBASED CONTENT, 20,30, HOW DOES  
THE STANDARD DETERMINATION, WHICH HAS GOT A STANDARD  
DEVIATION PLAY INTO THAT?

THAT WILL BE A STANDARD ASTM METHODOLOGY.

YOU HAVE SPECIFIC INDICATION STANDARDS FOR BUILDING  
PRODUCTS.

SO THE PLUS 1 STANDARD DEVIATION, I WOULD SUSPECT,  
WOULD PLAY INTO THE SAME WAY LIKE ANY OTHER  
STANDARDS WHICH ARE OUT IN PLACE.

SO, THE TEST METHODS HAVE ACTUAL DEVIATIONS BUILT

INTO IT AND I'M SURE IT WILL BE A PART OF HOW IT  
WILL BE CONSTRUCTED.

>> THERE IS A TERM CALLED TOTALLY MANUFACTURED VALUE  
THAT SHOWS UP IN THE GUIDELINES AND I THINK PEOPLE  
WERE CONFUSED ABOUT -- WAS THAT THE SAME AS BIOBASED  
CONTENT OR WAS IT DIFFERENT?

IS THAT A PRODUCT OR ITEM WOULD HAVE TO HAVE AT  
LEAST 5% TOTAL MANUFACTURED VALUE BEING BIOBASED.  
WHAT'S THE DIFFERENCE BETWEEN BIOBASED CONTENT AND  
TOTAL MANUFACTURED VALUE BIOBASED 5%?

>> WELL, VALUE IS P TIMES Q AND CONTENT IS Q.  
SO THERE ARE COMPLIMENTARY CONCEPTS.

>> WOULD IT BE A DOLLAR VALUE?

>> RIGHT.

AFTER THE NEXT QUESTION WE'LL TAKE A TECHNICAL  
BREAK.

WE HAVE CAMERAS ROLLING AND WE'RE AT A STAGE WHERE  
WE'RE GOING TO NEED TO TAKE A TECHNICAL BREAK AFTER  
THIS QUESTION.

YES, SIR, PLEASE IDENTIFY YOURSELF.

>> I'M JEFF WITH LC INDUSTRIES AND MY QUESTION IS IN  
CONCERN WITH THE \$10,000 LIMIT PER ITEM.

I KNOW THERE HAVE BEEN SEVERAL QUESTIONS ALREADY AND  
I WOULD LIKE TO VOICE IS CONCERN AND SUPPORT FOR A

CHANGE IN THAT \$10,000 LIMIT.

THE REASON FOR THAT IS YOU HAD DECENT REALIZATION OF PURCHASING BY THE USE OF THE CREDIT CARD AND THE \$10,000 LIMIT HAS HISTORICALLY BEEN A THRESHOLD WHERE A CONTRACT IS WRITTEN AND IF YOU CAN STAY UNDER THAT \$10,000, EVEN THE 2,500, YOU HAVE A LARGE VOLUME OF PURCHASES THAT OCCUR.

IT SEEMS TO ME THAT IF THIS IS AGENCY WIDE AND ANNUALIZED, HOW IN THE BEGINNING OF THE YEAR IS A PROCUREMENT OFFICER GOING TO KNOW HE'S GOING TO HAVE \$10,000 OR MORE AND IF WE ALLOW LOOPHOLE IN THIS PARTICULAR SITUATION, I'LL ASSURE YOU IT WILL BE USED AND USED GREATLY.

I ENCOURAGE YOU TO KEEP IT SIMPLE, TO DROP THAT THRESHOLD, PROBABLY DOWN TO 2,500 DOLLARS AND THIS WOULD COVER A LOT OF SMALL PURCHASES AND ACCOMPLISH EXACTLY WHAT YOU NEED TO ACCOMPLISH RATHER THAN COUNTING ON AN AGENCY TO POLICE ITS OWN SELF AND THESE PEOPLE TO GENERATE DOCUMENTS THEY PREFER NOT TO GENERATE AND JUST ALLOW THEM TO PURCHASE THIS AND BE REQUIRED TO AT A LEVEL MUCH LOWER THAN WHAT YOU IDENTIFIED.

THANK YOU.

>> SIR, THE \$10,000 THRESHOLD IS SPECIFIED IN SECTION 9002 A.

WE DON'T HAVE ANY FLEXIBILITY IN IMPLEMENTING THE PROGRAM.

IT'S BASED ON ANNUALIZED PURCHASE AMOUNT.

IT'S BASED ON THE PRECEDING FISCAL YEAR.

SO FAR, YOU WOULD BE LOOKING AT THE DOLLAR VALUE OF THE PRODUCT PURCHASED IN THE PRECEDING FISCAL YEAR FOR FISCAL YEAR 2003.

IF IT EXCEEDED \$10,000, THE AGENCIES WOULD BE BOUND BY IT IN 2004 TO GIVE A BIOBASED PREFERENCE.

THAT GETS BACK TO THE EMPHASIS THAT MR. HAGGSTROM WAS PUTTING ON TRACKING PRODUCTS PREVIOUSLY BECAUSE WE'LL HAVE TO KEEP TRACK OF THE DOLLAR VALUE BY AGENCY OF THE PROCUREMENTS IN ORDER TO BE ABLE TO APPLY THAT THE NEXT FISCAL YEAR.

WE'LL HAVE TO HAVE THE DATA TO SAY, DID THEY CROSS THE \$10,000 THRESHOLD THE PRIOR YEAR?

>> I THINK A LOT OF TIMES WE PREASSUME THEY DO BECAUSE \$10,000 PER ITEM ACROSS A ENTIRE AGENCY IS PRETTY MINIMAL.

WE PREASSUME THEY DO MEET THAT THRESHOLD AND THEY ARE REQUIRED TO PREFER THE ITEM UNLESS THEY CAN PROVE OTHERWISE.

THE OWN US IS ON THEM, THE FEDERAL AGENCY, TO SHOW THEY ARE NOT PURCHASING \$10,000 WORTH OF AN ITEM AND WE HAVE SEEN IN OTHER PROGRAMS THAT THAT IS NOT REALLY A BARRIER.

I MEAN, THERE MAY BE -- YOU KNOW BY THE AGENCIES'S MISSION WHETHER OR NOT THEY WOULD BE BUYING THAT ITEM OR NOT.

I MEAN, A LOT OF THESE ITEMS ARE USED PRETTY COMMON USING ITEMS.

I'M TRYING TO THINK OF AN EXAMPLE.

I THINK THERE WAS A NASA EXAMPLE THAT THEY WERE EXEMPT ON ONE ITEM AND I CAN'T REMEMBER WHAT IT WAS. WHAT WAS IT?

>> MALT.

>> MALT.

THEY WERE USING \$10,000 WORTH OF MALT.

THE OWN US WAS ON THAT AGENCY TO SHOW THEY WEREN'T USING -- THEY DIDN'T HAVE ENOUGH LANDSCAPING CONTRACTS OR WHATEVER TO SHOW THEY REALLY DIDN'T USE THAT PRODUCT IN ORDER TO GET THEM OUT OF PURCHASING IT UNDER THE THRESHOLD.

SO --

>> THANK YOU.

>> THANK YOU.

AT THIS POINT WE'LL HAVE A 5 MINUTE TECHNICAL BREAK.

-- PROGRAM AUTHORITIES AND THE AVAILABILITY OF FUNDS FOR THOSE PURPOSES.

FOR EXAMPLE, USDA IMPLEMENTS A SMALL BUSINESS INVASION RESEARCH PROGRAM AT USDA THROUGH A GRANT PROGRAM WHERE MOST OTHER FEDERAL AGENCIES DO IT THROUGH CONTRACTS.

WE DON'T HAVE QUITE THE SAME RESEARCH AND DEVELOPMENT BUDGET THAT DOD DOES.

SO WE WOULD NEED TO LOOK AT FUTURE AUTHORITIES AND PERHAPS REQUESTING SUCH AUTHORITIES TO DID THAT.

I KNOW WE DO SUPPORT A LOT OF BIOBASED PRODUCT DEVELOPMENT THROUGH OUR GRANT PROGRAMS AND THROUGH CORPORATIVE AGREEMENTS THROUGH OTHER AGENCIES.

>> THANK YOU.

WE HAVE ANOTHER REQUEST FROM THE INTERNET FROM DR. RONALD L. MILLS AND HE ASKED, WOULD A PAPER PRODUCT CONTAINING CORN STALK PULP BE CONSIDERED A PRODUCT --

>> THAT GOES CROSSWISE WITH THE RECYCLED CONTENT WITH THE COMPREHENSIVE PROCUREMENT GUIDELINES WHICH WOULD TAKE PRECEDENCE OVER ALTERNATIVE PAPER SOURCES CORRECT?

>> RIGHT.

>> UNLESS THERE WAS A PERFORMANCE ASPECT TO IT THAT MADE A BETTER LIFE CYCLE INCENTIVE TO USE THAT OVER RECYCLED OR OTHER PAPER PRODUCTS.

>> OKAY.

THERE ARE ANY FURTHER QUESTIONS FROM THE AUDIENCE?

YES, SIR?

>> I'M BILL.

I'D LIKE TO THROW A HYPOTHETICAL INTO THE SITUATION. SO IF A MANUFACTURER IS PRODUCING A PICK-UP TRUCK OR A VAN CAME TO YOU ALL AND SAID, THIS VAN HAS GOT RECYCLED -- EXCUSE ME, BIOBASED MATERIALS FOR THE PANELING, SEAT COVERERS, CARPETING, ET CETERA, WILL YOU-ALL GIVE PREFERENCE TO THAT MANUFACTURER IN THE PURCHASE OF THAT PIECE OF EQUIPMENT?

>> WELL, IT DEPENDS ON WHAT THE BIOBASED PRODUCT IS. MAYBE, DAN, YOU COULD HELP WITH THIS.

>> THAT'S A VERY GOOD QUESTION BECAUSE I THINK A LOT OF THE ITEMS WOULD BE ITEMS WE WOULD BE DESIGNATING AS ULTIMATELY DESIGNATE AS ITEMS, THE LUBRICANTS, PERHAPS THE MATERIALS FOR THE SEAT COVERS, ET CETERA, SO THAT MOST LIKELY WHEN THE CONTRACTING PERSONNEL WERE GOING TO LEASE THE VAN OR PURCHASE

ITS VAN, THEY WOULD BE TAKING THOSE FACTORS INTO ACCOUNT AS THE BIOBASED COMPONENTS OF THE OVER ALL PRODUCT THAT THEY ARE BUYING.

SO LIKELY IT WOULD COME INTO PLAY IN THAT MANNER.

HOWEVER, I DO NOT KNOW THAT WE HAVE GIVEN ANY

THOUGHT ABOUT DESIGNATING AUTOMOBILES OR MOTOR

VEHICLES AS BIOBASED PRODUCTS AT THIS POINT, BECAUSE

SO MUCH WOULD BE ADDRESSED THROUGH COMPONENT PARTS

AND UNSURE THAT WE WOULD HOPEFULLY BE GETTING OUT

THROUGH THAT ROUTE.

>> I'M JUST RAISING THE POINT WE OUGHT TO DO

EVERYTHING WE CAN TO ENCOURAGE AUTOMOBILES TO USE

BIOBASED MATERIALS SINCE THEY ARE ALREADY BEING USED

IN CERTAIN MODELS ALREADY.

>> WE ARE GETTING CLOSE TO LUNCHTIME.

ANY FURTHER QUESTIONS FROM THE FLOOR?

YES, SIR.

>> YOU HAVE ONE OVER HERE, ROGER.

>> WERE YOU THERE FIRST?

>> YES.

>> OKAY, PLEASE GO AHEAD.

>> MY NAME IS JIM FROM OMNI TECH IN MICHIGAN AND WE

WORK FOR COMMERCIALIZING BIOBASED PRODUCTS

PREDOMINANTLY SOY BASED.

THE FORM THAT STEVE HAS PUT ON THE WEBSITE, THE BIOBASED INFORMATION PRODUCT INFORMATION SHEET DOES NOT HAVE ANY SPACE THERE TO SPECIFY A PRODUCT AVAILABILITY.

SO THAT IF SOMEONE WAS LOOKING AT THIS FORM, COULD THEY SAY IT'S AVAILABLE IN TANK CAR, RAIL CAR OR DRUMS OR 5 GALLON PAILS?

IS THAT SOME KIND OF INFORMATION THAT SHOULD BE ON THIS FORM?

>> THAT CERTAINLY IS ONE OF THE ISSUE THAT IS MENTIONED IN THE STATUTE.

PART OF OUR THINKING WAS THAT THE CTC INFORMATION WAS GOING TO PROVIDE THE SUPPORT FOR AVAILABILITY. BUT THAT'S SOMETHING WE'LL DISCUSS WITH IOWA STATE. THANK YOU FOR YOUR COMMENT, AS TO WHETHER THAT'S SOMETHING WE SHOULD INCLUDE.

>> ROGER, IF I MAY ADD, IN TERMS OF SECTION 9002, WHEN IT TALKS ABOUT AVAILABILITY, WE HAVE BEEN WORKING WITH IMPLEMENTING THAT COMMERCIAL AVAILABILITY.

CAN SOMEBODY GO OUT AND BUY IT AT THIS POINT? WE PREASSUME IF YOU'RE FILLING OUT THE FORM YOUR ITEM IS COMMERCIALY AVAILABLE AND YOU'RE ACTUALLY

MAKING IT AND READY FOR SALE.

TO THE EXTENT OF HOW IT'S AVAILABLE, THOSE ARE MATTERS THAT A CONTRACTING PERSONNEL WILL BE GETTING INTO WITH YOU WHEN THEY ARE ACTUALLY DOING THE SOLICITATION FOR IT AS TO HOW THEY NEED IT DELIVERED.

I THINK IN TERMS OF OUR FORM, WE DON'T HAVE A PREFERENCE WHETHER IT'S AVAILABLE BY RAIL OR AIR OR LOCALLY.

>> I GUESS THE OTHER POINT I WAS MAKING IS HAVING WORKED FOR A CHEMICAL SPECIALTY MANUFACTURER IN MY OTHER CAREER, WE HAD CERTAIN CAPACITY LIMITATION OF MAKING 200,000 POUNDS A YEAR MAYBE.

NOW IF THE DEMAND WAS THERE AND BEING MANDATED TO BUY HALF A MILLION POUNDS PER YEAR, THERE WOULD BE SOME INCONSISTENCY TO HAVE TO PROVIDE FOR THAT KIND OF -- I MISSPOKE MYSELF SAYING WHAT KIND OF CONTAINER IT MIGHT BE AVAILABLE IN, BUT WHAT IS THE ULTIMATE AVAILABILITY TO PRODUCE THIS MATERIAL IN THE NEXT FISCAL YEAR, FOR EXAMPLE.

>> THAT DEFINITELY IS A FACTOR WE NEED TO BE LOOKING AT IN MAKING THE DESIGNATIONS.

>> THE LAST QUESTION I HAVE IS, THE FIRST VENDOR THAT SUBMITS A PRODUCT FOR CONSIDERATION IS GOING TO

GO THROUGH THE EXPENSE, AND IT MAY BE SUBSIDIZED BY YOUR FUNDING PROGRAM, BUT THEN I SUSPECT THERE WILL BE A LOT OF COMPANIES THAT WILL WANT TO SAY MINE IS

SIMILAR AS AND I DON'T HAVE TO GO THROUGH ALL THIS TESTING.

IS THERE SOME KIND OF VERIFICATION PROGRAM THAT CAN BE IMPLEMENTED THAT WOULD SAY, HOW DO WE MAKE THIS A LEVEL PLAYING FIELD OR IS THE FIRST COMPANY OUT THERE REALLY GOING TO TAKE THE FINANCIAL HIT OF QUALIFYING THEIR MATERIAL AND THEN THERE IS GOING TO BE A LOT OF COPYCATS SO TO SPEAK?

I KNOW THAT WOULD BE A CONCERN.

I'VE EXPERIENCED THAT.

>> MOST LIKELY THAT MAY BE HOW IT PLAYS OUT FOR CERTAIN PRODUCT LINES.

CERTAIN SECTORS.

BECAUSE OUR OBJECTIVE IN THE PROPOSED REGULATION IS TO IMPOSE THE MINIMAL BURDEN NECESSARY ON MANUFACTURERS AND VENDORS.

WE ARE TRYING TO AVOID CERTIFICATION PROGRAM WHERE THEY HAVE TO CERTIFY FOR EVERY INDIVIDUAL PRODUCT WITH USDA.

NATURALLY THERE WILL BE REQUIREMENTS FOR THE LABELING PROGRAM TO GET USDA CERTIFIED BIOPRODUCTS LABEL SO WE NEED INFORMATION ON A SUFFICIENT NUMBER OF PRODUCTS IN ORDER TO DO THE GENERIC ITEM DESIGNATION EXTRAPOLATIONS.

AND TO THE EXTENT THAT ANY MANUFACTURER, VENDOR, WANTS TO HELP SPEED ALONG THAT PROCESS, EN OCCURRING THOSE COSTS, TAKING THAT STEP, THE EXTRA EFFORT, WILL CERTAINLY FACILITATE IT, BUT USDA DOES HAVE LIMITED FUNDS AVAILABLE WHERE WE INTEND TO TARGET THOSE AS BEST WE CAN.

TO GET THINGS DESIGNATED AS QUICKLY AS POSSIBLE. AGAIN, MOST LIKELY WOULD NOT NEED TO BE A LOT OF PRIVATE SECTOR INITIATIVE TO HELP GET THINGS DESIGNATED QUICKLY AND IT WOULD BE IN EVERYBODY'S INTEREST, EVEN THOUGH COMPETITORS MAY SOON APPEAR.

>> WE'LL TAKE ONE MORE QUESTION BEFORE LUNCH.

>> LOUIE WITH CAR DEL.

ONE MORE QUESTION.

THIS HAS TO DO WITH THE DEFINITION OF DOMESTIC.

I UNDERSTAND IT IS WRITTEN INTO THE LAW IT HAS TO BE DOMESTIC BIOBASED CONTENT.

AND THE QUESTION I HAVE IS, HOW FAR UP STREAM IN THE

PROCESS, SO FOR EXAMPLE, IN A BIOBASED PRODUCT THAT IS DERIVED FROM ANIMAL FAT, IS IT WHERE THE ANIMAL WAS BORN, RAISED?

SLAUGHTERED?

PROCESSED?

HOW FAR UP?

THE SAME WITH FEED OILS.

ALL THE WAY BACK TO WHERE THE CROP IS GROWN OR THERE IS A SUPPLY CHAIN IN THE COUNTRY THAT MANY MANUFACTURERS, FRANKLY DON'T KNOW THAT FAR UP.

IS THAT SOMETHING THAT NEEDS TO BE CERTIFIED BY THE MANUFACTURERS VENDOR AND ALL THE WAY UP?

THANK YOU VERY MUCH.

>> THAT CERTAINLY IS SOMETHING WE'RE GOING TO HAVE TO CLARIFY IN THE FINAL REGULATIONS.

I THINK A LOT OF US ARE WORKING UNDER THE PRESUMPTION IT WOULD GO BACK TO THE AGRICULTURAL MATERIAL BECAUSE THE STATUTE DOES SAY DOMESTIC AGRICULTURAL MATERIALS.

WE WOULD HAVE TO LOOK AT THAT TO SEE AT WHAT POINT IT BECOMES AN AGRICULTURAL MATERIAL.

THERE IS A GOOD CHANCE IT WOULD GO BACK.

ON SOME ITEMS.

>> OKAY.

I MISSPOKE.

IT'S 11 O'CLOCK, NOT 12 O'CLOCK.

WE HAVE AN HOUR MORE.

TIME GOES FAST WHEN YOU'RE HAVING FUN, I GUESS.

SO, ARE THERE ANY FURTHER QUESTIONS?

>> IF I MAY ADD ONE THING, WE DO ENCOURAGE COMMENTS FROM ALL OF YOU ON HOW FAR BACK THE DOMESTIC DEFINITION SHOULD GO.

THAT WOULD BE OF GREAT INTEREST TO US IN FINALIZING REGULATIONS.

>> MY NAME IS CARL WITH DuPONT.

AND I NOTICED IN THE PROPOSED RULE MAKING THAT A CTC REPORT WAS USED AS A BASIS FOR CATEGORY SELECTION AND MINIMUM BIOBASED CONTENT.

CAN YOU TELL US A LITTLE BIT MORE ABOUT HOW THE EXPERT PANEL WAS CHOSEN, THE PROCESS USED, AND IS THERE ADDITIONAL INFORMATION AVAILABLE ON THAT REPORT?

IT'S A 34 PAGE REPORT AND THERE IS I THINK INFERENCE IN THE PROPOSED RULE MAKING THAT THERE ARE SUPPORTING DOCUMENTATION AND WITH THAT SUPPORTING DOCUMENTATION BE AVAILABLE?

>> RON IS HERE AND HE FUNDED THAT REPORT, SO PERHAPS

RON COULD FILL YOU IN ON THE CTC STUDY.

>> THANK YOU.

YES, THERE IS BACKGROUND INFORMATION.

