

FEDERAL BIOBASED
PRODUCTS PREFERRED
PROCUREMENT PROGRAM
EXPLAINING THE PROPOSED
RULE

Presented To The
Federal Advisory Committee
for the Biomass Research and
Development Act

A New Federal Program

- Included in the Farm Security and Rural Investment Act of 2002 (FSRIA).
- The Act included an energy title.
- The biobased product program was part of that title.
- Section 9002 created a requirement that Federal agencies purchase biobased products.

New Federal Program Requires Biobased Products Purchase

- All Federal agencies will be required to purchase biobased products.
- A proposed rule setting up the program was published for public comment in the Federal Register on December 19, 2003.
- A 60 day public comment period has expired and comments are being evaluated.

Why Did Congress Create This Program?

- Improve demand for new biobased products.
 - Capture environmental benefits.
 - Grow demand for agricultural commodities.
- Spur development of processing and manufacturing in rural communities.
- Enhance the Nation's energy security.

What Does The Program Do For Federal Agencies?

- A way to acquire environmentally friendly products.
- Help in identifying those products.
- Improves market demand for biobased products, which will increase their availability and diversity.

What Does The Program Do For Manufacturers/Vendors?

- Creates preferred Federal market for biobased products.
- Helps to make biobased products economically viable in consumer market.
- Spurs development of new biobased products for domestic and export markets.
- Helps to develop alternative to fossil energy based feedstocks.

Section 9002 of FSRIA Sets Out Federal Agency Requirements

- Defines biobased products as commercial or industrial products that are composed, in whole or in significant part, of biological products or renewable domestic agricultural materials (including plant, animal, and marine materials) or forestry materials.

Requires Federal Agencies Purchase Biobased Products

- With only three exceptions.
 - Biobased Product not reasonably available.
 - Biobased product fails to meet performance standards of procuring agencies.
 - Biobased product is available only at unreasonable cost.

Requirement Applies To

- Purchase or acquisition of a procurement item where the purchase price exceeds \$10,000. Or,
- Where the quantity of such items (or their functional equivalents) purchased in the preceding fiscal year was \$10,000 or more.

Federal Agencies Must Assure Their Specifications Comply

- Within one year after publication of guidelines, assure agency specifications require use of biobased products.
- Develop a procurement program that has:
 - A biobased products preference program.
 - An agency promotion program.
 - An annual review and monitoring of the effectiveness of the agency's program.

Options For The Preference Program Are

- A policy of awarding contracts to vendor offering products with highest biobased content practicable. Or,
- Establish minimum biobased content specifications consistent with statute.
- Federal agencies must adopt one or the other approach, or an equivalent alternative.

Exclusions From The Program

- Food and feed.
- Motor vehicle fuels.
- Electricity.

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’ have been designated by rule making.
- Must certify that the biobased content of the product is consistent with statutory definition.
- Must certify biobased content meets minimum requirement indicated in the rule to designate, using ASTM standard with test conducted by ASTM/ISO third party testing facility.

How Far Along Are We In Implementing The Program?

- Informational website for program is www.biobased.oce.usda.gov.
- Proposed rule is available on web site along with step by step process to make public comments on the rule.
- We will soon begin the separate regulatory process of designating ‘items’ for preferred procurement.

Designating Items Will Activate The Program

- ‘Items’ are generic groupings of products, such as composite panels, fertilizer, cutting (cutting, drilling, and tapping) oils, formulated solvents, or specific types of plant and vegetable inks.
- The statute requires that USDA propose rules to designate ‘items’ for preferred procurement under the program.

What We Are Doing To Get 'Items' Designated

- Until an 'item' is designated by regulation, products within that 'item' do not qualify for benefits of program.
- We are working with manufacturers and vendors to do testing:
 - On biobased content.
 - A BEES Analysis to determine environmental and health effects of the product.
 - Establish a threshold level of biobased content.

When An 'Item' Is Designated

- Manufacturers/vendors of any product that fits within that 'item' designation can receive program benefits when selling to Federal agencies.
- Manufacturers/vendors must certify:
 - That feedstock used meets definition in statute.
 - That biobased content of product equals or exceeds minimum level for that 'item'.

Biobased Manufacturers Can Help Us Implement Program

- Your firm can provide us information on biobased products you plan to offer to Federal agencies.
- We need information on:
 - Availability of products.
 - Performance of products.
 - Life cycle costs of using products.
 - Talk with us about how your information can speed designation of ‘items’ for preferred procurement.

