

July 26, 2001

Mr. David B. H. Martin
Director, Division of Corporation Finance
Securities and Exchange Commission
450 5th Street, NW
Washington, DC 20549-0401

Re: Bunge Ltd.

VIA Federal Express (with attachments) and fax (without attachments)

Dear Mr. Martin:

Friends of the Earth, an international environmental organization with expertise in food safety and on the use of genetically modified organisms (GMO's) in the food supply, wishes to provide the following comments regarding disclosures contained in the F-1/A filed July 20, 2001 by Bunge Ltd. (hereafter, the Prospectus). Bunge Ltd. is a foreign corporation proposing to sell stock to US investors. We believe that the company may not have provided adequate disclosure with respect to the risks associated with genetically modified organisms, and environmental and political impediments to planned expansions of infrastructure, omitting key information needed by potential investors to effectively assess the risks posed by this investment. The Bunge disclosures on GMO's are excerpted in Exhibit 1 of this letter.

Inadequate disclosure of information related to potential liability as a result of the Starlink incident.

In its Prospectus Bunge Ltd. reported on page 17 that it had to recall corn products contaminated with Starlink DNA. According to information on the FDA website Bunge Lauhoff recalled 643.5 cwt of "tiny flakes" utilized in the brewing of beer, because the products appeared to contain the genetic material for a pesticide protein, trade name "Starlink." The company reports in its Prospectus that the materials were provided to a brewer and a distributor. As of November 22, 2000 the recall was described to the FDA as "ongoing." (See Exhibit 2.)

The company does not disclose whether all of the product was effectively recalled prior to entering the food supply. This could be materially significant because there is evidence suggesting that the Starlink product is allergenic, and could pose health hazards to consumers. Although the issue is still subject to debate, in July 2001 the

Environmental Protection Agency’s Scientific Advisory Panel received substantial evidence asserting allergenicity of Starlink products. (See Exhibit 3.)

In the event that those products have entered the food supply, one could anticipate potential liability lawsuits either due to lost sales of beer brewers if information relating to the use of these flakes were to become public, or personal injury litigation as a result of harm to consumers. It would be misleading to state that the products were “recalled” without clarifying whether they also entered the food supplied to consumers.

Therefore, to support the needs of investors for information that is accurate and not misleading, we recommend that the company disclose whether all of the materials in question were effectively recalled prior to entering the consumption chain of the food supply, and if not, whether the company anticipates material liabilities as a result of the sale of these inappropriate food products.

References to GMO-free regions need to be clarified, and may reveal additional potential liability associated with GMO’s in soybean crops and products from Brazil.

In its Prospectus, Bunge Ltd. reported on page 60 that it has "access to products from both GMO and GMO-free regions, thereby allowing us to meet individual customers' GMO order specifications." However, it is unclear as to what GMO-free regions it is referring.

A potential investor might understand the company's Brazilian assets to be GMO-free due to the Brazilian government's decision, thus far, to not allow genetically modified foods to be commercially grown in the country. However, some news reports indicate that as many as 10% of soy crops grown in Brazil illegally utilize Monsanto's genetically modified Roundup Ready soybeans. (See Exhibit 4.)

The question of whether Brazil is the company’s source of non-GMO crops is particularly important because the company reports on page 17 that it does not test for the presence of GMO's in Brazil. Brazilian operations account for about 71% of the company’s long-lived assets, according to the following chart from the form F-1/A:

	1998	1999	2000
Long-lived assets(a):			
United States.....	\$ 462	\$ 489	\$ 489
Brazil.....	1,439	1,023	1,503
Rest of world.....	141	128	121
	-----	-----	-----
	\$2,042	\$1,640	\$2,113

The company states that it could "lose customers" if GMO's are found in crops that are requested by customers seeking GMO-free products (page 17), but it is only a general statement. In contrast, the company specifically discloses (in discussing litigation matters, page 73) that it has notified corn customers that its products may not be free of Starlink corn. Because soybeans are an important segment of the company’s business, the Prospectus should disclose whether the company has made similar specific

disclosures about the possibility of GMO presence to its soybean customers, as well as provide the percentage of customers that demand GMO-free products. This would enable investors to better determine the risk of “losing customers” posed by potentially inadequate testing and sourcing of GMO crops.