AND THE FULL DOCUMENT IS ABOUT 150 PAGES.

THEY LIST EVERYBODY AND THEIR BROTHER WHO

PARTICIPATED AND DuPONT DID HAVE A SAY-SO IN THIS.

BETTER THAN HALF OF THE PEOPLE IN THIS ROOM HAD

INPUT INTO THOSE NUMBERS.

THERE IS MORE INFORMATION WHICH WE CAN GET.

WE ARE JUST KEEPING TO THE BASICS WHICH IS WE REALLY

ARE NOT WANTING TO REVEAL TOO MUCH WE DIDN'T HAVE TO

THAT WAS INVOLVED.

BUT IT WAS THE INDUSTRY.

WE LIKE TO KEEP A FEW THINGS UNTIL THE END.

>> IF I MAY CLARIFY, THAT REPORT WAS PROVIDED UNDER

CONTRACT, RIGHT?

TO THE AGRICULTURAL RESEARCH SERVICE.

SO IT WAS NOT A FEDERAL ADVISORY COMITY.

>> YES, SIR.

>> JIM, CONSULTANT TO THE UNITED SOYBEAN BOARD.

A COUPLE OF QUESTIONS ON CARBON DATING AND TESTING

THERE.

ONE, THE ASTM STANDARD IS NOT COMPLETE AT THIS

POINT.

AND I UNDERSTAND IT IS TO BE VOTED ON IN JUNE, JULY,  
THIS SUMMER.

AT SOME IS POINT.

THE QUESTION WOULD BE, IF ASTM FAILS TO COMPLETE  
THAT STANDARD, IN THE NEAR TERM, WOULD USDA STILL  
PROCEED TO ISSUE A FINAL GUIDELINE BEFORE THAT  
CARBON DATING ASTM STANDARD WAS RATIFIED BY THE FULL  
ASTM.

?

>> PROFESSOR RYAN HAS GIVEN US ASSURANCES.

>> THE STANDARD IS APPROVED NOW.

IT'S GOING TO BE PUBLISHED FEBRUARY, 2004.

SO, IT DID PASS THROUGH THOSE ONE NEGATIVE, WHICH  
WAS RESULT AND SO IT IS A FORMAL STANDARD.

>> WONDERFUL.

THAT ANSWERS --

>> IT IS A STANDARD NOW AND CAN BE SO REFERENCED.

>> OKAY.

IN THAT CASE, HOW OFTEN MUST A SUPPLIER, AND THIS IS  
PROBABLY NOT FOR YOU, HOW OFTEN MUST A SUPPLIER,  
THEN, SUPPLY CARBON DATING DATA?

ONCE TO QUALIFY THE PRODUCT?

WILL IT BE RESUBMITTED ON A REPEATED BASIS TO

CONTINUE TO MONITOR A CONTINUED COMPLIANCE WITH THE  
MINIMUM BIOBASED CONTENT STANDARD?

>> THE PRODUCT WOULD BE CERTIFIED ONE TIME, UNLESS  
YOU HAD CHANGES IN FORMULATIONS AND THINGS LIKE THAT  
AND THEN ALSO IN THE PROPOSED RULE, WE INDICATE THAT  
IF THERE ARE OTHER PRODUCTS WHICH ARE REALLY  
BASICALLY SIMILAR FORMULATIONS, THAT THAT MAY NOT BE  
NECESSARY TO DO ANOTHER CARBON DATING.

>> WELL ONE CARBON TEST QUALIFIES AND THEN, TELL THE  
TRUTH IF YOU CHANGED YOUR FORMULATION.

>> IF YOU HAVE CHANGES IN THE PRODUCT BUT --

>> YOU MAY BE ASKED FOR THAT INFORMATION REPEATEDLY  
THROUGHOUT THE PROGRAM.

FOR EXAMPLE, THE LABELING PROGRAM MAY REQUIRE THE  
ACTUAL SUBMISSION OF THE DOCUMENTATION BUT ALSO  
DURING THE PROCUREMENT PROCESS, THE INDIVIDUAL  
CONTRACTING PERSONNEL MAY ASK YOU FOR VERIFICATION  
OF IT IF THERE IS A CHALLENGE ABOUT THE BIOBASED  
CONTEXT OF YOUR PRODUCT THROUGH THE BID PROCESS FOR  
EXAMPLE.

YOU SHOULD ALWAYS KEEP IT ON HAND AND IT'S ALWAYS  
POSSIBLE A COMPETITOR WOULD ALLEGE YOU ALTERED YOUR  
PRODUCT IN SOME MANNER AND MAY HAVE TO DO ANOTHER  
TEST.

THOSE ARE THE TYPES OF THINGS THAT WILL PLAY OUT IN THE ACTUAL PROCUREMENT PROCESS.

>> NO PLANS FOR AN ANNUAL; RENEWAL OR CONTINUAL UPDATE?

>> THERE ARE PLANS FOR RANDOM VERIFICATION OF ITEMS LISTED ON THE WEBSITE.

SO AT SOME POINT WE MIGHT ASK YOU BUT I DON'T THINK WE'LL ASK YOU FOR ANOTHER TEST BUT YOU HAVE TO ASSURE US YOUR PRODUCT DID NOT CHANGE FROM THE PREVIOUS TEST.

>> WE ARE POSING YOU CAN PUT IT NEXT TO YOUR COLLEGE TRANSCRIPTS.

>> THOSE COULD CHANGE OCCASIONALLY TOO.

>> BIOTECHNOLOGY INDUSTRY ORGANIZATION.

I WANTED TO CLARIFY THE USE OF -- EXPLAIN MY UNDERSTANDING AND MAKE SURE I'M UNDERSTANDING THE USE OF THE BEs ANALYSIS ON THESE ITEMS IN THAT WE ARE TALKING ABOUT ITEMS IN GENERAL, NOT EACH INDIVIDUAL COMPANY ONCE A ITEM IS SPECIFIED, NOT EACH INDIVIDUAL COMPANY HAVING TO FOLLOW-UP AND PROVIDE BEs ANALYSIS FOR THEIR PRODUCT.

IS MY UNDERSTANDING CORRECT ON THAT?

>> WELL, WE ARE GOING TO BE DOING THE BEs ANALYSIS

FOR INDIVIDUAL PRODUCTS AND WE'RE GOING TO BE  
EXTRAPOLATING THAT INFORMATION TO DESIGNATE AN ITEM.  
SO WE'RE NOT GOING TO BE USING THE BEs ANALYSIS FOR  
AN ITEM WHICH IS A GENERIC, PLATONIC TERM.  
BUT SO IT WILL BE FOR SPECIFIC PRODUCTS.

>> ONCE THAT ITEM IS DESIGNATED, FUTURE COMPANIES  
THAT HAVE SIMILAR PRODUCTS, ARE THEY GOING TO HAVE  
TO UNDERGO A BEs ANALYSIS AS WELL?

>> NO.

WHAT WE ARE SAYING FOR MANUFACTURERS YOU CERTIFY YOU  
FIT UNDER THE DESIGNATION OF THE ITEM.

THE ONE REQUEST WE ARE MAKING IS FOR THE ASTM  
STANDARD ON A BIOBASED CONTENT, WHICH MY  
UNDERSTANDING IS IT'S LIKE 2-300 DOLLARS TO DO.

SO, WE ALSO INDICATE IN THE PROPOSED RULE MAKING  
THAT YOU MAY BE ASKED BY FEDERAL AGENCIES TO PROVIDE  
LIFE CYCLE ANALYSIS AND IF YOU ARE, THEN WE SAY THE  
BEs ANALYSIS IS WHAT SHOULD BE USED.

WHY WOULD YOU WANT TO DO THAT?

BECAUSE THERE ARE 3 OUTS THAT FEDERAL AGENCIES HAVE.  
THEY CAN HAVE FOR PRICE OR THEY CAN HAVE IT FOR  
PERFORMANCE STANDARDS AND I THINK A COMPELLING  
FACTOR IN TELLING FEDERAL AGENCIES WHY YOU SHOULD  
BUY THIS PRODUCT IS IT MAY BE MORE EXPENSIVE BUT

WHEN YOU LOOK AT THE LIFE CYCLE ANALYSIS, THIS IS A WINNER.

IT MAY BE IN THE INTEREST TO MANUFACTURERS BUT WE ARE NOT REQUIRING THAT IN THE PROPOSED RULE MAKING.

>> UNLESS THE AGENCY IS ASKED.

>> YES, IT'S UP TO THE AGENCIES.

>> AND KIND OF THE REASON FOR CONCERN FROM BIO'S POINT OF VIEW IS A LOT OF COMPANIES THAT MADE THESE PRODUCTS HAVE DONE LIFE CYCLE ASSESSMENT USING ASTM AND ISO STANDARDS, HAVE IS NOT APPLIED THIS TO BES AND THEY SPENT THIS MONEY ALREADY TO DO THESE THINGS AND THEN IF THEY ARE ASKED, THEY ARE GOING TO HAVE TO CLIMB AGAIN TO BES AND I MEAN THAT'S -- I DON'T KNOW.

IT'S CAUSING A LOT OF CONCERN AMONG --

>> ARE THERE ANY COMMENTS YOU'D LIKE TO MAKE?

>> ALSO THAT IS CERTAINLY SOMETHING WE'D ENCOURAGE COMMENTS ON IS THE ADOPTION OF THE BES ANALYSIS FOR THIS PROGRAM.

>> FIRST OF ALL, THE RATIONAL FOR THE BES ANALYSIS IS TO HAVE A LEVEL PLAYING FIELD FOR THE PROCUREMENT COMMUNITY TO EVALUATE THE RESULTS THAT BES WOULD PUT FORTH ON BOTH THE LIFE CYCLE COST, WHICH IS THE

ECONOMIC SIDE OF THINGS AND THE LIFE CYCLE ASSESSMENT, WHICH IS THE ENVIRONMENTAL AND PUBLIC HEALTH BENEFIT SIDE OF THINGS.

I WOULD SAY TO THOSE COMPANIES THAT HAVE ALREADY HAD LIFE CYCLE ASSESSMENTS PERFORMED ON THEIR PRODUCTS THAT THEY HAVE A LEG UP IN SUBMITTING THE DATA TO US THAT IS REQUIRED FOR US TO DO LIFE CYCLE ASSESSMENT ON THEIR PRODUCTS SO THAT THE BURDEN IN TERMS OF THE TIME SPENT BY THE COMPANY TO PROVIDE THE RAW DATA FOR US THAT WE FEED TO DO THE EVALUATION WOULD BE LOWER.

>> DAVID.

I HAVE A QUESTION WITH REGARD TO DECISIONS MAKING WITH REGARD TO COST.

SUPPOSE THAT YOU HAVE TWO PRODUCTS, TWO DUCT A AND B, ONE COST, 5% MORE BUT IT'S 60% BIOBASED VERSUS THE CHEAPER PRODUCT WHICH IS 30% BIOBASED.

WILL AGENCIES HAVE DIFFICULTY TO MAKE A JUDGMENT THEN BECAUSE THE GOAL OF THE PROGRAM IS TO BUY THE HIGHEST BIOBASED CONTENT THAT THE EXTRA COST IS WORTH IT?

OR WILL IT BE STRICTLY COST?

>> AGAIN, THAT'S GOING TO NEED TO PLAY OUT IN THE ACTUAL PROCUREMENT CONTEXT.

AS YOU POINT OUT THE STATUTE DOES SAY THE CONTRACTING OFFICIALS ARE SUPPOSED TO GIVE PREFERENCE TO THE ITEMS WITH THE HIGHEST CONTENT BUT COST HAS WON OUT T WILL DEPEND ON THE RELATIVE COST FOR THAT PROCUREMENT AND WOULD BE SUBJECT TO BID PROTEST POTENTIALLY BY THE OTHER MANUFACTURER. EITHER WAY THE 30% AND THE 60% AND VISA VERSA. >> BEN, FROM METABOLICS.

TWO QUESTIONS.

BIODEGRADABILITY AND COMPOST ABILITY ARE MENTIONED FOR A FEW ITEMS AND PERHAPS THIS IS A QUESTION FOR ROMANI.

ARE THERE ASTM SPECS FOR THOSE TWO TERMS?

AND IF SO, WHAT ARE THEY?

>> THERE ARE AS PART OF THE SAME COMMITTEE, ATSM STANDARDS FOR BIODEGRADABLE AND A SPECIFIC STANDARD FOR THE UNDER COMPOSTING CONDITION.

SO WHEN THE TERMINOLOGY BIODEGRADABLE FORMS OR BIODEGRADABLE HAS BEEN USED AT LEAST IN THE RULE MAKING, THERE ARE STANDARDS WHICH ARE SPECIFICATION STANDARDS IN PLACE TO DOCUMENT AND MEASURE THAT AND I'M NOT FAMILIAR WITH THE PROCUREMENT PROCESS, BUT ANYBODY PURCHASING IT, IF YOU SAY IT'S

BIODEGRADABLE, YOU OBVIOUSLY SAY IT MEETS A CERTAIN  
AST MORE STANDARD WHICH IS WHAT'S BEING REQUIRED  
HERE.

DOES THAT MAKE SENSE?

>> I UNDERSTAND ASTM 6400 IS ONE OF THOSE STANDARDS.

>> THAT'S CORRECT.

>> AND MY SECOND QUESTION INVOLVES THE LIFE CYCLE  
ASSESSMENT.

I'M WONDERING IF NIST WILL LOOK AT COMPARATIVE DATA  
FOR NONBIOBASED PRODUCTS AS WELL IN ORDER SO THEY  
GET SOME BASELINE FOR THE MERRITS OF THE BIOBASED  
PRODUCTS?

>> THIS GETS A LITTLE BIT INTO THE RULE MAKING THAT  
NIST WAS NOT A PART OF I'LL TRY TO STICK TO WHAT MY  
UNDERSTANDING IS AND THAT IS, IT'S NOT A PART OF THE  
PROGRAM THAT THERE BE COUNTERPART PETROLEUM BASED  
PRODUCTS WITH BEs EVALUATIONS DONE AND INFORMATION  
PROVIDED TO THE PROCUREMENT COMMUNITY FOR COMPARISON  
PURPOSES.

THERE SIMPLY AREN'T ENOUGH FUNDS TO DO THAT.

BUT, THE THINKING IS THAT PERHAPS THOSE PETROLEUM  
PRODUCT MANUFACTURERS WILL BE INCENTIVISED TO DO  
THAT ON THEIR OWN.

THINKING THAT PERHAPS THEIR PRODUCTS COULD COMPETE

WITH A BIOBASED PRODUCTS IN A LIFE CYCLE ASSESSMENT FRAMEWORK AND TO THAT EXTENT, IT WILL JUST HAVE TO BE KIND OF A VOLUNTARY MARKET DRIVEN PROCESS THROUGH WHICH THOSE COMPARE SONS CAN BE MADE AVAILABLE.

>> YES, MA'AM.

>> CAN I ASK ONE MORE CLARIFYING QUESTION AND IT BUILDS ON THIS QUESTION THAT JASON ASKED.

IF A FEDERAL AGENCY UNDER THE GUIDELINES ASKS FOR INFORMATION ON ENVIRONMENTAL AND HEALTH BENEFITS, THE WAY THE PROPOSED GUIDELINES READS, IT SOUNDS LIKE THE ONLY DATA THAT WOULD MEET THAT REQUEST WOULD BE A BEs ANALYSIS.

AND WHILE BEs MAY BE ONE OF THE THINGS THAT COULD MEET THAT REQUEST, IF, FOR EXAMPLE, A FEDERAL AGENCIES WAS LESS INTERESTED IN A BEs ANALYSIS AND MORE INTERESTED IN VOC LEVELS OR TOXICITY LEVELS BALLS THOSE WERE THE HEALTH AND ENVIRONMENTAL BENEFITS THAT IN THEIR SETTING THEY VALUE, WOULD A MANUFACTURER IN LEU OF THE BEs ANALYSIS IS BE ABLE TO PROVIDE THAT DATA IF THAT DATA SATISFIED THE REQUEST OF THE FEDERAL AGENCIES OR WOULD THE FEDERAL AGENCIES REQUEST AUTOMATICALLY TRIGGER BEs AND ONLY BEs?

>> THE BEs ANALYSIS COMES FROM OUR PERSPECTIVE, AND DESIGNATING THE ITEMS.

AND WE'RE NOT REQUESTING -- OTHER AGENCIES, WHETHER THEY PROPOSED BEs OR NOT, THAT'S ON THEIR OWN IF THEY ASK FOR LIFE CYCLE ANALYSIS, HOWEVER, THE QUESTION YOU'RE ASKING MIGHT FIT UNDER PERFORMANCE BECAUSE THEY HAVE 3 OUTS IN TERMS OF PRICE, AVAILABILITY AND PERFORMANCE.

THE ISSUES YOU'RE TALKING ABOUT MIGHT FIT IN UNDER GETTING INFORMATION ON PERFORMANCE.

THAT MIGHT BE A DIFFERENT ISSUE FROM BEs.

BUT WE ARE LOOKING FOR BEs IN HELPING US NOT ONLY IN THE LIFE CYCLE ANALYSIS IN DESIGNATING THE ITEM, BUT WHEN THEY ARE PROVIDING INFORMATION TO THE OTHER GOVERNMENT AGENCIES ON PUBLIC AND ENVIRONMENTAL HEALTH EFFECTS, WE ARE GOING TO BE USING BEs AS OUR BENCHMARK FOR THAT.

>> I UNDERSTAND THAT.

WHAT I'M CONFUSED ABOUT IS WHETHER, THERE SEEM TO BE TWO PARTS TO THE GUIDELINES, THE PARTS THAT RELATE TO THE INFORMATION THAT USDA NEEDS TO DESIGNATE, AND BEs WOULD BE PART OF THAT INFORMATION.

AND THEN A SEPARATE, I BELIEVE IT'S A SEPARATE SECTION IN THE GUIDELINES THAT SAY -- THE PROPOSED

GUIDELINES, THAT SAYS IF INFORMATION IS REQUESTED, A BEs ANALYSIS INDIVIDUAL TO BE PROVIDED ON HEALTH ENVIRONMENTAL IMPACTS IF REQUESTED BY AN AGENCY. IF THEY ARE REQUESTING ENVIRONMENTAL AND HEALTH BENEFIT INFORMATION.

AND THAT'S A LITTLE UNCLEAR AS TO WHETHER YOU MEAN THAT IF AN AGENCY LIKE DLA, FOR EXAMPLE OR A SERVICE WITHIN DLA SAYS, WE ARE ACTUALLY INTERESTED, WE WANT TO KNOW ABOUT THE HEALTH IMPACTS IN TERMS OF THE TOXICITY OF THE PRODUCT.

WOULD A MANUFACTURER BE ABLE TO PROVIDE THAT INFORMATION IN LEU OF THE BEs ANALYSIS TO THE -- WHEN WE REQUESTED BY A FEDERAL AGENCY, DIFFERENT FROM THE DESIGNATION PROCESS THAT YOU'RE GOING THROUGH?

>> TO BE HONEST WITH YOU --

>> I'D THINK THAT THAT WOULD NOT BE THE CASE.

IT WOULD NOT.

A FEDERAL AGENCY IS NOT AUTOMATICALLY GOING TO SAY BECAUSE OF HEALTH OR OTHER ENVIRONMENTAL IMPACT THAT THEY NEED A BEs ANALYSIS.

I WOULD I THINK, LIKE YOU'RE SAYING AND BOBBY SAID, IT'S GOING TO DEPEND ON WHAT THEY ARE LOOKING FOR

AND WHAT THEIR PREFERENCE IS.

BUT, I WOULD TRY TO MAKE SURE -- I DID NOT READ THE RULE THAT WAY AND I THINK WE'LL MAKE SURE IT'S CLARIFIED THAT WE'RE NOT -- THAT OTHER AGENCIES ARE NOT GOING TO BE ASKING FOR THAT OVER AND ABOVE THE DESIGNATION.

ONCE A PRODUCT IS DESIGNATED, OTHER AGENCY LIST TRUST THAT USDA DID THE BACKGROUND WORK TO VERIFY THAT SHOULD BE THE PRODUCT DESIGNATED AND OR THE ITEMS DESIGNATED AND THE PRODUCTS PURCHASED WITHIN THAT ITEM DESIGNATION MEET THE BIOBASE REQUIREMENTS AND IF THEY HAVE OTHER REQUIREMENTS, THEY MAY ASK FOR THOSE FOR PERFORMANCE BUT I WOULDN'T SAY THEM DIGGING DEEPER AND ASKING FOR MORE VERIFICATION LIKE A BES ANALYSIS ON TOP OF THAT.

I'LL TRY TO MAKE IT CLEAR.

WHEN WE REVIEW THE ROLE FROM A PROCUREMENT STANDPOINT WE'LL TRY TO MAKE SURE THAT IS CLEAR.

>> BOB FROM DuPONT.

I'M TRYING TO UNDERSTAND THE ROLE OF TESTING IN THIS.