Additional Information We must Provide Federal Agencies

- We also need information on:
 - Relative price of products.
 - Performance of products.
 - Environmental and public health benefits of using products.
 - Recommended level of biobased content.
 - We will develop information at ‘item’ level from information collected at product level.

Who To Contact

- Call Steve Devlin at Iowa State University:
 - Phone 515-294-5416. Or,
 - E-mail at sdevlin@ciras.iastate.edu.
- Call Marv Duncan at OEPNU:
 - Phone 202-401-0532. Or,
 - E-mail at mduncan@oce.usda.gov.
 - For information on how you can help.

Where Did List of Items In Preamble Of Rule Originate?

- From a study by Concurrent Technologies Corporation that employed expert panels from industry, academe, and government.
- Study identified 11 broad categories composed of several ‘items’ or generic groupings of products each.

'Items' Listed By Category

- Adhesives. 70%
- Construction Materials and Composites.
 - Construction material. 85%
 - Composite panels. 70%
 - Molded reinforced composites. 10%
 - Insulating foams and films. 15%
 - Components of mixed systems. 20%

More 'Items' Listed by Category

- Fibers, Paper, and Packaging Category.
 - Fibers. 90%
 - Fibers composites. 30%
 - Composite packaging materials. 30%
 - Woven fiber products. 75%
 - Packaging materials. 80%
 - Uncoated printing and writing papers. 20%
 - Coated printing and writing papers. 20%

- Fibers, Papers, and Packaging.
 - Bristols. 50%
 - Newsprint. 20%
 - Sanitary tissues. 30%
 - Paperboard and packaging products. 30%
 - Other paper products. 50%

- Fuel Additives.
 - Solid fuels. 5%
 - Liquid fuel additives. 80%
- Landscaping Materials, Compost, Fertilizer.
 - Landscaping Materials. 100%
 - Compost. 100%
 - Fertilizer. 80%

- Lubricants and Functional Fluids.
 - Crankcase oils (water cooled engines). 10%
 - Crankcase oils (air cooled engines). 50%
 - Two cycle engine oils. 50%
 - Fifth-wheel grease. 40%
 - Automotive grease. 25%
 - Total loss lubricants. 50%
 - Turbine and other industrial lubricants. 50%

- Lubricants and Functional Fluids.
 - Penetrating oils. 50%
 - General purpose and other. 90%
 - Hydraulic, power steering, trans. fluids. 50%
 - Brake fluids. 20%
 - Cutting, drilling, and tapping oils. 50%
 - Metal working concentrates. 30%

- Lubricants and Functional Fluids.
 - Forming pastes and extreme pressure stamping. 30%
 - Concrete and asphalt release. 70%
 - Metal foundry and mold release. 50%
 - Transformer oil and dielectric fluids. 70%

- Plastics.

- Biodegradable foams. 50%
- Durable foams. 15%
- Biodegradable films. 25%
- Durable films and coatings. 20%
- Water soluble polymers. 50%
- Compostable molded products. 75%
- Molded plastics and composites. 10%

- **Plastics.**
 - Molded composites/biobased fibers. 20%
 - Synthetic fibers. 50%
- **Paints and Coatings.**
 - Formulated products. 20%
- **Solvents and Cleaners:**
 - Formulated product. 50%
 - Neat product. 100%

- Sorbents.
 - Sorbents. 90%
 - Sorbent systems. 75%
- Plant and Vegetable Inks.
 - News inks, black. 40%
 - News inks, color. 30%
 - Sheet-fed inks. 20%
 - Forms inks. 20%

- Plant and Vegetable Inks.

- Heat-set inks.

10%

- Specialty inks.

20%

Labeling Program To Follow

- We have begun to develop the labeling program provided for in the statute.
- “U.S.D.A. Certified Biobased Product” label and logo to be available for future use.
- Requirements for use of label will be based on product information provided to buyer.

USDA Is Developing A Model Procurement Program

- Under leadership of Department Administration.
- Will be applied first to all USDA agencies.
- Will then be available to all Federal agencies.

Conclusion

- The regulation process is progressing.
- We are now starting to focus on regulations to designate ‘items’ for preferred procurement by Federal agencies.
- We welcome input from manufacturers and vendors in assembling information required by statute.
- Working together, we can jump-start this important program.