

**EO Increases Procurement of Biobased Products
By**

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President Obama signed a February 21, 2012, memorandum entitled “Driving Innovation and Creating Jobs in Rural America through Biobased and Sustainable Product Procurement.” This memorandum reflects the Administration’s continued emphasis on biobased products, and this article explains why this is important to industry.

Background

The BioPreferred Program was established by the Farm Security and Rural Investment Act of 2002 (2002 Farm Bill), as amended by the Food, Conservation and Energy Act of 2008 (2008 Farm Bill). It is intended to increase federal procurement of biobased products, promote rural economic development, create new jobs, and provide new markets for farm commodities. The United States Department of Agriculture (USDA) implements the Program.

The New Memorandum

The memorandum directs agencies to take a number of steps intended to increase federal procurement of biobased and other sustainable products, including:

- Section 1. Actions Related to Executive Order (EO) 13514 of October 5, 2009: As required by EO 13514 Section 2(h), agencies shall ensure that 95 percent of applicable new contract actions for products and services advance sustainable acquisition, including biobased acquisition, where such products and services meet agency performance requirements.

- Section. 2. Biobased Product Designations: USDA has already designated 64 categories of biobased products for preferred federal procurement, representing an estimated 9,000 individual products. To increase the number of products subject to the federal procurement preference, the Secretary of Agriculture is directed to:
 - Increase both the number/categories of biobased products designated and individual products eligible for preferred purchasing by 50 percent within one year of the date of this memorandum; and

 - Establish a web-based process whereby biobased product manufacturers can request USDA to establish a new product category for designation.

- Section 3. Changes in Procurement Mechanisms: Several actions can be taken to facilitate improvement in and compliance with the requirements to purchase biobased products.

- Section 4. Small Business Assistance: A majority of the biobased product manufacturers and vendors selling biobased products and services that use biobased products to the federal government are small businesses. To improve the ability of small businesses to sell these products and services to the federal government, the memorandum directs:
 - The Secretary of Commerce, in consultation with the Secretary of Agriculture, to use relevant programs, such as the Manufacturing Extension Partnership network, to improve the performance and competitiveness of biobased product manufacturers;

 - The Secretary of Agriculture to work cooperatively with Procurement Technical Assistance Center programs to provide training and assistance to biobased product companies to make these companies aware of the BioPreferred Program and opportunities to sell biobased products to federal, state, and local government agencies;

 - and

- The Secretary of Agriculture to develop training within six months of the date of this memorandum for small businesses on the BioPreferred Program and the opportunities it presents, and the Administrator of the Small Business Administration (SBA) to disseminate that training to Small Business Development Centers and feature it on the SBA website.

- Section 6. Jobs Creation Research: The memorandum directs the Secretary of Agriculture to prepare a report on job creation and the economic impact associated with the biobased product industry.

- Section 7. Education and Outreach: To assure both formal and informal educational and outreach instruction on the BioPreferred Program are in place and being implemented by each agency, the memorandum directs several specific actions.

Significance

Federal procurement requirements influence private sector purchasing habits. That the federal government is mandating significant growth in biobased products in the federal procurement area tells us that there is a real commitment to grow this sector and non-biobased

alternative products are disfavored. This means there are commercial opportunities for product manufacturers, and that new categories of biobased products will displace non-biobased products. Private entities serving federal procurement markets, and even those that now do not, are well advised to reflect on the significance of federal purchasing requirements. The federal government has huge purchasing power, which influences markets well beyond the procurement sector. This means both new opportunities for biobased products, and perhaps the end of the line for products sourced by more conventional feedstocks.

The memorandum is available at <http://www.whitehouse.gov/the-press-office/2012/02/21/presidential-memorandum-driving-innovation-and-creating-jobs-rural-ameri>.

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