AS I LISTEN TO THE CONVERSATION, SOMETIMES IT SOUNDS TO ME LIKE WE'RE GOING TO USE THE TESTING AS ESSENTIALLY THE REFERENCE, THE ULTIMATE DETERMINER

OF THE TRUTH AND SOMETIMES IT SOUNDS LIKE WE ARE GOING TO TRY TO TEST ALL PRODUCTS THAT GO THROUGH THIS AND I'M TRYING TO UNDERSTAND THAT DIFFERENCE. AND THEN SECONDLY, JUST ADDS A COMMENT, CERTAINLY, ALMOST ALL PRODUCTS THAT COME FORWARD WILL BE MADE TO A FIXED RECIPE THAT THE MANUFACTURER CAN SPECIFY. THAT GIVES ONE A TREMENDOUS LEVEL OF CONFIDENCE ASSUMING THE MANUFACTURER IS ACTING REPUTABLY. AS TO WHAT THE CONTENT IS.

IT WOULD SEEM THAT A RECIPE SELF CERTIFICATION WITH THE ASTM TESTING BEHIND IT AS THE DON'T FIB BECAUSE WE WILL CATCH YOU, WHEN SOMEBODY CHALLENGES IS A SENSIBLE KIND OF WAY TO GO AT IT.

I'M TRYING TO FIND OUT, WHAT IS THE PRIMARY ROLE OF TESTING IN THIS?

>> THE ROLE OF TESTING IS IN HELPING US DESIGNATING ITEMS, THAT'S REALLY OUR MAJOR GOAL, IS GETTING THE INFORMATION TO DESIGNATE ITEMS BECAUSE THE STATUTE REQUESTS THAT WE LOOK AT LIFE CYCLE ANALYSIS, FOR EXAMPLE, AND PROVIDE INFORMATION ON PUBLIC AND OR PUBLIC HEALTH AND ENVIRONMENTAL AFFECTS AND PERFORMANCE.

SO, WE'RE ASKING MANUFACTURERS TO VOLUNTARILY HELP

US GET THAT INFORMATION AT THE INDIVIDUAL PRODUCT LEVEL THAT WILL THEN EXTRAPOLATE TO THE ITEM LEVEL FROM WHICH WE CAN THEN DESIGNATE AN ITEM AND AN INDIVIDUAL MANUFACTURER WELL CERTIFY THAT I FIT UNDER THIS ITEM DESIGNATION AND THEN IN ADDITION, THE ONLY THING THAT WE ARE ASKING FOR IS TO HAVE THE BIOBASED CONTENT, ASTM STANDARD.

THAT'S IT IN TERMS OF THE INDIVIDUAL MANUFACTURER. BUT WE NEED TO HAVE THIS INFORMATION PUT TOGETHER SO IT DESIGNATES ITEMS AND WE'LL HAVE THE INFORMATION WE'RE SUPPOSED TO HAVE ONCE WE DESIGNATE THESE ITEMS.

THAT'S WHERE THAT'S COMING FROM.

I KNOW THERE IS A LITTLE CONFUSION BETWEEN AN INDIVIDUAL MANUFACTURER'S RESPONSIBILITY IS AND WHAT DESIGNATING ITEMS ARE AND SO THOSE ARE TWO DIFFERENT RESPONSIBILITIES.

AND I THINK EPA IN THE PAST, WHEN THEY WERE DOING RICRA, THEY HAD A MARKET ANALYSIS WHICH TOOK SEVERAL YEARS AGO.

TO.

ONE REASON WE ARE ASKING FOR MANUFACTURERS AND FEDERAL AGENCIES TO HELP WITH THIS IS WE THINK THAT A, IN TERMS OF FUNDING, IT WAS A MAJOR FUND CAN

BURDEN AND IT TOOK THEM SEVERAL YEARS DO IT.  
WE ARE HOPING THIS WAY WE CAN DESIGNATE ITEMS MUCH MORE QUICKLY AND GET THINGS MOVING AND IN ADDITION WE ARE GOING TO AUGMENT THAT, THE VOLUNTARY INFORMATION THAT WE GET FROM MANUFACTURERS, WITH THE ONE MILLION DOLLARS FOR TESTING, WE ARE GOING TO FILL IN THE GAPS AND LOOK FOR THE GREATEST MARKET OPPORTUNITIES FOR FEDERAL AGENCIES AND IN ADDITION, LOOK FOR THE LOW HANGING FRUIT WHERE FILLING IN SOME OF THE GAPS MAY HELP US EXPEDITE DESIGNATING THE ITEMS.

>> I WAS HOPING SOMEONE ELSE WOULD BRING UP THIS CAN OF WORMS.

EVERYONE WANTS THE FEDERAL GOVERNMENT TO SEE IT STRETCH A DOLLAR.

SEVERAL PEOPLE WOULD LIKE TO SEE CONGRESS TAKE A VACATION FOR 2 OR 3 YEARS.

I PERSONALLY WOULD LIKE TO KNOW WHAT THE DEFINITION OF REASONABLE PRICES AND OUT MEAN IS IT COMPARING 5 AVAILABLE BIOBASED PRODUCTS AGAINST SAY ONE NONBIOBASED PRODUCTS AND THE BIOBASED PRODUCTS IS THE STANDARD YOU'RE COMPARING TO OR ARE YOU LOOKING FOR THE LOWEST AVAILABLE PRICE, WHICH IS A

PETROLEUM BASED PRODUCT AND SO THESE 5 BIOBASED PRODUCTS, HOWEVER COMPETITIVE BETWEEN THEM, ARE NOT REASONABLE COMPARED TO PETROLEUM?

>> THE REASONABLENESS FACTOR PLACE IN AT THE INDIVIDUAL PROCUREMENT LEVEL AND THAT'S AN ASSESSMENT MADE BY THE PURCHASER AT THE TIME. BECAUSE USDA IS ONLY OBLIGATED TO PROVIDE RELATIVE PRICING INFORMATION TO DETERMINE IT'S RELATIVELY REASONABLE.

WE WOULD BE DOING THE ASSESSMENT.

IS IT OUT THERE AND AVAILABLE FOR A PRICE WHERE FEDERAL AGENCIES WOULD BUY IT?

CONTRACTING OFFICERS MAKE THAT TYPE OF DECISION EVERY DAY AND THEY LOOK AT THE DIFFERENT ITEMS OFFERED, DIFFERENT PRODUCTS OFFERED.

FEDERAL PROCUREMENT PROCESS.

YOU SAY WHAT YOU NEED.

PEOPLE COME BACK, THEY TELL YOU WHAT PRICE THEY ARE WILLING TO GIVE IT TO YOU AT.

THERE WOULD BE A PRICE REASONABLENESS DETERMINATION AT THAT POINT.

SO IT WOULD DEPEND ON THE OTHER PRODUCTS BEING OFFERED AT THAT TIME.

USDA IS NOT EVALUATING PRICE REASONABLENESS IN TERMS

OF PRICE DESIGNATION.

WE JUST HAVE TO HAVE PRICE INFORMATION TO BE ABLE TO PROVIDE THE PROCUREMENT COMMUNITY.

>> FROM THE PROCUREMENT COMMUNITY STANDPOINT, 10 YEARS AGO, IF A SHEET OF PAPER THAT WAS RECYCLED, VERSUS A NONRECYCLED PIECE OF PAPER, AGENCIES USED THAT AS AN EXCUSE NOT TO BUY.

I THINK WE HAVE MATURED BEYOND THAT AND WE ARE NOW LOOKING AT VALUENESS.

IF YOUR AGENCY, FOR EXAMPLE, EPA OR THE DEPARTMENT OF AGRICULTURE WANTS TO PREFERENCE BIOBASE BECAUSE OF THE ENVIRONMENTAL ASPECTS OR ANY OTHER PERFORMANCE ASPECT, THEY HAVE THE OPTION OF PAYING 2 CENTS MORE, 10 CENTS MORE OR A HIGHER PRICE FOR THE PRODUCT IF IT MEETS WHAT THEIR SPECIFICATIONS ARE AND THEY CAN PUT THEY PREFER OR SPECIFY A BIOBASED PRODUCT OVER A PETROLEUM BASED IF THEY SO CHOOSE. THAT'S GOING TO BE DETERMINED AT AN AGENCY LEVEL AND OBVIOUSLY WE'LL BE ENCOURAGING ALL OF THEM TO DO THE MOST THAT THEY CAN TO PREFERENCE THE BIOBASED PRODUCTS IN ORDER TO BE IN COMPLIANCE WITH THE LAW AND ALSO BECAUSE WE WANT, AS A FEDERAL GOVERNMENT, TO BE MORE ENVIRONMENTALLY CONSCIOUS AND NOT JUST

BUY WHATEVER IS CHEAPEST.

WE WANT TO HAVE A LESS OF A FOOTPRINT ON OUR WORLD.

>> IF I MAY ADD, ALSO, THAT NUMBER 1, THE

CONTRACTING OFFICER IS NOT IN THIS ALONE.

THIS IS A TEAM EFFORT THAT WE TRY TO GET IN WITH OUR

PROGRAM MANAGERS AND THE PEOPLE WHO REQUIRE THESE

PRODUCTS, VERY EARLY.

AN EDUCATION PROCESS TO THEM AND I WOULD HOPE THAT

INDUSTRY AT THE SAME TIME, WOULD TRY TO EDUCATE AND

AN OUTREACH PROGRAM OF THEIR OWN TO SHOW THE

BENEFITS OF PURCHASING THESE BIOBASED PRODUCTS SO

WHEN THAT DECISION POINT COMES, IT'S NOT ONLY A

DECISION OF WHAT'S VALUE, BUT ALSO WHAT WORKS BEST

FOR THE CUSTOMER AT THE SAME TIME.

>> JIM, I'D LIKE TO FOLLOW-UP ON AN EARLIER

QUESTION.

PARTICULARLY THE TERM MANUFACTURED VALUE.

YOUR RESPONSE EARLIER WAS THAT THE VALUE WOULD BE

PRICE TIME QUANTITY.

AND I ASSUME THAT TO BE OF THE MATERIALS OR THE

INGREDIENTS GOING INTO A PRODUCT WOULD YOU CONSIDER

ANY OF THE OTHER COSTS ASSOCIATED WITH

MANUFACTURING, LABOR, ENERGY, ET CETERA, IN

CALCULATING TOTAL MANUFACTURED VALUE AND

PARTICULARLY IF A BIOBASED ENERGY SOURCE WERE USED, WOULD THAT BE A PART OF THE CALCULATION FOR TOTAL MANUFACTURED VALUE?

>> I THINK IN TERMS OF GOING TO A BIOBASED ENERGY SOURCE, THAT MAY BE GETTING A LITTLE DIFFICULT FOR US TO IMPLEMENT HERE.

THE PURPOSE OF IT IS FOR EXAMPLE, THE PODIUM THAT ROGER IS AT, IF SOMEBODY USED BIOBASED ADHESIVES TO PUT IT TOGETHER BUT IT ONLY CONSTITUTED SAY 1% OF THE TOTAL PRODUCT, THEN THAT IS NOT INTENDED TO QUALIFY UNDER THE PROGRAM BECAUSE THAT DOESN'T REALLY STIMULATE THE BIOBASED INDUSTRY.

AND THAT'S OUR OBJECTIVE HERE.

WE ARE TRYING TO CLOSE A LOOPHOLE FOR PEOPLE TO CLAIM AS A PREFERENCE.

IN TERMS OF THE VALUE OF ITEMS BEYOND THE ACTUAL COMPONENTS, LABOR, MATERIALS, -- NOT MATERIALS, LABOR COSTS.

THAT'S SOMETHING WE HAVE TO LOOK AT IN DOING THE FINAL REGULATION.

BUT WE CERTAINLY WOULD ENCOURAGE TO YOU SUBMIT A WRITTEN COMMENT ON THAT THAT WE GIVE THAT FURTHER CONSIDERATION AND WE WILL TAKE THAT INTO

CONSIDERATION.

>> GIVING A HYPOTHETICAL, SOME OF THE BIOMASS FEED STOCKS UNDER CONSIDERATION ARE WASTE PRODUCTS.

THEY HAVE IS VERY LOW VALUE.

IN FACT, AT A MANUFACTURER'S POINT, THEY MAY INDEED BE CONSIDERED TO HAVE A NEGATIVE VALUE.

SO IF YOU HAVE GOT A WASTE IF MAY MAKE UP A HIGH PERCENTAGE OF THE TOTAL WEIGHT OF THE FINISHED PRODUCT BUT ONLY AFTER BEING CONVERTED TO THE USE OF A MUCH MORE EXPENSIVE SECONDARY INGREDIENT.

SO THAT I MAY LOOK AND SAY I HAVE A NEGATIVE VALUE IN THIS ONE INGREDIENT, THAT OTHERWISE I WOULD BE CHARGING MYSELF TO DISPOSE.

HOW DO WE COME UP WITH THAT 5% MANUFACTURED VALUE WHEN WE MAY BE UTILIZING 90% OF THE PRODUCT BY WEIGHT.

>> WE'RE HOPING THAT WITHIN A FEW YEARS THAT WHAT WOULD NOW BE WASTE WILL HAVE VALUE.

BECAUSE WE WOULD LIKE TO SEE THAT RESIDUE HAVE VALUE.

THAT AGAIN WOULD BE APPROPRIATE TO SUBMIT AS A COMMENT THAT WE DO IT ALSO BY PERCENTAGE OF CONTENT OR BY WEIGHT INSTEAD OF JUST BY VALUE.

>> THE FINAL QUESTION, RELATIVE TO THIS, IS HOW THIS

WOULD TOTAL MANUFACTURED VALUE RELATE TO -- THERE IS A SUBSEGMENT OF THE CONSTRUCTION MATERIALS AND COMPOSITS CALLED THE MIXED SYSTEM PRODUCTS SUB CATEGORY WHERE IN THAT SUB CATEGORY YOU CONSIDER THE COMPONENT SYSTEM AS THE BIOBASED PRODUCT.

WOULD THAT TOTAL MANUFACTURED VALUE APPLY TO EQUALLY THAT COMPONENT OR WOULD IT APPLY TO THE TOTAL FINISHED PRODUCT?

FOR INSTANCE THE BACKING ON A CARPET.

WHERE THE BACKING IS NOT 5% PROBABLY OF THE TOTAL MANUFACTURED VALUE OF THE CARPET IN THE FIRST PLACE.

THE CARPET WAS MENTIONED IN THIS SEGMENT.

>> I BELIEVE THE WAY WE HAVE BEFORE ENVISIONING IT, THAT IT WOULD APPLY TO THE TOTAL PRODUCT, THE CARPET WITH THE BACKING.

HOWEVER, THAT AGAIN IS APPROPRIATE FOR COMMENT BECAUSE THAT IS -- IT'S DIFFICULT TO TRY TO FIGURE OUT.

WE'RE GOING TO HAVE THE MINIMUM CONTENT THRESHOLD FOR THE BIOBASED PART OF IT AND THEN WE HAVE TO FIGURE OUT HOW TO MAKE SURE WE ARE STILL GIVING A PREFERENCE TO THOSE PRODUCTS TO BIOBASED MATERIALS,

WHEN WE'RE LOOKING AT THE WHOLE PRODUCT AND THAT IS  
A VERY DIFFICULT THING TO TRY TO FIGURE OUT HOW TO  
DO.

WE HAVE COME UP WITH THE BEST METHOD WE KNOW HOW AND  
WE PROPOSE THAT.

TO THE EXTENT YOU-ALL HAVE ALTERNATIVE IDEAS OR  
THINK WE SHOULD BE ADOPTING ALTERNATIVE APPROACHES,  
WE DO WELCOME THAT BECAUSE WE ARE LOOKING FOR A  
COMMUNITY APPROACH TO HOW TO MAKE THIS PROGRAM WORK  
AS BEST IT CAN.

>> THANK YOU.

>> ANY FURTHER QUESTIONS?

YES, SIR.

>> GOOD MORNING.

LOU FROM THE UNIVERSITY OF NORTHERN IOWA, INDUSTRIAL  
LUBRICANTS RESEARCH PROGRAM.

I HAVE A CONCERN ABOUT THE PERFORMANCE ASPECTS OF  
THESE BIOBASED PRODUCTS, ESPECIALLY IN THE LUBRICANT  
AREAS SINCE THAT IS THE AREA OF EXPERTISE I HAVE.

WE COULD CONSIDERABLY HAVE HYDROLIC OIL, FOR  
EXAMPLE, THAT WOULD MEET THE BIOBASED CRITERIA  
THROUGH BES AND EVEN MEET SOME OF THE ASTM STANDARDS  
WHICH ARE PRIMARILY BASED ON PETROLEUM STANDARDS  
ALREADY AND THEN HAVE THESE PRODUCTS IN FEDERAL

EQUIPMENT AND HAVE THEM FAIL IN 6 MONTHS TO A YEAR. MY CONCERN, I THINK, SHOULD BE ADDRESSED, IF WE HAD SOME GENERAL INDUSTRY BIOBASED INDUSTRY ACCEPTED STANDARD TEST THAT WOULD BE REQUIRED OF THOSE WHO -- THOSE MANUFACTURERS THAT PROVIDE LUBRICANTS BEFORE THEY ARE LISTED IN ADDITION TO THE BIOBASED TESTS AT BEs AND OTHERS THE LIFE CYCLE THEY DO. WHEN YOU LOOK AT AUTOMOTIVE INDUSTRY, THERE ARE INDUSTRY STANDARDS AS WELL AS POLICING. YOU HAVE SAE, 10W30, YOU CAN BUY AT KMART OR WAL-MART.

THAT'S AN INDUSTRY STANDARD.

THEY MONITOR THAT.

WHEN YOU BUY HYDROLIC OIL, THERE IS NO STANDARD. EVERY FEDERAL PURCHASER COULD ASK FOR AN ASTM PUMP TEST OR WEAR TEST OR SOMETHING, BUT THESE ARE ALL FOR PETROLEUM PRODUCTS AND YOU COULD HAVE PROBLEMS IN THE LONGRUN UNLESS YOU KNOW, FOR EXAMPLE WHAT OXIDATIVE STABILITY THE OIL SHOULD HAVE.

CAN WE IDENTIFY A COUPLE OF TESTS THAT WOULD BE PERFORMANCE TESTS THAT ARE NOT INDUSTRY OR PETROLEUM INDUSTRY STANDARDS AND REQUIRE EVERY MANUFACTURER TO ALSO HAVE THOSE BEFORE THE PRODUCT IS LISTED?

>> PROFESSOR RYAN, DO YOU HAVE SOME THOUGHTS ON THAT?

>> ONE OF GOALS IN THE COMMITTEE WE ARE DOING IS LOOKING AT BIOBASED PRODUCT STANDARDS.

BUT AS YOU KNOW, ASTM HAS PERFORMANCE STANDARDS FOR OILS, LUBRICANTS AND SO ON AND SO FOURTH.

THE GOAL OF THE COMMITTEE WOULD BE TO TAKE SOME OF THOSE STANDARDS AND WITHIN THE ASTM PROCESS, WE COULD DO THAT.

AND ACTUALLY WRITE SPECIFICATION STANDARDS FOR THE LUBRICANTS WHICH WOULD HAVE A BIOBASED CONTENT.

IT WOULD NOT BE LOWER THAN CURRENT PERFORMANCE STANDARDS BUT THE WAY YOU MEASURE IT MAY HAVE CERTAIN ITEMS WHICH HAS TO BE DONE AND SO THAT WOULD BE A PART OF THE PROCESS.

BUT CURRENTLY, I THINK IN OUR COMMUNITY, WE HAVE SAID THAT PERFORMANCE STANDARDS ALREADY EXIST.

ASTM STANDARDS AND FEDERAL STANDARDS, AND THAT IN TERMS OF PERFORMANCE, YOU DEFER TO THAT UNTIL WE DOUBLE UP A INDUSTRY STANDARD ON THIS.

>> PERFORMANCE STANDARDS ARE FOR PETROLEUM PRODUCTS AND BIOBASED PRODUCTS HAVE DIFFERENT CHARACTERISTICS AND OUR EXPERIENCE IS IN THE LONGRUN, WE HAVE SOME ISSUES THAT THE CURRENT EXISTING STANDARDS DO NOT

ADDRESS.

>> AND THIS WOULD BE PART OF THE PROCESS BECAUSE  
THEY PARTICIPATE IN THE STANDARDS --

>> THANK YOU.

YES, SIR.

>> STEVE HARRIS, DEFENSE LOGISTICS AGENCY.

TWO POINTS.

IT WAS BROUGHT UP THE IDEA OF TWO PRODUCTS, ONE  
BEING SIMILAR, ONE HAVING BIOBASED CONTENT AND THE  
OTHER NOT.

WHAT DOES THE FEDERAL GOVERNMENT BUY.

I THINK WE TALKED ABOUT STANDARDS AND SPECS.

I JUST THINK IT WOULD BE HELP ENVELOPE A LEADERSHIP  
ROLE IF THE USDA EMPHASIZES THE FEDERAL AGENCIES,  
THE IMPORTANCE OF PUTTING EPA CRITERIA INTO  
SPECIFICATIONS AND STANDARDS WHEN THEY ARE WRITING  
CONTRACTS.

THAT WOULD BE HELPFUL.