Finally, Friends of the Earth urges the SEC to require Bunge to make further disclosures regarding what it refers to as GMO-free regions, and whether the company is characterizing its sales of soybeans from Brazil as coming from a GMO-free region. Characterizing Brazil as a “GMO-free area” could be a materially inaccurate statement if the products actually provided are inconsistent with stringent requirements of a significant customer or customers for GMO-free products.

Potentially inadequate disclosure of Risk Factors in infrastructure development associated with Brazilian resources.

Friends of the Earth believes that Bunge Ltd. may have also provided inadequate disclosure regarding risk factors associated with its operations in Brazil.

While the company discusses the general risks associated with agribusiness (e.g. cyclicity, increases in raw materials costs, adverse weather conditions, etc.), and sovereign risks associated with its Brazilian and Argentinean operations (e.g. currency exchange rate fluctuations, general civil unrest, creeping expropriation, etc.), it does not refer to the potentially material risks stemming from political resistance to transportation infrastructure development and land conversion in the environmentally and socially sensitive areas of the Amazon region.

Both land tenure matters (large agribusiness operations displacing small farmers) as well as land conversion issues (converting forest to agricultural use) are sources of political controversy in Brazil. The country’s soy boom has expelled tens of thousands of small landholders, and who are now resisting the expansion of large multinational agribusiness and associated transportation projects through legal actions and political organizing. The attached Op-Ed by Glenn Switkes of International Rivers Network describes the heightened social conflicts in rural areas due to land conversion, and the growth of Brazil’s Landless Rural Workers Movement, which is the most visible and powerful opposition movement in the country (Exhibit 5).

Regarding land conversion issues, an article by Marty J. McVey, an Economist with AGRI-Industries; C. Baumel, a Charles F. Curtiss Distinguished Professor of Economics at Iowa State University; and Robert N. Wisner, a Professor of Economics at Iowa State University (Exhibit 6) concludes that “Brazil’s land clearing and soybean production will likely continue near the long-term historical rate. However, recent legal action on property deeds of large land holdings, if upheld by Brazilian courts, could reduce the rate of land clearing.” The environmental impacts of converting forest to soy plantations is detailed by “Soybean Cultivation as a Threat to the Environment in Brazil,” an article by Philip M. Fearnside, Department of Ecology National Institute for Research in the

Amazon; and is often named as one of the main threats to the Amazon rainforest by organizations such as Environmental Defense.

McVey et al also conclude that “Brazil's transportation investments will be limited by” a. capital shortages and b. environmental and social problems.” Given the fact that the company has identified improving asset efficiency, and particularly “[developing its] logistics and transportation facilities” as a key business strategy (page 5), the Prospectus should describe the political risk associated with transportation infrastructure development in the environmentally and socially sensitive Amazon region. The company concedes that “the Brazilian transportation infrastructure is not as advanced as in developed countries,” (page 4-5). But omitting the fact that infrastructure development may be limited due to significant environmental and social controversy, as well as by political movements seeking to actively curb this development, may be misleading to investors. For more information on these controversies, see the attached article from McVey et al, and the websites of Amazon Watch (www.amazonwatch.org) and International Rivers Network (www.irn.org).

In sum, we suggest that to effectively inform investors the company should clarify:

- Whether all of its products affected by the presence of Starlink residues were effectively recalled prior to entering the consumption chain of the food supply; and if not, whether the company anticipates material liabilities as a result of the sale of these inappropriate food products;
- To which GMO-free regions the company is referring;
- Whether a material portion of the customer base is currently requesting or requiring products from GMO-free regions and/or GMO-free products, and the tolerance, if any, by those customers for the presence of GMO's in those products;
- Whether the company has disclosed to those customers any known potential presence of illegally grown GMO's (soybeans as well as any other crops) within those products or territories; and
- The risks associated with environmental, social and political controversies in Brazil regarding land conversion, land tenure, and transportation infrastructure development in that country, and its potential impacts on company strategy.

Sincerely,

Michelle Chan-Fishel
Friends of the Earth

Exhibits

- 1) Bunge Disclosures on GMO's
- 2) FDA Notice of Recall
- 3) Starlink Allergenicity Information: FOE report
- 4) Articles referring to Illegal Growing of Roundup Ready Soybeans in Brazil
- 5) "Unmasking the 'Competition' between Brazilian and U.S. Soy Growers," opinion-editorial by Glenn Switkes
- 6) "Impact of Brazilian Soybean Competition on Lock Extensions on the Upper Mississippi River," article by Marty J. McVey, C. Baumel, and Robert N. Wisner.