



February 27, 2012

Submitted Electronically

**Written Submission of Cargill, Incorporated regarding:
Docket ID No. EPA-HQ-OAR-20110542: "Notice of Data Availability Concerning
Renewable Fuels Produced from Palm Oil under the RFS Program."**

Cargill appreciates the opportunity to submit comments on the U.S. Environmental Protection Agency's (EPA's) notice regarding its analysis of palm oil used as a feedstock to produce biodiesel and renewable diesel under the Renewable Fuel Standard (RFS) program. As published, the EPA's analysis would disqualify all palm oil for the RFS program due to lifecycle greenhouse gas (GHG) reduction thresholds.

Our comments on the NODA concerning palm oil-based renewable fuels, especially regarding the land use change (LUC) calculations, are consistent with our original filing to EPA on September 25, 2009 regarding the Notice of Proposed Rulemaking, Regulation of Fuels and Fuel Additives: Changes to Renewable Fuels Standard Program (RIN 2060 - A081). LUC calculations continue to have the potential to unnecessarily harm domestic and international feedstock producers alike when applied in the manner proposed by the EPA.

We continue to recognize that land use changes do occur, and that at some level, such changes may be influenced by biofuels policy. However we also maintain our view that LUC policy, especially when used in a manner that ultimately restricts trade, functions as a rather crude policy mechanism that unnecessarily disables the innovative power of market-based solutions. In line with our 2009 filing Cargill still contends that the basic modeling assumptions oversimplify and lead to inaccurate conclusions.

We believe that any calculation of LUCs should also monitor and consider improvements in cultivating marginal lands, especially in countries with limited areas for expansion. Substantial improvements can and will be made through utilization of marginal lands if producers are allowed to respond and if they are provided the tools to responsibly cultivate and develop these lands into sustainable agricultural areas.

Omitting marginal land acres as a likely first response to market conditions seriously alters the emissions calculations. In many instances palm oil plantations restore and protect the land that was once stripped of its original forests. The positive contributions to CO₂ reduction and overall restoration of these re-plantings, including future adoption of methane trappings by oil palm mills are not captured in EPA's modeling exercise.

As highlighted in the NODA, close to 90 percent of the world's palm oil production comes from Malaysia and Indonesia. As such, U.S. policy should seek direct engagement with Indonesia and Malaysia on land use changes, not outright penalize their trade flows based on misinformed assumptions.



Cargill agrees that a direct approach to limiting land utilization is a much more reliable approach to reducing GHG emissions. Such a program could also be done in a manner that promotes ongoing innovations in sustainable supply chain and to further promote technologies aimed at reducing other emissions concerns, such as palm mill operations. However, a continued reliance upon rigid interpretation of indirect and direct LUCs for GHG reductions disincentivizes such efforts, and ultimately hinders the goal of developing market-based alternative fuel programs that reduce greenhouse gases and convey greater socio-economic benefits.

We appreciate the opportunity to comment and look forward to working with the EPA on this important issue.