AND THE OTHER ITEM IS EARLIER THIS MORNING,  
TEMPLATES WERE MENTIONED.

AND I WAS JUST WONDERING IF USDA HAS ANY PLAN TO PUT  
PROCUREMENT AND SPECIFICATION SAMPLES OR TEMPLATES  
IN THEIR WEBSITE FOR FEDERAL AGENCIES TO USE AS

GENERIC GUIDELINES IN THE WRITING CONTRACTS.

>> PERHAPS IOWA STATE COULD TALK ABOUT WHAT WE ARE  
PLANNING TO DO FOR THE WEBSITE MATERIAL?

>>.

>> I GUESS I WOULD SAY IN TERMS OF THE TEMPLATES AND  
THE PROCUREMENT POLICIES, WE HAVE A SECTION WE ARE  
DEDICATING ON THE WEBSITE FOR PROCUREMENT OFFICIALS  
WHERE WE PLAN TO HOST LINKS AND POST ENERGY THAT ARE  
DEVELOPED BOTH FROM THE OFFICE OF ADMINISTRATION AND  
ALSO INTERACTING WITH OFFICE OF MANAGEMENT AND  
BUDGET AND AS WELL AS THE OFFICE OF THE FAIR LAND  
OUR HOPE IS AS THE INDIVIDUAL AGENCY DEVELOP THEIR  
OWN POLICIES WE WILL BE ABLE TO POST A LINK THERE SO  
THE INDIVIDUAL PURCHASERS CAN LOOK AT THAT STUFF AND  
IS S. IN A READILY AVAILABLE FORMAT.

>> YES, SIR.

>> I'M MARK WITH FLORIDA CHEMICAL.

AND I HAVE AS MUCH AS AN OBSERVATION AS A QUESTION.  
MY WORK HAS BEEN PRIMARILY IN THE SOLVENT AND  
CLEANING MARKET.

I'VE HAD THE OPPORTUNITY TO WORK WITH SEVERAL  
FEDERAL AGENCIES AND REPLACE TRADITIONAL CLEANERS.

I WANT TO FOLLOW-UP ON A COUPLE OF POINTS.

IN THE AREA OF THE OUTS WHERE YOU HAVE REASONABLE

PRICED READILY AVAILABLE AND REASONABLE PERFORMANCE STANDARDS, IN SOME PRODUCT CATEGORIES THOSE WON'T BE OBVIOUSLY CLEAR WHERE IT'S JUST A COST PER GALLON NEEDS TO BE CONSIDERED OR JUST HOW MUCH IT COSTS PER POUND.

IN MANY APPLICATIONS IT MIGHT BE THE COST PER APPLICATION WHERE A BIOBASED PRODUCT COMES IN AND IT GOES MUCH FURTHER.

SO IT'S COST PER USE AS OPPOSED TO COST PER GALLON.

I WANT TO POINT THAT OUT SO FOR PEOPLE WHO HAVEN'T WORKED IN OUR PRODUCT CATEGORIES AND MAY NOT BE AWARE, IN THE CLEANING SOLVENT AREA THIS WILL LEAVE A LOT OF DISCRETION UP TO THE INDIVIDUAL AGENCY WHICH IS NOT AS MUCH DIFFERENCE AS IT IS TODAY. IT'S JUST IMPORTANT TO POINTED OUT.

THANK YOU.

>> BOBBY.

>> THAT'S A GOOD POINT AND IN FACT, ONE OF THE INCENTIVES OF GOING THROUGH THE BEs PROGRAM AND THAT IS IN ORDER TO PROVIDE ENERGY TO THE PROCUREMENT COMMUNITY, ON A FUNCTIONALLY EQUIVALENT BASIS, THAT'S WHAT WE DO IN THE LIFE CYCLE COSTING FOR THE ECONOMIC PERFORMANCE AND THAT'S WHAT WE DO IN THE

LIFE CYCLE SAYS IMPLEMENT FOR THE ENVIRONMENTAL AND PUBLIC HELP BENEFIT PERFORMANCE.

WE COMPARE PRODUCTS ON THE BASIS OF FUNCTIONAL EQUIVALENCE.

IF YOU NEED TWICE AS MANY GALLONS TO CLEAN YOUR FLOOR WITH ONE PRODUCT AND THEN ANOTHER, THAT'S GOING TO BE REFLECTED THROUGH HIGHER LIFE CYCLE COST FOR THAT PRODUCT BECAUSE WE TAKE INTO ACCOUNT THE AMOUNT THAT IS USED OF THE PRODUCT AND HOW OFTEN IT HAS TO BE REPLACED.

THAT'S ALL EMBODIED IN THE LIFE CYCLE.

BUT HOW LONG IS IT GOING TO LAST BEFORE YOU HAVE TO REPLACE IT?

IF YOUR PRODUCT LASTS TWICE AS LONG AS A COMPLETE CAN PRODUCT?

THEN THE PURCHASE PRICE IS GOING TO BE INCURRED HALF AS OFTEN.

>> ALONG THOSE SAME LINES, ONE OF THE COMMENTS ABOUT THE KEY BENEFITS FOR MANY OF THE BIOBASED PRODUCTS, LUBRICANTS, SOLVENTS AND OTHER MATERIALS, IS THEY ARE QUOTE/UNQUOTE, BIODEGRADABLE AND OR NOT NONTOXIC.

WHEN YOU'RE CALCULATING YOUR TOTAL USE COST IN ADDITION TO THE FUNCTIONAL COST, SOMETIMES DISPOSAL

COST OR INCIDENTAL SPILL COST COME INTO PLAY IN THE AREA OF OILS AND LUBRICANTS -- MY UNDERSTANDING IT'S REGULATED BY THE EPA.

SIMILAR TO PETROLEUM BASED PRODUCTS.

SO, AS THIS GROUP COMMUNICATED WITH THE EPA, PARTICULARLY WITH THE OIL SPILL REGULATION SIDE OR THE -- RECOGNIZING THAT ONE OF THE KEY BENEFITS AND MARKET DRIVERS OF THIS PRODUCT, THESE PRODUCTS, TO THE FEDERAL AGENCIES AND ALSO TO COMMERCIAL BUSINESSES, IS THERE -- HOW YOU MIGHT ADD VALUE OR IMPROVE YOUR LIFE CYCLE COST THROUGH THE OIL SPILL SIDE?

>> DANA ARNOLD, FEDERAL ENVIRONMENTAL EXECUTIVE.

>> I RAISE THIS QUESTION WITH EPA.

BECAUSE ONE OF THE COMMON MISPERCEPTIONS OUT THERE IS IF YOU USE A BIOBASED PRODUCT BECAUSE IT'S BIODEGRADABLE, YOU ARE OUT OF THE HAZARDOUS WASTE MANAGEMENT PROGRAM.

YOU DON'T HAVE TO COMPLY WITH OIL SPILL REQUIREMENTS AND I WANTED TO GET A CLEAR ANSWER FROM EPA BECAUSE THIS WAS COMING IN FROM MANY OF THE AGENCIES IN THEIR NOMINATIONS SAYING THIS IS ONE OF THE BENEFITS I GOT OR I HAD AGENCIES SAYING TO ME I WANT TO USE A

BIOBASED HYDROLIC BUT IT COSTS MORE BUT IF EPA SAYS  
IF I DON'T HAVE TO TREAT IT AS A HAZARDOUS WASTE  
IT'S WORTH THE EXTRA COST TO ME.

THE ANSWER I GOT BACK FROM EPA AFTER MONTHS OF  
ASKING AND WHICH IS NOW UP ON OUR WEBSITE, IS THEY  
CONSIDER THAT YOU HAVE TO LOOK AT THESE MATERIALS  
JUST AS YOU WOULD A PETROLEUM BASED PRODUCT AND HAVE  
TO DETERMINE WHETHER OR NOT IT'S BEING CONTAMINATED  
SO IT MEETS THE DEFINITION OF A HAZARDOUS WASTE.  
AS FAR AS CLEANING IT UP, THEY CONSIDER IT TO BE  
JUST LIKE A PETROLEUM BASED PRODUCT FOR THE PURPOSES  
OF OIL SPILL REGULATIONS AND THE ENERGY THEY HAVES  
IS IT DOESN'T MATTER IF IT'S BIOBASED OR PETROLEUM  
BASED IN TERMS OF CONTAMINATED THEIR WATER.

I JUST TOO THEIR ENERGY VERBATIM AND PUT IT UP ON MY  
WEBSITE, CLICK ON GREEN PURCHASING AND BIOBASED  
PRODUCTS.

IT'S THAT'S THE CURRENT ENERGY THAT I RECEIVED FROM  
EPA.

I DON'T THINK IT'S TOTALLY SETTLED DESPITE WHAT THEY  
TOLD ME.

I DO THINK THERE IS ROOM FOR ARGUMENT AND DISCUSSION  
HERE.

BUT I WANT YOU-ALL TO BE AWARE THAT THAT IS THE

OFFICIAL EPA POSITION COMING OUT OF THE EPA OFFICE  
OF SOLID WASTE AND EMERGENCY RESPONSE RIGHT NOW.

I ALSO WANT TO COMMENT ON THIS WHOLE ISSUE OF  
REASONABLE COST OR UNREASONABLE PRICE.

BECAUSE EPA DEALT WITH THIS FOR A LONG, LONG TIME IN  
THE BY RECYCLE PROGRAM.

WHEN THE FIRST GUIDELINES CAME OUT, WHAT WE SAID, I  
WAS AT EPA AT THE TIME, WE SAID UNREASONABLE PRICE  
MEANS NOT A PENNY MORE THAN THE PRICE OF AN  
EQUIVALENT VIRGIN ITEM.

THAT CAUSES A LOT OF PROBLEMS IN THE BY RECYCLE  
PROGRAM.

WE HAD USERS OUT THERE WHO SAID, A REAM OF COPIER  
PAPER COSTS 2 CENTS MORE THAN A REAM OF VIRGIN PAPER  
SO I'M NOT GOING TO USE IT AND IT TOOK US A LONG  
EVOLUTIONS TO GET THEM TO THINK IN TERMS OF BUYING  
GREEN.

TO GET THEM IN TERMS OF I'M ONLY GOING TO SPECK  
GREEN AND THEN I'LL SIMPLY COMPARE THE PRICES ONE TO  
ANOTHER AND NOT WORRY ABOUT THE PRICE OF VIRGIN.

WE STILL HAVE USERS OUT THERE THAT WILL DO THAT.

IT'S GOING TO BE A LONG EDUCATION PROCESS.

BUT WE WILL GET THEM TO THE POINT THEY UNDERSTAND WE

WANT THEM TO PREFER BIOBASED AND THEY NEED TO SPECK BIOBASED AS PART OF THEIR MINIMUM PERFORMANCE NEEDS AND THEN THEY'LL BE COMPARING BIOBASED PRODUCTS TO BIOBASED PRODUCTS AND THEN NOT WORRYING ABOUT THE COST OF A EQUIVALENT VIRGIN PRODUCT IS.

I WANT YOU TO UNDERSTAND IT'S GOING TO BE A LONG EDUCATION PROCESS NO MAGIC SWITCH IS GOING TO BE FLIPPED ON THE DAY THAT THAT FINAL RULE COME OUT OR FINAL DESIGNATION COMES OUT OF A PRODUCT.

IT'S NOT GOING TO HAPPEN.

IT'S TAKEN US 15 YEARS ON SOME OF THE RECYCLE CONTEXT PRODUCTS.

I STILL HAVE USERS OUT THERE WHO WON'T BUY REREFINED OIL BECAUSE IT COSTS MORE THAN VIRGIN OIL DEPENDING ON WHERE THEY ARE LOCATED IN THE UNITED STATES.

THAT'S REALITY.

SO JUST BE AWARE THAT'S HOW IT WORKS.

>> THANK YOU.

I THINK WE IN GENERAL, USDA WOULD LIKE TO HAVE A DIALOGUE WITH EPA ON THE POSSIBILITIES OF DIFFERENTIATION BASED ON THE VIRTUES, BIOBASED PRODUCTS, TOXICITY, BIODEGRADABILITY, FLASH POINT THINGS.

FOR EXAMPLE, A PROFESSOR HAS DONE A LOT OF PATH

BREAKING WORK IN LOOKING AT TRANSFORMER FLUIDS WHICH  
DON'T HAVE PCBs.

I THINK WE'D LIKE TO ENGAGE EPA IN A POSITIVE  
FASHION TO SEE IF THERE ARE OPPORTUNITIES TO TALK TO  
THEM ON THIS ISSUE.

BUT IT'S SEPARATE.

ANY FURTHER QUESTIONS?

ARE YOU GETTING HUNGRY?

GOING ONCE, GOING TWICE, OKAY.

WHY DON'T WE HAVE LUNCH, THEN AND WE'LL BE BACK AT 1  
O'CLOCK.

>>> WELCOME BACK, LADIES AND GENTLEMEN. AT THIS STAGE OF  
OUR HEARING, WE'RE GOING TO BE COMPILING A COMMENT ON THE  
PROPOSED RULE.

CURRENTLY, WE HAVE SEVEN INDIVIDUALS WHO WILL BE PROVIDING  
COMMENTS, AND IF THERE ARE ANY OTHERS, PLEASE LET US KNOW.  
SO THESE COMMENTS, WE'RE ADOPTING THE ANDY WARHOL RULE  
HERE, THAT YOU HAVE 15 MINUTES, OR LESS, TO DISCUSS  
ISSUES; AND SO FAR, FIRST, FOR OUR FIRST COMMENTER, WE'RE  
GOING TO HAVE DAN MANANEK.

DAN, WOULD YOU PLEASE APPROACH THE PODIUM?

WE'RE GOING TO BE USING THIS PODIUM OVER HERE.

UH-HUH.

AND IN ADDITION, IF YOU HAVE POWERPOINT OR ANY OTHER ITEMS THAT YOU'RE GOING AS TO USE TO SUPPLEMENT YOUR COMMENTS, DAN DUPREE HERE WHO IS, WE CALL HIM AT THE CHIEF COMMONS OFFICE, THE COMPUTER GUY, IS READY AND WILLING TO HELP YOU.

SO, DAN, WOULD YOU CARE TO BEGIN?

>> ALL RIGHT. WELL, THANK YOU SO MUCH.

MY NAME IS DAN MODERNOCK.

I AM BASED IN SAINT LOUIS, MISSOURI.

AS WE HAVE GONE THROUGH THE GUIDELINES, WE HAVE MADE THEM AVAILABLE TO OUR MEMBERSHIP ON THE WEBSITE AND THROUGH OUR WEEKLY NEWSLETTER AND INVITED ANY OF OUR MEMBERS TO OFFER FEEDBACK.

AND SO WHAT YOU'RE ABOUT TO HEAR IS A COMPENDIUM OF FEEDBACK THAT WE'VE HAD FROM MEMBERS FROM THE BIOBASED MANUFACTURER'S ASSOCIATION.

I HAVE BASICALLY 11 POINTS THAT I WOULD LIKE TO MAKE. FIRST OF ALL, IN TERMS OF MORE GUIDANCE ON WHAT'S ELIGIBLE AND WHEN MEMBERS WILL KNOW WHAT IS ELIGIBLE FOR FB-4-P. THROUGHOUT THE DRAFT GUIDELINES, THERE IS A RETURNING THEME OF THE SECRETARY DETERMINING THROUGH A SERIES OF COMPLIANCE FILTERS, JUST WHAT PRODUCTS MIGHT EVEN BE CANDIDATES FOR TESTING FOR BIOBASED CONTENT AND PERFORMANCE COMPLIANCE.

BUT THERE IS NO PRESCRIBED TIME LINE.

SO BMA IS RECOMMENDING THAT FINAL GUIDELINES INCLUDE, (A), A REASONABLE DEADLINE FOR USDA TO GAVE POTENTIAL PROVIDERS A DECISION ON WHETHER OR NOT PRODUCTS SUBMITTED FOR FB-4-P HAVE SURVIVED THAT FILTERING PROCESS.

WE'RE RECOMMENDING 30 DAYS.

AND (B) WHAT WE WOULD LIKE TO SEE, A PRIORITIZED WISH LIST FROM USDA, RANKING PRODUCT TYPES IN ORDER OF STRATEGIC IMPORTANCE TO THE U.S.

AND, THUS, THE LIKELIHOOD OF ACCEPTANCE TO GIVE THE INDUSTRY GUIDANCE

AS TO WHERE THEY SHOULD BE PUTTING THEIR EFFORTS.

NO. 2, WE WOULD LIKE TO SEE CREDIT GIVEN TO BIOBASED BENEFITS IN PRICE COMPARISONS.

WHAT I MEAN BY THAT IS THAT THERE ARE FREQUENT REFERENCES TO THE FACT THAT BIOBASED PRODUCTS ARE NOT ELIGIBLE, IF AVAILABLE ONLY AT AN UNREASONABLE PRICE AND YET THERE IS NO GUIDANCE WHATEVER ON WHAT CONSTITUTES AN UNREASONABLE PRICE.

GIVEN THAT SECTION 9002 EXISTS SPECIFICALLY TO (1) CREATE A BASIC DEMAND FOR A NEW ECONOMIC SECTOR THAT CAN REVITALIZE RURAL AMERICA, OFFER GREATER ENVIRONMENTAL BENEFITS AND REDUCE IMPORTANT FOSSIL FUELS.

WE THINK A MONETARY VALUE SHOULD BE PLACED ON THE BENEFITS AS A CREDIT AGAINST THE BIOBASED ALTERNATIVES WHEN COMPARING AGAINST PETRO-BASED.

AND PERHAPS THIS COULD BE LOOKED AT IN THE SAME VAIN AS OFTEN TALKED ABOUT DEVELOPING CARBON CREDITS, FOR CARBON SEQUESTRATION.

THAT'S THE TYPE OF CREDITING SYSTEM SO THAT WE TAKE BENEFITS OF BIOBASED PRODUCTS INTO ACCOUNT WHEN MAKE THOSE COST COMPARISONS.

>>> NO. 3, TO RECOGNIZE THAT ONE SIZE DOES NOT FIT ALL IN FITTING BIOBASED CONTENT STANDARDS.

I THINK THE GUIDELINES DO A PRETTY GOOD JOB IN OUTLINING THE 11 DIFFERENT CATEGORIES OF PRODUCTS AND SUGGESTING SOME BIOBASED MINIMUMS.

WE AT THE BIOBASED MANUFACTURING ASSOCIATION HAVE ESTABLISHED A SELF CERTIFICATION PROGRAM OFFERING FOUR CATEGORIES OR LIKE RANGES OF BIOBASED CONTENT.

A RATING OF BMA 25 RATING, FOR EXAMPLE, FOR CONTENT RANGING FROM 15 TO 35% AND A 50 RATING FOR CONTENT RANGING FROM 36 TO 65, 75 FOR CONTENT RANGING ROM 66 TO 85% AND A BMA 100 RATING FOR CONTENT OF 86% BIOBASED OR BETTER AND WE THINK A FAIRLY SIMPLE PROGRAM LIKE THAT CAN ACCOMMODATE A VERY BROAD RANGE OF BIOBASED PRODUCTS.

NO. 4, WITH REGARD TO TESTING, AND THE USE OF FUNDING FOR

TESTING PURPOSES, WE WOULD LIKE TO SEE THESE VERY LIMITED FUNDS, FRANKLY, USED EXTREMELY WISELY.

PARAGRAPH (J) OF SECTION 9002 PROVIDES FUNDS TO THE SECRETARY TO SUPPORT TESTING OF BIOBASED PRODUCT, BUT IT'S NOT CLEAR EXACTLY WHAT THE PRESCRIBED TESTING IS SUPPOSED TO ACHIEVE.

SO WE HAVE SOME RECOMMENDATIONS ON HOW WE WOULD LIKE TO SEE THAT FUNDING UTILIZED.

(A), THAT IT BE RESERVED FOR TESTING REPRESENTATIVE SAMPLE PRODUCTS TO DETERMINE THE CURRENT STATE-OF-THE-ART IN BIOBASED CONTENT FOR EACH CLASS OF PRODUCT AND FOR PURPOSES OF ASSIGNING A MINIMUM RATING BY A CLASS.

(B), THAT COMPANIES SUBMITTING PRODUCTS FOR THE FB-4-P PROGRAM BE REQUIRED TO ONLY OFFER EVIDENCE AND PROOF THEIR PRODUCTS MEET OR EXCEED THE MINIMUM STANDARDS REQUIRED FOR THAT CLASS OF PRODUCT.

(C), THAT INDEPENDENT THIRD-PARTY TESTING OF A PRODUCT BE REQUIRED ONLY IF THERE IS A CHALLENGE BY A FEDERAL AGENCY CUSTOMER, A COMPETITOR, OR A CONSUMER TAXPAYER TO THE BIOBASED CONTENT CLAIMS.

AND (D), TO PREVENT FRIVOLOUS OR NUISANCE CHALLENGES UNDER (C), THE CHALLENGER IS REQUIRED TO REIMBURSE THE MANUFACTURER FOR THE FULL COSTS OF THIS IMPORTANT TESTING,

IF IT PROVES THAT ALL THEIR CLAIMS ARE VALID.

NO. 5 HAS TO DO WITH THE \$10,000 MINIMUM DISCUSSED AT LENGTH THIS MORNING THAT WE DON'T APPLY THAT \$10,000 MINIMUM PURCHASE TRIGGER TOO NARROWLY.

I THINK THAT SUBJECT WAS NARROWLY ADDRESSED THIS MORNING.

NO. 6, WE WOULD LIKE TO RECOMMEND MODIFYING THE USE OF 1972 AS A DIVIDING YEAR BETWEEN ELIGIBLE AND INELIGIBLE BIOBASED PRODUCTS.

BMA TAKES STRONG EXCEPTION TO THE DECISION TO ARBITRARILY CONCLUDE THAT ANY BIOBASED PRODUCT IN USE PRIOR TO '72 IS A MATURE PRODUCT BEING USED IN A MATURE MARKET AND, THEREFORE, NOT ELIGIBLE FOR CONSIDERATION AS A PREFERRED PRODUCT UNDER FB-4-P.

WE FIND NO STATUTORY REQUIREMENT OR RATIONALE IN SECTION 9002 FOR THIS DECISION.

WE THINK GOAL OF 9002 IS TO INSTITUTE BIOBASED ALTERNATIVES FOR PETROLEUM BASED ONE, WHENEVER POSSIBLE AND THE LIST OF BENEFITS ARE REVITALIZING RURAL AMERICA, IMPROVING THE ENVIRONMENT AND REDUCING OUR DIPLOMACY ON IMPORTED OIL.

WE DON'T FAULT THE RATIONALE IN WINNING SECTION 9002 TO STIMULATE INNOVATION OF NEW BIOBASED COMPETITORS.

WE FIND NO RATIONALE FOR DISCRIMINATING AGAINST LONG-TIME BIOBASED PRODUCTS THAT SUBSTITUTE FOR OIL-BASED

ALTERNATIVES.

WE, THEREFORE, RECOMMEND THAT, (A), THE 1972 THRESHOLD FOR PREFERRED STATUS APPLY ONLY IF THE PURCHASE CHOICE IS BETWEEN A POST-1972 BIOBASED PRODUCT AND A PRE-1972 OIL-BASED PRODUCT.

IN THAT CASE, THE NEWER TECHNOLOGY SHOULD BE GIVEN THE PREFERENCE.

BUT (B), IF THE PURCHASE CHOICE IS BETWEEN A PRE-1972 BIOBASED PRODUCT AND AN OIL-BASED PRODUCT AND THERE ARE NO POST-1972 BIOBASED PRODUCTS COMPETITIVE WITH THE PRE-1972 BIOBASED PRODUCT, THEN WE RECOMMEND THAT THE PRE-1972 PRODUCT SHOULD SURELY STILL RECEIVE PREFERRED STATUS.

AN EXAMPLE OF WHAT WE MIGHT BE TALKING ABOUT, SAY WE'RE TALKING ABOUT THE PENTAGON AND PROCUREMENT OF MILITARY UNIFORMS.

IT STATES SPECIFICALLY THAT COTTON AND WOOL FOR EXAMPLE ARE CONSIDERED MATURE PRODUCTS AND THEREFORE NOT ELIGIBLE UNDER THIS PROGRAM, BUT IF THE MILITARY IS FACING A CHOICE BETWEEN COTTON OR WOOL UNIFORMS OR POLYESTER UNIFORMS.

WE CERTAINLY THINK IT'S IN KEEPING WITH THE SPIRIT OF THIS STATUTE, THAT PREFERENCE WOULD BE GIVEN TO THE BIOBASED FABRICATION.

NO.~7, WE'D LIKE TO SEEK A LEGAL OPINION ON THE APPLICATION OF 9002 TO STATE AND LOCAL GOVERNMENTS. BMA RECOMMENDS RECONSIDERATION OF THE DECLARATION IN SECTION 25 THAT SECTION 9002 LIMITS PREFERENCE REQUIREMENTS TO FEDERAL AGENCIES AND NOT TO STATE AND LOCAL AGENCIES OR SUBCONTRACTORS USING FEDERAL FUNDS. WE'D JUST LIKE TO SEE THAT LOOKED AT FROM A LEGAL PERSPECTIVE.

NO. 8, WE WOULD LIKE TO SEE USDA WORK OUR ORGANIZATION, WITH THE BMA, FOR COMPATIBLE COMPLEMENTARY CERTIFICATION AND TERMINOLOGY.

WE TALKED ABOUT THAT THIS MORNING, TOO, IN THE CHOOSING OF ITEMS, CLASSES, SUBCLASSES. WE STRONGLY ENDORSED PROPOSALS MADE THIS MORNING THAT THERE BE COORDINATION AND THERE NOT BE CONFUSION IN THE INDUSTRY WITH DIFFERENT GROUPS OR WITH DIFFERENT AGENDAS HAVING DIFFERENT CLASSIFICATIONS.

IT NEEDS TO BE VERY VERY UNIFORM.

>>> NO. 9, WE'D LIKE TO SEE LIMITED FUNDING FOR PERFORMANCE TESTING IN THE SAME VEIN AS WHAT WE TALKED ABOUT IN TERMS OF AT THE TIMING FOR BIOBASED CONTENT. WE AGREE THAT EXPENDITURE OF FEDERAL FUNDS FOR TESTING OF BIOBASED TESTING IS NOT A GOOD USE OF FUNDS, PROVIDING A THIRD-PARTY TESTING OF SUCH FUNDS

IS NOT REQUIRED, UNLESS, ONE A SELF CERTIFICATION CLAIMS ARE CHALLENGED BY THE PURCHASING AGENCY A COMPETITOR, A TAXPAYER, CITIZEN WATCHDOG GROUP OF WHAT HAVE YOU.

AND, TWO, THAT CHALLENGERS ARE MADE TO REIMBURSE FOR COSTS OF THIRD-PARTY TESTING IF THE TESTS VINDICATE THE PRODUCT BEING CHALLENGED.

NO. 10, WITH REGARD TO THE MINIMUM BIOBASED CONTENT STANDARD SUGGESTED IN THE GUIDELINES, BMA BELIEVES THE VARIOUS MINIMUM PERCENTAGES ON PAGES -- I JUST LISTED, EVERYBODY IS AWARE OF THEM, PAGES 31, 34, 35, 37, 39, 41, 43, 45, 46 AND 47 ALL MAKE REFERENCE TO MINIMUM BIOBASED CONTENT STANDARDS.

IF THE GOAL OF SECTION 9002 IS TO MAXIMIZE THE USE OF BIOBASED CONTENT IN FEDERAL PURCHASE, WE THINK THESE MINIMUMS NEED TO BE RAISED TO MORE RIGOROUS STANDARDS. THEY SEEM RELATIVELY LOW AS PROPOSED AND WE FIND THEM INCONSISTENT WITH LANGUAGE ELSEWHERE IN THE DOCUMENT THAT STRESSES PREFERENCE BE GIVEN TO PRODUCTS WITH THE HIGHEST BIOBASED CONTENT.

WE, THEREFORE, RECOMMEND THAT, (A), MINIMUM STANDARDS BE ARRIVED AT BY TAKING THE AVERAGE BIOBASED CONTENT OF THE TOP FIVE SUPPLIERS OF GIVEN CLASS OF PRODUCTS AND, (B),

THAT THESE STANDARDS ARE REVIEWED ANNUALLY TO REFLECT ANY ADVANCES IN TECHNOLOGY AMONG THESE FIRMS.

AND FINALLY, ON NO. -- ITEM NO. 11, WE WOULD LIKE TO SEE THAT CARBON DATING TESTS ALSO BE RESERVED FOR CHALLENGE OF CLAIMS.

WE BELIEVE STRONGLY THAT REQUIRING COSTLY CARBON DATING TO DETERMINE BIOBASED CONTENT FOR EVERY PRODUCT SUBMITTED IS HONOROUS AND UNNECESSARY.

IT SHOULD BE USED ONLY IF THERE IS A CHALLENGE TO BIOBASED CLAIMS BY THE PURCHASING AGENCY A SUPPLIER'S COMPETITOR, TAXPAYER, CITIZEN WATCHDOG GROUP, ETC.

ULTIMATELY, WE IN BMA KNOW WE HAVE TO CREATE A MORE GLOBAL STANDARDS REGIMEN AS WE MOVE FORWARD, BUT WE BELIEVE THE CARBON 14 DATING IS EXPENSIVE, WASTEFUL, AND NO MORE LIKELY TO SUCCEED THAN OUR OWN SELF CERTIFICATION PROGRAM. THIS COUNTRY HAS A VERY WELL DEVELOPED SYSTEM OF HOLDING COMPANIES ACCOUNTABLE FOR CLAIMS THEY MAKE ABOUT THEIR PRODUCTS.

AND WE THINK THAT SYSTEM SHOULD BE ALLOWED TO WORK WITHOUT SADDLING THE BIOBASED INDUSTRY IN ITS INFANCY WITH A MORE RIGOROUS PERFORMANCE TESTING AND CONTENT TESTING THAT WOULD BE REQUIRED -- THAN WOULD BE REQUIRED FROM EXISTING NON-BIOBASED PRODUCT SUPPLIERS.

OUR CONCLUSION IS THAT WE NEED RECOGNIZE WHETHER OR NOT

USDA'S PRIMARY ROLE IN THIS PROGRAM IS ONE OF INCREASING CONSUMPTION, IS IT IN A CONSUMING ROLE OR IN A REGULATORY/WATCHDOG ROLE?

WE THINK THAT THE INDUSTRY AT LEAST DESERVES THE OPPORTUNITY TO POLICE ITSELF AND OFFER HONESTY AND TRUTHFULNESS IN LABELING BEFORE WE HAMSTRING THE DEVELOPMENT OF THE INDUSTRY WITH COSTLY THIRD-PARTY TESTING REQUIREMENTS FOR BOTH BIOBASED CONTENT AND PERFORMANCE.

THANK YOU.

>> THANK YOU FOR YOUR COMMENTS.

>> THANK YOU, DAN.

OUR NEXT COMMENTER WILL BE BOB DORSCH, WITH DUPONT.

>> GOOD AFTERNOON.

AND AS MANY OF YOU MAY RECOGNIZE, I AM NOT BOB DOERSCH OF DUPONT.

BECAUSE MANY OF YOU KNOW BOB, MY COLLEAGUE.

WHO IS OUR DIRECTOR OF BIOTECHNOLOGY BUSINESS DEVELOPMENT

AND MY NAME IS JOHN HALVERSTAT.

I'M WITH DUPONT.

I'M SPEAKING TODAY ON BEHALF OF JOHN RANEIRI, OF OUR BIOBASED MATERIALS BUSINESS.

AFTER A FEW INTRODUCTORY WORDS ON BEHALF OF JOHN, I WILL

TURN THE PODIUM OVER TO BOB TO SPEAK.

I'D LIKE TO SAY TO THE OUTSET THAT DID YOU RESPONSIBILITY SUPPORTIVE OF THE CONGRESSIONAL INTENT OF THE FARM BILL AS STATED EARLIER.

ROGER COVERED THIS VERY WELL IN THE OPENING REMARKS AND THE SPECIFIC GOALS ARE AGAIN ON THE CHART IN FRONT OF THE ROOM TODAY.

DUPONT IS IN A STATE OF TRANSITION.

AND MUCH OF THAT TRANSITION IS VERY WELL ALIGNED WITH THE INTENT AND GOALS OF THE FARM BILL.

IN RECENT YEAR WE HAVE BEEN FOCUSING ON BIOLOGY AND ADDING THAT TO OUR TRADITIONAL STRENGTHS AND SCIENCES.

WE ARE A SCIENCE COMPANY AND BASED ON LARGELY ON CHEMISTRY AND PHYSICS, WE HAVE BEEN ADDING TO THAT THE SCIENCE OF BIOLOGY.

A FUNDAMENTAL CONSEQUENCE OF THIS TRANSITION IS TO MOVE TOWARDS PRODUCTS AND PROCESSES THAT ARE LESS DEPENDANT ON PETROLEUM BASTING STOCKS AND ARE INCREASINGLY BASED ON RENEWABLE FEED STOCKS.

CONSEQUENTLY, DUPONT SEES THE FARM BILL AND ITS SUCCESSFUL IMPLEMENTATION AS A KEY PART OF OUR CURRENT TRANSITION PLANS.

DUPONT'S MISSION IS SUSTAINABLE GROWTH.

MOVE THE CHART.

WE DEFINE THIS AS MEETING THE NEEDS OF SOCIETY AND GROWING OUR BEINGS PROFITABLY WHILE REDUCING THE ENVIRONMENTAL FOOTPRINT OF OUR OPERATIONS AND PRODUCTS.

STATED ANOTHER WAY, OUR PRODUCTS MUST PERFORM AT A COMPETITIVE PRICE WHILE BEING PROTECTIVE OF THE ENVIRONMENT.

ALSO KNOWN AS THE TRIPLE BOTTOM LINE.

AT THE END OF THE LAST DECADE, WE ESTABLISHED SPECIFIC GOALS TO ACCOMPLISH THIS MISSION.

FLIP THE CHART.

OUR GOALS BY 2010 ARE TO OBTAIN 25% OF OUR REVENUES FROM BUSINESSES NOT REQUIRING DEPLETABLE RAW MATERIALS AND DERIVE 10% OF OUR ENERGY NEEDS FROM RENEWABLE RESOURCES.

DUPONT IS FUNDAMENTALLY AND MATERIAL A SCIENCE COMPANY SO DISCOVERING NEW PROCESSES AND PRODUCTS FOR RENEWABLE, AGRICULTURE BASE FEED STOCKS IS A CRITICAL SUCCESS FACTOR FOR ACHIEVING OUR MISSION AND GOALS.

BEFORE TURNING THE PODIUM OVER TO BOB DORSCH, I WOULD LIKE TO MAKE ONE FINAL POINT, DUPONT IS A STAKEHOLDER IN THE AGRICULTURAL BUSINESS COMMUNITY.

ONE OF DUPONT'S MAJOR GROWTH PLATFORMS IS AGRICULTURE AND NUTRITION, WHICH IS COMPOSED OF SEVERAL BUSINESSES, INCLUDING PIONEER AND SOLAY.

WE ARE INVOLVED IN ALL ASPECTS OF THE DOMESTIC AGRICULTURAL VALUE CHAIN FROM SEEDS TO CONSUMER PRODUCTS. NO BETTER EXAMPLE EXISTS THAN DUPONT'S ALIGNMENT WITH THE INTENT OF THE FARM BILL THAN THE INTEGRATED CORN REFINERY PROGRAM OR ICBR.

FLIP THE CHART.

THE DEPARTMENT OF ENERGY AND DUPONT ARE CO-FUNDING A PROGRAM TO DEVELOP A ALONG WITH MANY DEVELOPMENT PARTNERS BIOREFINERY TO TURN CORN AND CORN STOVER INTO ETHANOL AND VALUE-ADDING BIOPOLYMER INTERMEDIATES.

HOWEVER, WE ARE NOT DOING THIS ALONE.

A PRIME MINISTER OF THIS MAGNITUDE CAN BOMB ACCOMPLISHED THROUGH PARTNERSHIPS.

FOR THIS PROGRAM, DUPONT, ALONG WITH PIONEER, ARE PARTNERING WITH JOHN DEER, DIVERSEA, THE DEPARTMENT OF ENERGY'S NATIONAL RESEARCH ENERGY LABORATORY OR NREL, MICHIGAN STATE UNIVERSITY, HENCE, AS YOU CAN SEE, DUPONT TRUELYIS A STAKE HOLDER AND WE HAVE A VESTED INTEREST IN BOTH THE FARM BILL AND ITS IMPLEMENTATION.

TO FURTHER OUR COMMENTS, I'LL TURN THE PODIUM NOW OVER TO BOB DORSCH.

THANK YOU, VERY MUCH.

>>> THE DEPARTMENT OF ENERGY AND DUPONT ARE

CO-FUNDING IT, TO GRANT ALONG WITH MANY DEVELOPMENT PARTNERS A BIOREFINERY TO TURN CORN AND CORN SOBER IN ETHANOL AND VALUE-ADDED BIOPOLYMER INTERMEDIATES; HOWEVER, WE ARE NOT DOING THIS ALONE.

A PROGRAM OF THIS MAGNITUDE CAN ONLY BE ACCOMPLISHED THROUGH PARTNERSHIPS.

FOR THIS PROGRAM, DUPONT, ALONG WITH PIONEER, ARE PARTNERING WITH JOHN DEERE, DIVERSA, THE DEPARTMENT OF ENERGIES, NATIONAL RESEARCH ENERGY LABORATORY OR NERL, MICHIGAN STATE UNIVERSITY; HENCE, AS YOU CAN SEE, DUPONT TRULY IS A STAKEHOLDER AND WE HAVE A VESTED INTEREST IN BOTH THE FARM BILL AND ITS IMPLEMENTATION.

TO FURTHER OUR COMMENTS, I TURN THE PODIUM NOW OVER TO BOB DOERSCH (PHONETIC).

THANK YOU VERY MUCH.

>> THANKS, JOHN.

IF I CAN HAVE THE NEXT CHART.

I'D LIKE TO MAKE A FEW POINTS.

AGAIN, WE ARE ACTIVELY ENGAGED IN THE WORLD OF BIOBASED PRODUCTS.

WE'RE INVESTING AT THE RATE OF \$100 MILLION A YEAR IN THE DEVELOPMENT OF NEW TECHNOLOGIES AND NEW PRODUCTS IN THIS FIELD.

WE'RE GOING TO SHOW YOU AN EXAMPLE OF ONE OF THOSE THINGS IN THE NEXT FEW CHARTS.

WE ABSOLUTELY BELIEVE THAT FEDERAL PARTICIPATION IN THIS PROCESS IS KEY TO ACCELERATING THE OPTION OF THESE THINGS.

IN CONSIDERING THE CURRENT ROLE MAKING, WE SEE THAT IT HAS PROS AND CONS.

THE DIALOGUE THIS MORNING WOULD SUGGEST THAT EVERYBODY HAS THE SAME VIEW.

IT'S A TOUGH THING TO DO AND QUITE A TALENT FOR EVERYONE.

ONE OF THE THINGS THAT WE DO IS WE TEST OUR PRODUCT AND I MEAN NOW INTELLECTUAL TESTING, NOT C-14 TESTING AGAINST THE CURRENT PROPOSALS.

BUT WE SEE SOME INCONSISTENCIES THAT STRIKE US.

AS YOU KNOW, THAT INCONSISTENCIES LEAD PEOPLE TO INACTION AND SO THE MORE CONSISTENT AND INHERENTLY TOGETHER THE POLICIES ARE, THE MORE RAPID ADOPTION CAN TAKE PLACE.

SECONDLY, WE ARE CONCERNED THAT WE MAY SUB-OPTIMIZE THE INTENT OF CONGRESS BY NOT EMPHASIZING THE PULL-THROUGH OF BIOPRODUCTS AGRICULTURAL PRODUCTS INTO THIS THING.

SO I'M GOING TO TALK WITH TWO EXAMPLES ON THE SUBJECT.

IF I CAN GO TO THE NEXT CHART.

OUR LEAD PRODUCT IS A POLYMER CALLED SERONO A BIOPOLYMER. IT'S MADE BY REACTING A MOLECULE CALLED BIO 3-G DERIVED FROM CORN WITH ANOTHER MATERIAL CALLED TERATHALIC (PHONETIC) ACID.

IT'S A CHEMICAL REACTION.

THERE WILL BE ONE MOLECULE AND ONE MOLECULE THAT COMBINE TOGETHER.

OF COURSE THESE ARE POLYMERS.

SO TENS OF THOUSANDS OF MOLECULES.

WHAT THAT SAYS IS THAT UNLIKE MANY OF THE PRODUCTS DISCUSSED ALREADY TODAY WITH THE COMPOSITION OF THE BIOLEVEL CAN VARY.

I CAN HAVE A CLEANER WITH A LOT MORE OR A LOT LESS BIOCONTENT.

I'LL ALWAYS HAVE ONE MOLECULE OF BIOAGENTS AND ONE MOLECULE OF THE PETROLEUM AGENT.

WHY DO YOU MAKE A COMBINATION LIKE THAT?

BECAUSE YOU CAN MAKE MATERIALS THAT PERFORM VERY DIFFERENTLY FROM WHAT ARE MADE BY OTHER THINGS.

A VERY BRIGHT DYED STRETCH POLYESTHER.

TREES POLYESTHERS BY THEIR CHEMISTRY RESULTS THAT

YOU CAN'T GET OTHER WAYS.

I GO TO THE NEXT CHART.

THIS IS DIFFICULT TO SEE.

OUR PRIMARY PRODUCT, THE CERONA POLYMER IS BEADS OF  
POLYMER.

HERE'S BAGS OF IT.

IT SOUNDS LIKE STUFF, RIGHT.

THE CONSUMER WILL NEVER BUY THAT.

THE FEDERAL GOVERNMENT IS THE LARGEST CONSUMER ARE  
THINGS LIKE DURABLE FILMS, MOLDED COMPOSITES, WHICH  
ARE POLYMERS WITH INORGANIC REENFORCINGS OR  
SYNTHETIC FIBERS ALL MADE OUT OF THE SAME CERONA.

IT LEADS US TO AN INTERESTING OBSERVATION IF I COULD  
HAVE THE NEXT CHART.

THE CERONA POLYMER IS BY WEIGHT 37% BIOBASED.

YET CURRENT RULE MAKING TALKS ABOUT THESE FOUR  
DIFFERENT CATEGORIES OF ITEMS AND WE WOULD PASS THE  
PROPOSED LIMITS FOR THREE OF THEM WITH OUR PRODUCT  
BUT NOT PASS THE FOURTH.

BUT WE FIND THAT SORT OF AN INTELLECTUAL CHALLENGE  
IN HOW WOULD WE LIABLE THESE THINGS.

SO THIS BRINGS US TO AN ISSUE OF CONCERN.

WE THOUGHT ABOUT IT FOR A BIT.

IF I CAN HAVE THE NEXT CHART SO A POTENTIAL  
IMPROVEMENT; I THINK, ONE THAT SAYS, WE SHOULD HAVE  
A MINIMUM FOR ALL BIOBASED RESINS.  
WE SHOULD BE LOW ENOUGH TO EXPAND THE MARKET.  
IT SHOULD BE HIGH ENOUGH TO HAVE REAL IMPACT.  
STUFF WITH A FEW PERCENT DON'T DO ANYTHING FOR THE  
PRODUCTION OF AGRICULTURE.  
BASED ON THE CURRENT EFFORT THAT'S GONE IN AND THE  
NUMBERS THAT YOU SAW IN THE PREVIOUS CHART, YOU  
KNOW, CAN YOU TAKE ANY ONE OF THOSE YOU PLEASE.  
BUT YOU MIGHT TAKE THE BOTTOM ONE BECAUSE THEN YOU  
ARE BECOMING MORE INCLUSIVE.  
YOU ARE EXCLUDING FEWER PRODUCTS.  
SO, AGAIN, A SUGGESTION MIGHT BE GOING ACROSS THOSE  
CATEGORIES. YOU PICK THE LOWEST NUMBER AND THEN YOU  
HAVE THE BROADEST MEASURE FOR POLYMER RESINS.  
IF I COULD HAVE THE SECOND CHART.  
PART OF THE INTENT OF THE LAW IS TO PULL THE  
PRODUCTION OF AGRICULTURAL MATERIALS.  
AGAIN, WE'RE ENGAGED IN CHEMISTRY, NOT MIXING OF  
COMPONENTS.  
SO ON THE FAR RIGHT-HAND SIDE YOU SEE A COLUMN MEN  
TO REPRESENT THE SERONA POLYMER.  
IT'S MADE OF THE BIOPG AND PDO AND THE THALIC ACID.

IT TAKES ME ABOUT .37 POUNDS OF PDO TO MAKE ONE POUND OF SERONA BUT 1.25 POUNDS OF CORN TO MAKE THE PDO THAT GOES INTO THAT SERONA.

SO IT'S ACTUALLY A POUND AND A QUARTER OF CORN THAT HAS TO BE GROWN TO MAKE A POUND OF POLYMER.

SO AGAIN, I'M TRYING TO POINT OUT A COUPLE OF THINGS, ONE IS HOW YOU DEFINE CONTENT, BASED ON USE OR THE AMOUNT REACTED, YOU GET DIFFERENT NUMBERS.

THERE IS A LITTLE BOX THERE THAT POINTS THOSE OUT SO IF I LOOK AT CONTENT ON A MOLECULE-TO-MOLECULE BASIS, THIS MATERIAL IS 50%.

IF I LOOK AT THE ACTUAL STUFF IN THE BAG ON A WEIGHT BASIS, IT'S 37%.

IF I ASK HOW MUCH MASS MATERIAL THAT I HAVE TO USE TO CONVERT TO MAKE THE PRODUCT, I HAVE ABOUT 88-TENTHS OF A POUND TO MAKE A POUND OF PRODUCT.

THEN IF YOU ASK HOW MUCH AGRICULTURAL PRODUCT DID I PULL, DID I HAVE TO HAVE GROWN TO MAKE MY PRODUCT IT'S ABOUT 1.25 POUNDS.

OF COURSE THE DIFFERENCE BETWEEN THE LAST TWO NUMBERS IS WE ARE USING THE STARCH OUT OF THE CORN. THERE IS PROTEIN OIL AND THE OTHER COMPONENTS OF THE CORN GRAIN LEFT AS BYPRODUCTS OUT OF THE PROCESS.

NEXT CHART, PLEASE.

SO AGAIN, WE MIGHT HAVE TWO DEFINITION OF MINIMUM CONTENT.

ONE IS ONE BASED ON THE WEIGHT-WEIGHT CONTENT, THE DEFINITION WE ARE USING TODAY.

AND THE OTHER ONE MIGHT BE THE ONE BASED ON THE AMOUNT OF MATERIAL THAT'S PULLED THROUGH OR IS REACTED.

AGAIN, I'VE SHOWN THE AMOUNT REACTED HERE.

AND SO YOU NOW HAVE TWO VALUES TO DEAL WITH.

OF COURSE, THAT MAKES THINGS MUCH MORE COMPLICATED.

BUT IN REALITY, A SYSTEM THAT SAYS, YOU HAVE TO PASS ONE OF THE OTHER OR THESE MIGHT BE READILY OBTAINABLE.

SO A PRODUCT THAT IS COMPOSED EITHER MINIMUM IS DESIGNATED AS BIOBASED PRODUCTS.

AS YOU HEARD FROM MY QUESTION EARLIER TODAY AND FROM DAN'S TALK A FEW SECONDS AGO, THIS THOUGHT OF SELF-CERTIFYING VERSUS TESTING EVERYTHING SEEMS SEEMS A LITTLE REASONABLE AND RATIONAL IN OUR WORLD. AS LONG AS THERE IS A SYSTEM THAT ENCOURAGES DEMANDS CONFIDENCE, THAT AND THE RECIPE THAT CHEATING IS SUFFICIENTLY PUNISHED, THAT IT DOESN'T MAKE ANY SENSE, THEN THAT'S VERY GOOD WAY TO DO IT AND THE

TEAMS COVERING 14 STUFF REALLY BECOMES AN EXCELLENT  
ADJUDICATOR OF DEBATES, SO THANK YOU FOR YOUR  
COMMENTS.

I THINK THERE IS ONE LESS LINE.

SO WE REALLY DO SUPPORT WHAT YOU'RE DOING.

I DIDN'T REALIZE JUST HOW COMPLEX IT WAS UNTIL THIS  
MORNING.

IT'S A HELL OF A CHALLENGE, YOU KNOW, WHICH IS  
HARDER?

GOING TO MARS OR DOING THIS?

I'M NOT QUITE SURE YET AND I KNOW THEY GOT A LOT  
MORE MONEY THAN YOU DO.

SO WE WISH YOU THE BEST OF SUCCESS.

WE'LL BE GLAD TO HELP HOWEVER WE CAN.

WE WOULD LIKE TO OFFER OUR ASSISTANCE, PARTICULARLY  
WHEN YOU'RE TRYING TO DEAL WITH PRODUCTS THAT  
ACTUALLY INVOLVE CHEMISTRY OF CONVERSION.

SO AMASS THE SUPERIORS, THE HEAD MOVES AROUND.

THANKS A LOT.

>> THANK YOU FOR YOUR COMMENTS, BOB.

OUR NEXT SPEAKER IS BRIAN APELLE (PHONETIC).

>>> IS THAT GOOD?

CAN EVERYONE HEAR ME?

MAYBE A LITTLE LOUDER?

I'M A LITTLE TALL.

THIS THING DOESN'T GO UP AS FAR AS I WANT.

I'LL HUNCH OVER A LITTLE BIT.

THANK YOU.

MY NAME IS BRIAN APELLE, CHAIRMAN AND CEO OF WORLD TECHNOLOGIES.

THANK YOU FOR ALLOWING ME TO TESTIFY ON BEHALF OF OUR COMPANY.

AND MANY AMERICANS WHO SHARE OUR FEELINGS.

PURCHASING AGENTS YIELD INFLUENCE IN THE CAPITAL MARKETS AND WHAT THAT MEANS IS, THIS PROCESS IS ONE OF THE MOST IMPORTANT STEPS THAT WE CAN TAKE IN CORRECTING MANY OF THE PROBLEMS THAT AGRICULTURAL FACES TODAY.

WE'RE NOT HERE TO DISCUSS THE DETAILS OF WHAT WE DO FROM A SCIENTIFIC PERSPECTIVE AS DETAILS, THESE DETAILS HAVE BEEN COVERED IN ALL THE RECENT PUBLICITY THAT WE HAVE RECEIVED SURROUNDING OUR TECHNOLOGY, INCLUDING THE FEATURE ON THE COVER OF DISCOVERY IMAGINATION LAST NIGHT.

THE DISCOVERY CHANNEL, SCIENCE CHANNEL FEATURE THAT WAS ON US JUST LAST WEEK.

AND ALL THE ACCOUNTS OF THE MEDIA STORY TELLING OUR

STORY.

INSTEAD, WE'RE HERE TO GAIN SUPPORT OF BROADENING  
THE PROPOSED DEFINITIONS OF BIOBASED PRODUCTS.

AND I HAVE SUBMITTED A MORE DETAILED RESPONSE TO  
THESE COMMENTS TODAY.

WE ENCOURAGE A BROAD-BASED APPROACH IN ESTABLISHING  
THE PROCUREMENT GUIDELINES.

MAKE THE RULES INCLUSIVE AND NOT EXCLUSIVE.

GIVE COMPANIES THAT UTILIZE AGRICULTURAL AND ANIMAL  
WASTE EQUAL FOOTING, IF NOT SPECIAL CONSIDERATIONS  
OVER VIRGIN AGRICULTURAL FOOD CROPS.

MANY INDUSTRIES HAVE A CHANCE TO BE RESPONSIBLE  
FOOD PROCESSOR RENDERERS, FARMERS, SOY BEAN, PETRO  
CHEMICAL COMPANIES AND THE PUBLIC.

WE SATISFIED THE THREE OBJECTIVES CONGRESS HAD IN  
MIND IN ENACTING THIS LEGISLATION, AGRICULTURE WASTE  
UTILIZATION PROVIDES AN ADDED VALUE.

SECOND, AGRICULTURAL WASTE EXISTS IN RURAL AREAS,  
MAKING THE RURAL SETTING AN IDEAL SETTING FOR NEW  
INDUSTRIAL DEVELOPMENTS, AND THIRD BY CONVERTING  
WASTE INTO BIOBASED PRODUCTS, DIPLOMACY ON ENERGY  
IMPORTS CAN HAPPEN MORE QUICKLY.

WE'RE BUILDING THOSE BIOREFINERIES TODAY.

WE WILL OBTAIN JOBS AGAINST THE CURRENT TREND OF  
AMERICA ABANDONING THESE MARKETS.

JOB LOSSES IS AMERICA'S SPIRIT.

THE FACT IS THAT JOBS ARE BEING LOST EVERY DAY.

JUST RECENTLY KRAFT ANNOUNCED 6,000 JOBS THAT WILL  
BE GONE IN 20 FACTORIES AND MOVING 4700 WHITE COLLAR  
JOBS OUT OF THIS COUNTRY.

EVEN LEVI STRAUSS IS MOVING SEWING PLANTS TO CHINA.

THOUSANDS OF SERVICE JOBS ARE BEING EXPORT TO INDIA.

LOU DOBBS SHAME ON YOU IS TOO LONG TO MENTION.

JOBS AND OUR TECHNOLOGY WILL PROVIDE A REAL  
OPPORTUNITY FOR DEVELOPING A BIOBASED ECONOMY IN  
RURAL AMERICA.

WE WILL REDUCE JOB EXPORTS AND DIPLOMACY ON FOREIGN  
SOURCES OF ENERGY WITH A NEW INDUSTRIAL BASE.

WE WILL REDUCE GLOBAL WARMING AND MINIMIZING  
NATIONAL TREASURES FROM FURTHER EXPLOITATIONS IF WE  
WESTERN TO USE THE BILLIONS OF FUNDS OF WASTE  
PRODUCED EVERY YEAR IN THE UNITED STATES.

WE CAN DO THIS ON AN EXPEDITED BASIS.

SINCE THE INFRASTRUCTURE THAT WE NEED TO MAKE THIS  
HAPPEN ALREADY EXISTS.

THE PROCUREMENT PROCESS, DRIVES THE CAPITAL MARKETS.  
UNFORTUNATELY, IT BRINGS OUT THE WORST IN US BECAUSE

SPECIAL INTEREST WILL INFLUENCE YOU AND SUGGEST  
DISCRIMINATORY PRACTICES THAT ELIMINATE ANY  
COMPETITION.

FOR INSTANCE, LOOK AT THE RESTRICTED LANGUAGE ON  
DEFINITIONS OF BIODIESEL.

WE TAKE ANIMAL WASTE, TURN IT INTO REAL DIESEL, BUT  
UNDER THE STRICT DEFINITION, WE DO NOT APPLY FOR  
LARGER, FEDERAL OR STATE INCENTIVE PROGRAMS  
AVAILABLE TO POWERFUL SPECIAL INTERESTS.

THIS PLACES NEW TECHNOLOGIES AT A COMPETITIVE  
DISADVANTAGE AND IT FAILS TO ENCOURAGE INDUSTRY TO  
CLEAN UP ITS WASTE.

IF WE LOOK AT THE RULES ON PAGE 35 OF THE GUIDELINES  
TODAY, THE DEFINITION OF BIODIESELS, THE AMOUNT OF  
ALCOLINE-ESTHER, IN LAYMAN'S TERMS, THIS IS A OIL  
COMBINED WITH AN OIL, FATTY ACID.

COMBINED THROUGH A PROCESS CALLED  
TRANS-ESTERIFICATION, THIS MATERIAL BECOMES A  
SPECIAL INTEREST VERSION OF BIODIESEL.

OUR STORY IS REALLY SIMPLE.

MUCH OF OUR INFLUENCE IS FROM BASIC COMMON SENSE AND  
THE DESIRE TO PUT WEALTH BACK INTO THE CARBOHYDRATE  
COMMITMENT. SOME OF YOU MAY BE FAMILIAR WITH AN

ARTICLE THAT APPEARED IN I BELIEVE "FOREIGN AFFAIRS"  
WRITTEN BY SENATOR LUGER AND IT IS TITLED THE NEW  
PETROLEUM INITIATIVE.

THE GOOD NEWS IS FOR US, THE R & D IS OVER.

WE'RE IN THE DEPLOYMENT PHASES.

WE INVESTED OVER \$75 MILLION WITH CONAGRA FOODS TO  
DEVELOPMENT TECHNOLOGY TO CONVERT ANIMAL AND  
AGRICULTURAL WASTE INTO FUELS AND PRODUCTS.

WE ARE VALIDATING THE NATION'S INVESTMENT IN AND A  
VISION FOR A STRONGER CARBOHYDRATE ECONOMY.

THE FIRST COMMERCIAL PLANT LOCATED IN MISSOURI  
RECEIVED OVER 200 TONS A DAY OF FAT, BONES, SLUDGES  
AND OTHER FOOD PROCESSING WASTES AND CONVERTS THEM  
INTO CLEAN PRODUCTS WITHOUT INCINERATION OR  
COMBUSTION WITH AN 85% ENERGY EFFICIENCY.

THE PROCESS WORKS IN THE FINAL STEPS TO RAMP UP THE  
DESIGN CAPACITY ARE BEING IMPLEMENTED.

THIS IS AT A CONAGRA FOODS TURKEY PLANT IN MISSOURI.  
WE BELIEVE THERE ARE THREE CRITICAL AREAS WE ARE  
FACING TODAY; AND THEY NEED TO BE ADDRESSED BEYOND  
OUR CURRENT IMPLEMENTATION PLANS.

THAT IS TO REALLY PUT A FIRE UNDER RENEWABLE  
ENERGIES.

WE CAN PRODUCE CLEAN FUELS THAT ARE PRODUCED FROM

RENEWABLE SOURCES, CLEAN UP THE ENVIRONMENT THROUGH WASTE UTILIZATION.

ORGANIC MATERIAL CONVERTED SAFELY WITHOUT COMBUSTION WILL BE A GOOD THING FOR ALL OF US AND GLOBAL WARMING.

BECAUSE IF WE TAKE THE MATERIAL THAT'S UP HERE, MUCH LESS FOSSIL FUEL WILL NEED TO BE DUG UP FROM BENEATH THE GROUND.

BY BROADENING THE BIOBASED DEFINITION TO INCLUDE WASTE, WE CAN STIMULATE THE ECONOMY AND PUT WEALTH BACK INTO OUR FARMS.

THE MARKET POTENTIAL IS HUGE.

WE PRODUCE OVER 6 BILLION TONS OF AGRICULTURAL WASTE EACH YEAR IN THE UNITED STATES.

FROM THIS, WE CAN CONVERT TO 4 BILLION BARRELS OF OIL EVERY YEAR ON A RENEWABLE BASIS.

50% OF THAT WOULD BE 2 BILLION BARRELS OF OIL.

COUPLE THIS WITH ENERGY CONSERVATION PROGRAMS AND EVENTUAL INCREASE IN THE CAFE STANDARDS AND WE HAVE A FOUNDATION OR A GOOD PLAN TO MAKE OUR HOMELANDS CLEANER AND SAFER.

THE DUAL CONFLICTING RULES OF THE USDA HAS THEM PROMOTING THE AGRICULTURAL AND SAFETY ISSUES

COMPLICATING OUR DECISIONS.

I APPLAUD AGRICULTURE AND SECRETARY VENEMAN  
RESPONSE TO THE CURRENT SITUATION AT HAND.

WE NEED TO GO FURTHER AND THIS IS JUST THE  
BEGINNING.

OUR FOOD CHAIN PROBLEMS ARE LARGER THAN THEY ARE ON  
THE FRONT PAGE OF NEWSPAPERS EVERY DAY.

IF YOU PICK UP ANY OF THESE, YOU'LL SEE ARTICLES ON  
INCREASED DISEASES FROM THE FLU, BIOACCUMULATION OF  
TOXINS, INCLUDING DIOXONS, ALL THE CAPO PRACTICES  
WHICH PRODUCE A MANURE NUTRIUM IMBALANCE.

EXCESSIVE ANTIBIOTIC AND GROWTH USE, FEEDING AND  
RENDERING TO ANIMALS AND THE WORRIES ABOUT WHETHER  
FOODS ARE LIGHT, TRANSFATS, ET CETERA.

IT'S A VERY COMPLICATED WORLD.

ONE FACTOR THAT CAN BE LINKED TO WHAT I MENTIONED IS  
WASTE ASSOCIATED WITH THIS INTENSIVE FARMING  
PRACTICE AND MENTALITY.

WE APPLAUD THE EFFORTS OF ENCOURAGING THE INCREASED  
USE OF FOODS, CROPS, LIKE ETHANOL IN CORN.

ETHANOL FROM CORN AND BIODIESELS FROM SOY BEANS BUT  
LEAVING OUT AGRICULTURAL AND ANIMAL WASTES, WE WILL  
CONTINUE FAIL PUBLIC IN ADDRESSING ONE VERY BIG  
PROBLEM FACING SOCIETY TODAY.

THESE EXCLUSIVE PROGRAMS MISS THE POINT, THAT WASTE IS ONE OF THE MANY ISSUES FACING AGRICULTURE TODAY.

B.S.E. CAN BE THE CAT A LIFT FOR CHANGE.

THE PROCUREMENT PROCESS CAN BE THE MAJOR TOOL, AN INCENTIVE PLATFORM TO FORCE INDUSTRY TO DO THE RIGHT THING IN PROVIDING NECESSARY INCENTIVES TO STIMULATE INVESTMENT ACTIVITY.

WASTE OR RECYCLEABLE MATERIALS ARE TO BLAME FOR MOST OF THE OUTBREAKS OF THE DISEASE AND THE ACCUMULATION OF TOXINS IN OUR FOOD CHAIN.

SOME RECENT EXAMPLES OF THE PROBLEMS WE FACE CAUSE THE TAXPAYER THE \$100 BILLION.

3.8 BILLION IN A COUNTRY OF THE U.K.

WE VIRTUALLY STOPPED OUR EXPORTS.

THERE HAS BEEN DEADLY OUTBREAKS OF NE IN PIGS IN ASIA.

WE'VE HAD RECENT OUTBREAKS OF A FLU IN ASIA.

WE'VE HAD E. COLI.

HEPATITIS, PARASITES, DEPRESSING MARKETS, ALL THE COMPLICATED ISSUES WITH THE KAFOS.

FDA WARNINGS TO LIMIT RECENT INTAKE.

RECENT WARNINGS TO LIMIT CONSUMPTION OF MEATS AND FISH BECAUSE OF THE LEVEL OF DIOXINS.

WE HAVE NOT TAKEN ALL THE NECESSARY REACTION TO MAKE  
FOOD SAFE OR HAVE MADE -- OR HAVE MADE THE RIGHT  
CHOICES BECAUSE THE LEADERSHIP DOES NOT HAVE A VERY  
GOOD SET OF OPTIONS AVAILABLE TO THEM UP UNTIL NOW.  
THEY MADE THE ONLY CHOICES THEY COULD.

BECAUSE FURTHER CHANGES WOULD HURT THE CAPITAL  
MARKETS.

WASTE AND ANIMAL BYPRODUCTS AS FEED MEAL NEEDS TO BE  
STOPPED.

THE B.S.E. STORY HAS JUST BEGUN.

JUST YESTERDAY, IT WAS REPORTED THAT THERE IS A  
POSSIBLE LINK BETWEEN B.S.E. AND BLOOD TRANSFUSIONS.  
WE MUST TAKE ACTION TO FIX THESE PROBLEMS CAUSED IN  
LARGE PART BY AGRICULTURAL WASTE BYPRODUCTS.

WE MUST TREAT THE WASTE MATERIAL AND DIVERT IT AWAY  
FROM THE FOOD CHAIN, PROTECTING ANIMAL IN HUMAN  
HEALTH HAS BEEN OVERSHADOWED BY THE DEMANDS OF  
COMPETING IN A GLOBAL ECONOMY TO DO BOTH.

THERE ARE NO NEGATIVES IF WE DIVERT THE FOOD, WASTE  
AND MANURES AWAY FROM THE FOOD CHAIN ANY LONGER.

THE MARKETS WILL DRIVE AWAY THESE PRACTICES  
CONSIDERABLY AS ORGANIC FOOD IS NO LONGER FOR THE  
FEW HIPPIES THAT WE HAD YEARS AGO.

EVEN THE LOCAL LABELS IN OUR -- ARE SAYING THINGS

SUCH AS -- I GRABBED A FEW OF THESE, NO DRUG, NO PESTICIDES, NO ANTIBIOTICS, ONLY WHOLE GRAIN-FED. ALTERNATIVE VEGETABLE DYE, NO ANTIBIOTIC ADMINISTERED IN NO ANIMAL PRODUCT.

THIS IS MAINSTREAM USA.

BY DEPLOYING A SENSIBLE SOLUTION THAT IS AFFORDABLE WE WILL MINIMIZE THE FINANCIAL IMPACT CAUSED BY A TOTAL RENDERING.

A NEW SYSTEM THAT DIVERTS PROTEINS AWAY FROM THE FEED WILL ELIMINATE THE ANALYSIS AND FORCE INDUSTRY TO CHANGE FOR THE BETTER.

THIS WILL INCREASE DEMANDS FOR CROPS, SUCH AS CORN AND SOY BEAN, WHICH IS NEEDED TO REPLACE THE PROTEINS FROM RENDERED MATERIAL.

THE APPROACH TO DIVERT PROTEINS AWAY FROM THE FOOD CHAIN WILL MINIMIZE VIRUSES LIKE B.S.E. AND THE ACCUMULATION OF TOXINS CAUSED BY THE RECYCLING OF ANIMAL PARTS INTO ANIMAL FEED.

A THERMAL CONVERSION PROCESS BREAKS THE CYCLE OF FEEDING ANIMALS-TO-ANIMALS.

THE TPC PROCESS OPERATES IN A WATER ENVIRONMENT AT TEMPERATURES FAR ABOVE THOSE TO DESTROY PATHOGENS.

WE HAVE A MEDICAL WASTE PROCESS IN NEW YORK AND

STUDY THIS CONSIDERABLY.

IN ADDITION, THE PROCESS DESTROYS HORMONES,  
PESTICIDES, HERBICIDES, AND PERSISTENT CHEMICALS  
THAT HAVE ACCUMULATED IN THE FOOD CHAIN.

MANY OF THE WORLD'S DESTRUCTIVE CHEMICALS ARE DIOXIN  
OR CHLORINE BASED.

THEY LODGE IN FARM ANIMALS AND FISH.

AN INCREASE IN DIOXINS IS WHAT YOU EXPECT WHEN  
FEEDING CARCASSES BACK TO ANIMALS AND FISH.

WE DO NOT COMBUST ANYTHING AVOIDING DIOXINS.

EUROPE HAS ESTABLISHED THE DIOXIN LEVELS IN FOOD.

WE CAN BUILD THESE BIOREFINERIES TODAY AND WASTE  
UTILIZATION FACILITIES FOR A CARBOHYDRATED ECONOMY  
IF WE CONSIDER THE VALUE OF THE PROCUREMENT PROCESS  
ON THE CAPITAL SYSTEMS.

WASTE UTILIZATION MEANS LESS FOSSIL FOOD WILL NEED  
TO BE EXTRACTED FROM THE GROUND, MINIMIZING GLOBAL  
WARMING EFFECTS, OF ADDING NEW CO2 AND CARBON GASES  
TO IT.

THIS MATERIAL IS ALREADY ON THE EARTH'S SURFACE.

WE ASK TO YOU PLEASE SUPPORT A BORDER DEFINITION  
THAT IS INCLUSIVE AND ENCOURAGES THE UTILIZATION OF  
AGRICULTURAL WASTE IN YOUR DECISIONS.

IT WILL SOLVE MANY OF OUR PROBLEMS.

THANK YOU FOR YOUR TIME.

>> THANK YOU.

BRIAN, DO YOU HAVE A HARD COPY OF YOUR COMMENTS?

>> I GAVE IT.

IT'S IN THE 14 PAGES THAT I SUBMITTED.

>> YOU MEAN THESE COMMENTS?

>> RIGHT. I CAN GIVE YOU THAT, TOO.

>> THANK YOU FOR YOUR COMMENTS, BRIAN.

OUR NEXT SPEAKER WILL BE PROFESSOR ROMANI NURION

(PHONETIC).

>>> I THOUGHT THAT WAS THE SIGN-UP SHEET.

>> YOU DON'T HAVE COMMENTS?

>>> I JUST WOULD MAKE ABOUT THE ATSM STANDARDS, THE QUICK THING ON THIS IS THAT THE ATSM COMMITTEE HAS BEEN DEVELOPING STANDARDS IN THE BIOBASED PRODUCTS AREA AND IN THE BIODEGRADABLE PLASTICS AND WE CONTINUE TO DO THIS.

WE ARE CERTAINLY SUPPORTIVE OF THE PROGRAM ACTIVITIES WITH THE USDA IS DOING AND THROUGH ASTM, WE WILL PROVIDE THE STANDARDS NECESSARY TO SUPPORT THAT.

>>> THANK YOU FOR YOUR COMMENTS.

IN THAT CASE, OUR NEXT SPEAKER IS BILL HOLMBERG.

(PHONETIC).

>>> ROGER, I NEED ANOTHER FIVE MINUTES TO FINISH  
WRITING MY PRESENTATION.

>> YOU SOUND LIKE A MARINE.

>>> THERE ARE AT LEAST TWO OF US HERE.

MY NAME IS BILL HOLMBERG.

I'M CHAIRMAN OF THE NEWS COUNCIL.

ON BEHALF OF THE COUNCIL, THE SUSTAINABLE COALITION  
AND AMERICAN COALITION OF RENEWABLE ENERGIES, I  
REALLY WANT TO THANK THE DEPARTMENT OF ENERGY FOR  
THIS MAGNIFICANT EFFORT FOR BIOBASED FUEL.

YOU CAN COUNT ON US TO DO WHAT WE CAN TO HELP THIS  
PROCESS ALONG.

DON'T FORGET THE OTHER RENEWABLE TECHNOLOGIES, EVEN  
THOUGH THEY'RE NOT DIRECTLY AFFECTED, WE ARE ALL  
LIKE-MINDED PEOPLE LOOKING FOR A SUSTAINABLE  
RENEWABLE SOCIETY.

I WANT TO REINFORCE THE COMMENTS OF MY COLLEAGUE ANN  
MATARAK (PHONETIC) OF THE BIOBASED MANUFACTURER'S  
ASSOCIATION, OUR SISTER ORGANIZATION.

AND THE COUNCIL AND BMA HAVE WORKED TOGETHER FROM  
THE VERY BEGINNING.

IN THE BIOFUELS AREA, WE PROPOSE A BLEND OF ETHANOL  
OF 10% BE DESIGNATED AS A RENEWABLE ADDITIVE IN

GASOLINE AS COMPARED TO 85 WHICH IS A RENEWABLE BIOFUEL.

THE BIODIESEL AREA, WE PROPOSE BLENDS UP TO 10%, DEMONSTRATING DIVERSITY IN ENVIRONMENTAL BENEFITS BE DESIGNATE AS A FUEL ADDITIVE UP TO 10%.

FURTHER, THAT ANY BIOFUEL MEETING PERFORMANCE AND OTHER REQUIREMENTS BE ACCEPTED, JUST NOT BIODIESEL, WHICH HAS ALREADY BEEN POINTED OUT DOES NOT INCLUDE ALL THE OTHER BIOBASED OILS IN THE PROCESS OF BEING PRODUCED.

WHILE IT IS LIKELY IMPOSSIBLE THAT A VEHICLE WILL NOT BE CLASSIFIED AS A BIOBASED PRODUCT, IT IS ENTIRELY POSSIBLE THAT THE PANELING, SEAT CUSHION, CARPETING, OILS, LUBRICANT, HYDRAULIC FLUIDS, CAN BE MADE FROM BIOBASED MATERIALS AND A SPECIAL CONSIDERATION SHOULD BE GIVEN TO ENCOURAGE THE GOVERNMENT TO PURCHASE VEHICLES THAT HAVE BIOBASED MATERIALS IN THEM AS OPPOSED TO OTHER VEHICLES THAT ARE NOT -- DON'T CONTAIN ANY -- EXCUSE ME, BIOBASED MATERIALS.

EXCUSE ME.

THE SAME WOULD PERTAIN TO HYBRID ELECTRIC VEHICLES. THEY SHOULD BE ENCOURAGED TO INCLUDE ENGINES THAT

RUN ON BIOBASED FUELS.

AS I UNDERSTAND IT, THE UNIVERSITY OF MASSACHUSETTS AT LOWELL IS UNIQUELY POSITIONED TO DO TESTING OF BIOBASED MATERIALS.

THERE IS A STATE LAW THAT REQUIRES THEY DO THIS TESTING FOR BIOBASED MATERIALS PURCHASED WITHIN THE STATE OF MASSACHUSETTS.

THERE ARE SOLICITATIONS THAT FREQUENTLY GO OUT FROM THE DEPARTMENT OF ENERGY AND USGA TO ENCOURAGE THE DEVELOPMENT OF BIOBASED PRODUCTS.

IT WOULD SEEM TO ME THOSE SOLICITATIONS SHOULD BE OPEN TO OPPORTUNITIES TO TAKE THE EDUCATION AND INFORMATION AND PROCEDURES AND DEVELOP AT THE UNIVERSITY OF MASSACHUSETTS, WELL AND TO MOVE THOSE TO OTHER UNIVERSITIES AROUND THE COUNTRY AND EXTENDS THAT CAPABILITY DOWN TO TECHNICAL AND COMMUNITY COLLEGES.

IT SEEMS TO ME TO DO THIS JOB THAT IS BEFORE US, WE HAVE A GREAT, A MUCH LARGER NUMBER OF TESTING FACILITIES, BRINGING THEIR TALENTS TO BEAR ON THE JOB THAT'S AHEAD.

THANK YOU.

>> THANK YOU, BILL.

DO YOU HAVE HARD COPY OF YOUR COMMENTS FOR US?

OKAY.

VERY GOOD.

THANK YOU FOR YOUR COMMENTS, BILL.

OUR NEXT SPEAKER IS VICKI WHITE.

>>> HI, MY NAME IS VICKI WHITE.

I'M WITH LC INDUSTRIES.

LC INDUSTRIES IS A NON-PROFIT ORGANIZATION AND  
ASSOCIATE MEMBER OF THE NATIONAL INDUSTRIES FOR THE  
BLIND.

WE ARE THE PRIMARY SUPPLIER OF CUTLERY TO THE U.S.  
GOVERNMENT AND THE MILITARY.

WE SELL 3 TO 4 MILLION POUNDS OF CUTLERY PER YEAR TO  
THE GOVERNMENT.

LC INDUSTRIES HAS WORKED WITH MGP INGREDIENTS, INC.,  
LOCATED IN ATCHESON, KANSAS TO DEVELOP A BIOBASED  
RESIN IN CUTLERY TO SUPPLY TO THE U.S. GOVERNMENT  
THIS CUTLERY HAS 60% BIOBASED BIODEGRADABLE  
INGREDIENT. THIS CUTLERY HAS PASSED ALL THE TESTS  
REQUIRED BY THE COMMERCIAL ITEM DESCRIPTION AA-3109  
IN RECENT MILITARY CAFETERIA TEST, CONDUCTED BY THE  
ARMY RESEARCH LABORATORY AND THE DEFENSE DEPARTMENT,  
THIS WAS WELL AFFECTED BY CONSUMERS.

MGP HAS SAID THIS CAN BIODEGRADE IN COMPOST, WATER

AND TO SOME EXTENT (INAUDIBLE).

THE CUTLERY PERFORMS VERY WELL IN COLD OR HOT FOOD SYSTEMS.

MGP AND LC INDUSTRIES HAVE INVESTED MILLIONS OF DOLLARS TO DEVELOP THIS BIOBASED RESIN AND CUTLERY AND ARE READY FOR DISTRIBUTION. THIS CUTLERY HAS RECEIVED VERY FAVORABLE CONSUMER RESPONSE FROM POTENTIAL BUYERS.

WE ARE VERY ENCOURAGED THAT THE RECENT RESIDENTIAL EXECUTIVE ORDERS AND THE AUTHORITY OF SECTION 9002 OF THE FARM SECURITY INVESTMENT ACT ENCOURAGES THE USE OF BIOBASED AGRICULTURAL PRODUCT.

WE SUPPORT THIS ENVIRONMENTALLY POSITIVE EFFORT.

HOWEVER, TECHNICAL DIFFICULTIES ARE ENCOUNTERED WHEN BIOBASED INGREDIENTS ARE PROCESSED INTO BIOBASED PRODUCT.

THERE ARE TECHNICAL CHALLENGES IN MAKING THE RESIN AS WELL AS MECHANICAL CHALLENGES IN THE MOLDING PROCESS.

MGP AND LC INDUSTRIES HAS OVERCOME MOST OF THESE CHALLENGES AND HAS REDUCED A VERY GOOD CUTLERY PRODUCT.

HOWEVER, 60% IS THE OPTIMUM OF BIOBASED INGREDIENT THAT CAN BE INCORPORATED INTO THIS RESIN AT THIS

TIME.

THE PERFORMANCE OF THE CUTLERY BEGINS TO DECLINE WHEN THE LEVEL OF BIOBASED MATERIAL FURTHER INCREASES.

LC INDUSTRIES, THEREFORE, REQUESTS THAT THE MINIMUM LEVEL OF BIOBASED INGREDIENTS IN THE CUTLERY TYPE OF PRODUCTS BE LOWERED FROM 75% TO 60%.

QUITE A LOT OF RESEARCH HAS BEEN DONE TO INCREASE AND IS ONGOING TO INCREASE THE LEVEL OF BIOBASED CONTENT PRODUCTS AND THIS MAY BE ACCOMPLISHED IN THE FUTURE.

AT THIS TIME, WE BELIEVE THAT THE PRODUCT IS AVAILABLE, FUNCTIONAL, AND CAN BE DELIVERED WITHIN 30-TO-60 DAYS.

THIS PRODUCT HAS PASSED ALL THE TESTS REQUIRED AND, FROM OUR KNOWLEDGE, IS THE BEST BIOBASED CUTLERY OF THIS TYPE AVAILABLE TO THE MARKET.

PRODUCTS HAVING HIGHER BIOBASED INGREDIENTS WILL BE PREFERRED AND THIS IS THE OBJECTIVE TO BE MET AS IMPROVEMENTS ARE MADE IN THE FUTURE.

AT THE MOMENT, THE BEST PRODUCT WE CAN DELIVER CONTAINS 60% BIOBASED MATERIAL.

MGP AND LC INDUSTRIES RECOMMEND THE FINAL GUIDELINES

INCLUDE THE MAXIMUM LEVELS TO BE IDENTIFIED AS 60%  
FOR CUTLERY-TYPE PRODUCTS.

WE ALSO RECOMMEND THAT THESE STANDARDS BE REVIEWED  
ANNUALLY TO REFLECT ANY ADVANCES IN TECHNOLOGY.

LC INDUSTRIES FURTHER RECOMMENDS THAT THE COSTLY  
CARBON 14 TEST TO DETERMINE BIOBASED CONTENT OF  
RESINS SHOULD ONLY BE USED AS A CHALLENGE TO  
BIOBASED CLAIMS.

THANK YOU.

>> THANK YOU, VERY MUCH, FOR YOUR COMMENTS, VICKIE,  
DO YOU HAVE A HARD COPY OF YOUR COMMENTS FOR US?  
VERY GOOD.

THANK YOU.

OKAY.

OUR NEXT SPEAKER MAKING COMMENTS IS JOSEPH KOCH.

>>> THANK YOU, MR. CONNELLY.

I'D LIKE TO START BY SAYING, WE THINK THE DEPARTMENT  
OF AGRICULTURE AND THE PANEL HERE THIS AFTERNOON HAS  
THE OPPORTUNITY TO THE PRESENT ON SECTION 9002 OF  
THE FARM SECURITY ENROLLMENT INVESTMENT ACT OF 2002  
OR MORE SPECIFICALLY AS I'VE LEARNED THIS MORNING,  
FB 4-9.

MY NAME IS JOSEPH COOK.

I'M THE GENERAL MANAGER OF PERDUE FARMS AND SERVE AS

PERDUE. JOINING ME IS TOM FERGUSON, THE DIRECTOR OF SALES AND MARKETING FOR PERDUE AGRA RECYCLE.

I JOINED PERDUE FARMS IN JULY OF 2003. PRIOR TO, THAT I SERVED AS THE CHIEF OPERATING OFFICER FOR SOUTHERN STATES COOPERATIVE IN RICHMOND, VIRGINIA. FOR THE PAST 25 YEARS, I HAVE BEEN ACTIVELY INVOLVED IN THE AGRICULTURAL INDUSTRY, MORE SPECIFICALLY, IN THE COMMERCIAL FERTILIZER INDUSTRY.

TOM FERGUSON HAS BEEN WITH PERDUE AGRA RECYCLES SINCE THE INCEPTION IN 1999 AND HAS BEEN A INDUSTRY LEADER FOR THE PAST 18 YEARS.

PERDUE FARMS IS WELL KNOWN AS AN INNOVATIVE POULTRY MARKETER HEAD QUARTERED ON THE EASTERN SHORE OF MARYLAND.

WE ARE THE THIRD LARGEST POULTRY MARKETER IN THE UNITED STATES.

FOR MANY YEARS, PERDUE FARMS HAS BEEN THE QUIET PROFESSIONAL DEVOTING SIGNIFICANT TIME AND MONEY TO DEVELOPING INNOVATIVE SOLUTIONS IN RESPONSE TO OUR ENVIRONMENTAL RESPONSIBILITY.

SEVERAL YEARS AGO, IT BECAME APPARENT A SOLUTION NEEDED TO BE DEVELOPED CONCERNING SURPLUS POULTRY LITTER.

WHILE VARIOUS LEGISLATIVE BODIES DEBATED HOW TO DEAL WITH THIS PUBLIC POLICY. PERDUE RESPONDED WITH ACTION. IN JULY OF 2000, PERDUE FARMS, INCORPORATED AND PERDUE AGRA RECYCLE CONDUCTED A \$15 MILLION STATE-OF-THE-ART POULTRY RECYCLING FACILITY.

THROUGH THIS PRIVATE VENTURE SOLUTION WE COLLECT RAW LITTER, WHICH IS WOOD SHAVINGS FOR MORE THAN 100 POULTRY HOUSES ALONG THE EASTERN SHORE AND PROCESSES IT INTO ORGANIC FERTILIZER.

WORKING WITH POULTRY PRODUCERS, INCLUDING THOSE FROM COMPETING POULTRY COMPANIES, WE IMPLEMENTED THIS VISIONARY SOLUTION TO MANAGE NITROGEN AND PHOSPHORUS IN THE SOIL.

PERDUE HAS SUCCESSFULLY MOVED APPROXIMATELY 100,000 TONS OF LITTER OFF THE SHORE SINCE WE BEGAN PRODUCTION.

WHILE THIS MAY SEEM LIKE A LARGE AMOUNT, IT PALES IN COMPARISON TO THE 3 TO 400,000 SURPLUS LITTER PRODUCED ON THE SHORE EACH YEAR.

IT HAS PRODUCED ALL THE RECYCLE MORE LITTER.

REGRETTABLY, WE ARE CHALLENGED IN OUR EFFORT TO DEVELOP MARKETS FOR OUR ORGANIC FERTILIZER PRODUCT AND TO IMPROVE THE EFFICIENCY OF OUR PLANT.

A MAJOR PART OF DEVELOPING MARKETS IS EDUCATING THE

CONSUMER AND THE GENERAL PUBLIC ON THE VALUE OF BIOBASED PRODUCT AS AN ENHANCEMENT FOR COMMERCIAL FERTILIZERS AS WELL AS ITS IMPORTANCE TO IMPROVING OUR ENVIRONMENT.

OUR PRODUCT IS CURRENTLY BEING USED IN AGRICULTURE, GOLF COURSE AND HOMEOWNER MARKETS.

THE ADOPTION OF THE PROPOSED USDA REGULATION ON THE PROCUREMENT OF BIOBASED PRODUCTS WILL OPEN UP AN ADDITIONAL MARKET THAT WILL AID IN OUR EFFORT TO TAKE MORE LITTER OFF THE EASTERN SHORE.

THE FEDERAL GOVERNMENT IS ONE OF THE LARGEST CONSUMERS OF THE COMMERCIAL FERTILIZERS IN THE UNITED STATES.

THE FEDERAL GOVERNMENT USES INCLUDE LANDSCAPING, AGRICULTURE, BIO-REMEDIATION, ROADSIDE MAINTENANCE AND EROSION CONTROL.

BY INCLUDING BIOBASED PRODUCTS IN THE PROCUREMENT, THE PREFERRED PROCUREMENT PROGRAM, USDA WILL SUPPORT AN ENVIRONMENTALLY FRIENDLY PRODUCT AND MAY ULTIMATELY REDUCE THE FUNDS SPENT BY THE FEDERAL GOVERNMENT ON ENVIRONMENTAL SOLUTION FOR THE CHESAPEAKE AND INLAND BAYS.

THE ADOPTION OF THE PROPOSED RULES MAY PROVE A

SIGNIFICANT ADVANCE IN SUPPORTING THE USE OF CONTENTS, SUCH AS OUR LITTER RECYCLING PROJECT AS A NATIONAL MODEL FOR MANAGING NUTRIENTS IN AGRICULTURE.

THE FOLLOWINGS ARE SOME OF OUR PERDUE'S COMMENTS ON USDA PROPOSED RULES SECTION 9002.

PROPOSED SECTION 2902, ITEMS AND MINIMUM FILE-BASED CONTENTS FERTILIZER CATEGORY.

WE AGREE WITH THE 80% MINIMUM BIOBASED CONTENT.

WHILE IT WILL ENABLE US TO WORK IN CONJUNCTION WITH COMMERCIAL FERTILIZERS TO MEET THE SPECIFIC NEEDS OF THE GOVERNMENT NUTRIENT SPECIFICATIONS.

PROPOSED SECTION 2902, FUNDING FOR TESTING, WE SUPPORT THIS INITIATIVE.

PERDUE INTENDS THOUSANDS OF DOLLARS ANNUALLY TO VERIFY THE NUTRIENT VALUE AND PATHOGEN CONTENT OF OUR PRODUCT WE WOULD LIKE FOR TO YOU CLARIFY FOR US WHETHER THIS FUNDING PROGRAM WOULD OFFSET SOME OF OUR TESTING COSTS.

PROPOSED SECTION 2902.2, THE APPLICABILITY TO FEDERAL GOVERNMENT AGENCIES AND EXCEPTIONS TO PROCUREMENT OF BIOBASED ITEMS AS WAS DISCUSSED IN DETAIL THIS MORNING, I THINK THAT WE ALL WOULD RECOMMEND THAT THE USDA TAKE A LOOK AT HOW THE

DEFINITION OF THE \$10,000 MINIMUM THRESHOLD IS  
ADDRESSED.

FROM OUR CASE, WE FEEL LIKE TO FEDERAL GOVERNMENT AS  
A WHOLE IS A MAJOR USE OF FERTILIZER PURCHASES, BUT  
THEY USUALLY ARE MAKING THOSE PURCHASES IN MUCH  
SMALLER QUANTITIES.

THE PROPOSED SECTION 2902.1.

COMMUNICATING INFORMATION ON QUALIFYING BIOBASED  
PRODUCTS, WE SUPPORT THIRD-PARTY REVIEW PERDUE AGRA  
RECYCLE RECOMMENDS THE USDA RECOMMENDS THE  
FERTILIZER INDUSTRY STANDARDS SET BY THE ORGANIC  
MATERIALS AND REVIEW INSTITUTE AND THE NATIONAL  
ORGANIC PRODUCTS.

WE CONCUR WITH THE REGULATIONS FOCUS ON COMPETITIVE  
PRICING WITH COMMERCIALY COMPARABLE PRODUCTS IN  
MEETING USDA'S OBJECTIVES WITH A CERTIFIED BIOBASED  
LABEL.

WHICH INCLUDES CONVERTING DEMANDS, SPURRING THE  
DEVELOPMENT OF EVALUATED AGRICULTURAL PROCESSING AND  
MANUFACTURING AND ENHANCING THE NATION'S ENERGY  
SECURITY BY SUBSTITUTING BIOBASED PRODUCTS.

WE AGREE WITH THESE OBJECTIVES AND FEEL STRONGLY  
THAT OUR PRODUCT MEETS THESE OBJECTIVES.

IN ADDITION, OUR PRODUCT PROVIDES A SOLUTION TO  
IMPROVING THE ENVIRONMENT.

SPECIFICALLY, THE ENVIRONMENTAL CHALLENGES FACING  
THE CHESAPEAKE AND INLAND BAYS.

THIS IN TURN WILL HELP KEEP AGRICULTURE ALIVE,  
ENVIRONMENTALLY FRIENDLY IN THE MID-ATLANTIC REGION.

IN CLOSING, ON BEHALF OF PERDUE FARMS, INCORPORATED,  
AND PERDUE AGRA RECYCLE, I COMMEND THE USDA FOR  
ADDRESSING THE CRITICAL NEXT STEP IN MAKING BIOBASED  
PRODUCTS AN ACCEPTABLE CHOICE FOR CONSUMERS.

ULTIMATELY, THIS USDA RULE WILL MAKE BIOBASED  
PRODUCTS THE BUYING PREFERENCE.

WE APPRECIATE THIS OPPORTUNITY TO PARTICIPATE IN  
USDA'S RULE-MAKING PROCESS.

THANK YOU.

>> THANK YOU FOR YOUR CONFERENCE, JOSEPH.

DO YOU HAVE A HARD COPY FOR US?

>> YOU SHOULD HAVE IT.

>> VERY GOOD.

OUR FINAL SPEAKER LISTED IS LEE NYE WITH MGPI.

>>> GOOD AFTERNOON.

MY NAME IS LEE NYE.

I'M A SENIOR RESEARCH (INAUDIBLE) IN CHARGE OF THE  
RESEARCH PROGRAM.

MY COMPANY MGP, INC. THE PREVIOUS SPEAKER MENTIONED  
THE COMPANY NAME.

WE ARE LOCATED IN ATCHESON, KANSAS.

AND OVER THE YEARS, WE HAVE DEVELOPED TWO RESIN  
COMPOUNDS MADE OF BIO-EXTRUSION PROCESS.

ONE PRODUCT LINE IS A COMPATIBLIZED STARCH,  
(INAUDIBLE).

THE OTHER PRODUCT LINE IS A STARCH POLYESTHER RESIN  
BLENDS THAT IS ALSO BIODEGRADABLE.

ALSO THESE RESIN PRODUCTS CONTAIN MINIMUM OF 65%  
STARCH IN THE RESIN FORMULATION.

OUR GOAL IS TO UTILIZE AND ALSO TO MAXIMIZE THE USE  
OF RENEWABLE AND AGRICULTURE-TYPE OF PRODUCT FOR NEW  
USES.

BY PROVIDING BENEFICIAL PROPERTIES, SUCH AS REDUCED,  
WARPING AND A SHRINK PITCH, INCREASE THE MODULUS?  
NEW FEEL AND LOOK FOR THE PRODUCT, ENHANCE THE  
BIODEGRADATION FOR THE BIODEGRADABLE AS WELL AS THE  
COST REDUCTIONS.

ONE OF THE APPLICATIONS CURRENTLY WE ARE LOOKING FOR  
IS BIODISPOSABLE CUTLERY TYPE OF PRODUCT.

PROPERLY MIXED WITH OUR RESINS, HAVE PASSED ALL THE  
PHYSICAL AS WELL AS CHEMICAL CONSUMER TESTS.

THESE PRODUCTS ARE READY TO GO TO THE MARKET TODAY.  
OUR RESIN PRODUCTS MADE BY REACTIVE EXTRUSION  
PROCESS WHERE WE USE COMPATIBLIZERS TO CHEMICALLY  
BIND THE STARCH ON ONE END AND ALSO TO ENTANGLE WITH  
THE MATRIX ON THE OTHER END.  
THIS RESULTS IN GREATLY IMPROVED MECHANICAL  
PROPERTIES THAT CANNOT BE OTHERWISE ACHIEVED.  
THESE RESIN PRODUCTS ARE NOT A SIMPLE FILLER MATRIX  
BLEND.  
AS A MATTER OF FACT, THEY REALLY BELONG TO  
COMPOSITES.  
IN THE COMPOSITE CATEGORY, THEY ARE BEST TO DESCRIBE  
AS THE PARTICULARLY COMPOSITES AS DEFINED IN THE  
ENENCYCLOPEDIA OF COMPOSITES.  
COMPOSITES CAN INCLUDE FIBER COMPOSITES AND A  
PARTICULAR COMPOSITE.  
MOST PEOPLE ARE VERY FAMILIAR WITH THE FIBER  
COMPOSITES.  
NOW, FOR A PARTICULARLY COMPOSITES MADE BY REACTIVE  
EXTRUSION AND A MOLDING PROCESS, THERE IS THE  
PRACTICAL LIMITATION ON HOW FAR YOU CAN GO ON THE  
FILLER CONTENT, WHILE YOU TRY TO PUSH FOR THE  
MAXIMUM USE OF THE BASED MATERIALS.  
THE PROBLEM REALLY COMES FROM THE DIFFICULTY IN

PROCESSING THE COMPOUNDING EXTRUSION AS WELL AS THE INJECTION MOLDING PROCESS.

ALL THIS OF COURSE PROVIDES FILLERS THAT CREATES HIGH VISCOSITY AS WELL AS STABILITY FOR THE RENEWABLE-TYPE OF MATERIALS.

ALSO ON THE MECHANICAL PROPERTIES, WE DO CARRY AND MAINTAIN THE PENCIL STRENGTH, BUT THE IMPACT PROPERTY CAN BE COMPROMISED TOO MUCH.

WHEN WE TRY TO PUSH THE FILLER CONTENTS, THEY'RE ABOVE 70%.

SO OUT OF THESE PRACTICAL CONSIDERATION, THE OPTIMUM FILLER CONTENTS INVOLVING THE RENEWABLE BIOBASED MATERIALS, IT IS BEST CONTROLLED IN THE RANGE OF, IN THE NEIGHBORHOOD OF 65 TO 80%.

THIS IS TRUE FOR THE KIND OF PRODUCTS WE HAVE BEEN DEVELOPING.

IT IS ALSO TRUE FOR THE COMMERCIALY VERY SUCCESSFUL WOOD PLASTIC COMPOSITE PRODUCTS.

AND IT IS ALSO TRUE FOR THE SHORT FIBER COMPOSITE PRODUCTS FOR EXTRUDING, PROFILE AND INJECTION MOLDING.

SO HERE WE HAVE TWO RECOMMENDATIONS.

IT SHOULD BE A NEW COMPOSITE CATEGORY AND A CATEGORY

OF COMPOSITE NOW, PRODUCTS WITH OUR RESINS CAN BE CLASSIFIED UNDER, THIS IS A COMPOSITE OF PANELS, SUBCATEGORY, BASED ON THE EXAMINATION EXAM POST LISTED IN THE GUIDELINES.

HOWEVER, THIS WORD PANEL IS SOMEHOW UNNECESSARILY LIMITING.

OUR SECOND RECOMMENDATION WE LIKE TO RECOMMEND A MINIMUM OF 60% BIOBASED MATERIAL REQUIREMENT FOR PARTICULARLY COMPOSITES.

OR WE CAN LOWER THE MINIMUM REQUIREMENT AROUND 70% TO 60% UNDER THE COMPOSITE PANELS SUBCATEGORY.

BIODEGRADABLE AND COMPOSITABILITY ARE PROPERTIES NATURALLY ASSOCIATED WITH THOSE RENEWABLE RESOURCES BY MATERIAL.

IN EXTENDING THE USE OF BIOMATERIAL AND THE BIODERIVED MATERIALS FOR NEW USES, SUCH PROPERTIES MAY BE RETAINED.

THEY MAY ALSO BE COMPROMISED.

BIODEGRADABILITY CAN BE IN CERTAIN FUNCTIONAL EXAMINATION.

THE EXAM POST BEING THE COMMON GROUND AND THE STAPLE, POTTINGS FOR THE GARDENING, TREE PROTECTION WRAPPERS, BAGS FOR LAWN WASTE, ET CETERA.

NOW, WHEN IT COMES TO THE WASTE MANAGEMENT BEING

BIODEGRADABLE AND FURTHER COMPOSTABLE, IT COULD BE A BENEFIT IN BIOORGANIC WASTE RECYCLING.

COMPOSTING PROVIDES THE MEANS TO RECYCLE ORGANIC MASS IN A WAY INTO BACK INTO NATURE.

PLASTICS OR COMPOSITES CAN BE COME BOAST THE BIOMASS OR BIBIOWASTE.

IF THIS IS DEEMED BENEFICIAL AND ALSO DESIRABLE.

IN THE WASTE DISPOSEABLE AREA, THIS REALLY REQUIRE AS SORTING PROGRAM AND A COMPOSTING INFRASTRUCTURE AT THE VERY LEAST.

CURRENTLY, THERE IS REALLY NO SORTING PROGRAM AND A COMPOST INFRASTRUCTURE IN THE U.S.

THEREFORE, IT IS PREMATURE TO REQUIRE THESE DISPOSABLE PRODUCTS, TO BE COMPULSIBLE SO WE HAVE A SORT OF RECOMMENDATION THAT UNDER THE TABLE, FLATWARE AND CUTLERY ARE MENTIONED BIODEGRADABLE COMPOSTABLE MOLDED PLASTIC ITEMS.

OUR RECOMMENDATION IS TO REMOVE THE BIODEGRADABLE COMPOSTABLE REQUIREMENT FOR DISPOSABLE PRODUCTS.

WHEN IN THE FUTURE, THERE IS A SORTING PROGRAM AND COMPOSTING INFRASTRUCTURE AVAILABLE.

SUCH A REQUIREMENT CAN BE ADDED IF IT IS REALLY BENEFICIAL AND DESIRABLE.

THANK YOU.

>> THANK YOU, LEE.

>> DO YOU HAVE A HARD COPY COMMENTS FOR US?

>> YES.

>> OKAY.

THANK YOU.

>> THAT ENDS THE LIST OF COMMENTATORS.

IS THERE ANYONE ELSE WHO WANTS TO MAKE COMMENTS ON  
THE PROPOSED RULE?

GOING ONCE -- OH, IS THERE?

>> YES, LOU.

WOULD YOU LIKE TO MAKE COMMENTS?

OKAY.

>>> AGAIN, MY NAME IS LOU HONERY.

(PHONETIC).

THE UNIADL HAS BEEN IN THE BUSINESS OF DEVELOPING,  
TESTING AND COMMERCIALIZING VOLUME-BASED BASED SINCE  
1991.

THE MISSION OF OUR PROGRAM IS TO EXPAND THE MARKETS  
FOR U.S.-GROWN CROPS.

WE ARE CONCERNED THAT A BIOBASED LABELING OF  
LUBRICANTS BASED ON NON-PERFORMANCE CRITERIA,  
PRIMARILY LIFE SCIENCE, LIFE CYCLE, AND BIOBASED  
CONTENT COULD HARM THE INDUSTRY WHEN NON-PERFORMING

PRODUCTS ARE RELEASED INTO THE MARKETPLACE.

WE FURTHER OBSERVE THAT CURRENT STANDARDS, WHICH ARE BASED ON PETROLEUM PRODUCTS, NEED TO BE AUGMENTED WITH STANDARDS MORE SPECIFIC TO BIOBASED LUBRICANTS. SPECIFICALLY WE BELIEVE THERE IS A NEED FOR IDENTIFICATION OF A NUMBER OF BIOBASED SPECIFIC STANDARDS TESTS, WHICH COULD BE REQUIRED, WHICH WOULD BE REQUIRED OF ANY LUBRICANT THAT IS IDENTIFIED AS BIOBASED FOR FEDERAL PURCHASE CONSIDERATION.

CERTAIN OF LUBRICANTS SUCH AS AUTOMOTIVE ENGINE OIL HAVE INDUSTRY STANDARDS AND POLICING.

AN EXAMPLE IS SAE-10W OIL.

INDUSTRIAL MEANING NON-INDUSTRIAL LUBRICANTS DO NOT HAVE SUCH POLICING.

HYDRAULIC OIL, FOR EXAMPLE, COULD HAVE NUMEROUS INDIVIDUAL TEST REQUIREMENTS BY AN OEM, FOR ANY GIVEN PIECE OF MACHINERY.

A SOY-BASED HYDRAULIC OIL, FOR EXAMPLE, COULD MEET MANY OF THE USDA STANDARD TESTS AND YET FAIL BADLY IN THE LONG-TERM USE IN A GIVEN MACHINE.

THE REASON IS THE KNOWN SAE -- ASTM TESTS DO NOT LOOK FOR THE PITFALLS OF BIOBASED LUBRICANTS BECAUSE

THEY WERE NOT DESIGNED FOR SUCH PRODUCTS.

IN THE CASE OF LUBRICANTS, THAT'S WHERE OUR  
EXPERTISE IS, IF YOU BELIEVE IT WOULD BE UNWISE TO  
INCLUDE CERTAIN -- TO NOT INCLUDE CERTAIN MINIMUM  
REQUIRED PERFORMANCE TESTS, YOU NEED TO BUY BASED  
LUBRICANTS BEFORE A PRODUCT IS LABELED AS BIOBASED  
FOR FEDERAL PURCHASE CONSIDERATIONS.

THANKS.

>> THANK YOU, LOU, FOR YOUR COMMENTS.

DO YOU HAVE A HARD COPY OF YOUR COMMENTS?

VERY GOOD.

THANK YOU.

ARE THERE ANY OTHER INDIVIDUALS WHO WISH TO MAKE  
COMMENTS ON THE PROPOSED RULE?

>>> JIM HOLLIC FROM ARMY AGAIN.

IS IT POSSIBLE TO OUTLINE A BLOCK FLOW DIAGRAM IS OF  
WHAT THIS -- WHAT A MANUFACTURER/SUPPLIER WOULD GO  
THROUGH TO SUBMIT A PRODUCT TO GET IT CONSIDERED AND  
THEN ULTIMATELY LISTED?

I THINK MAYBE SOME OF THE CONFUSION, YOU ARE TALKING  
ABOUT TWO LISTING PROCESSES HERE, TO DO A BLOCK FLOW  
DIAGRAM WITH ARROWS, SAY, YES, NO, DECISION TREES TO  
MAYBE CLARIFY THIS PROCESS FOR, BECAUSE BASED ON  
SOME OF THE THINGS I HEARD THIS MORNING, MAYBE THAT

WOULD HELP VERSUS JUST DOING IT IN A TEXT FORM?

>> I DON'T KNOW IF IT'S A QUESTION OR A COMMENT..

>> BUT IT'S AN OBSERVATION.

>> OKAY.

THANK YOU FOR YOUR COMMENT.

ARE THERE ANY FURTHER COMMENTS?

WELL, I'D LIKE TO THANK EVERYONE FOR TAKING THE TIME  
AND EFFORT TO COME HERE.

THIS HAS BEEN -- WASHINGTON HAS BEEN A STATION ZEBRA  
FOR A FEW DAYS. WE REALLY APPRECIATE THE FACT THAT  
YOU CARE AND CAME TO GIVE US SOME REALLY GOOD  
COMMENTS.

I THINK THE INTERACTION THAT WE HAD THIS MORNING WAS  
REALLY CONSTRUCTIVE AND WE APPRECIATE ALL THE  
COMMENTS THAT WERE GIVEN.

REMEMBER THAT THOSE OF YOU WHO HAVEN'T MADE  
COMMENTS, THAT WE HAVE THE OPPORTUNITY TO DO THAT,  
EITHER THROUGH HARD COPY OR THROUGH THE WEB.

I THINK FEBRUARY 16TH OR SOMETHING LIKE THAT IS THE  
FINAL DATE.

SO IF YOU HAVE AND WOULD LIKE TO, PLEASE DO.

SO I'D LIKE TO THANK THE AUDIENCE AND THOSE WHO WERE  
VIEWING THROUGH THE WEBSTREAMING FOR WATCHING TODAY,

I'D LIKE TO THANK OUR DISTINGUISHED PANEL FOR  
PARTICIPATING IN THIS.

SO THANK YOU FOR ATTENDING; AND THIS HEARING IS  
OVER.

THANK YOU.

[ APPLAUSE ]