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James L. Kroeker, Chief Accountant
U.S. Securities and Exchange Commission
100 F Street, N.E. Washington, D.C. 20549-1090

Submitted electronically

File No. 4-600 *Work Plan for the Consideration of Incorporating International Financial Reporting Standards into the Financial Reporting System for U.S. Issuers, Exploring a Possible Method of Incorporation*

Dear Mr. Kroeker:

Archer Daniels Midland (ADM) is one of the worlds' largest agricultural processing companies, with over $60 billion in annual revenues, and employing more than 29,000 people globally. ADM is a large accelerated SEC filer, and its stock is listed on the New York and Frankfurt stock exchanges. ADM conducts its business in more than 60 countries and has many global subsidiaries which prepare local statutory financial statements using IFRS or other local GAAP.

We appreciate the opportunity to comment on the SEC staff paper, *Work Plan for the Consideration of Incorporating International Financial Reporting Standards into the Financial Reporting System for U.S. Issuers, Exploring a Possible Method of Incorporation.* We support the goal of achieving a single set of high-quality, globally consistent accounting standards, and we believe IFRS is best positioned to serve that role. As a global company, ADM is interested in maintaining flexibility and enhancing our ability to access the flow of capital across country borders and in reducing capital costs such as financial reporting costs.

Our comments support four main principles:

1. Achieving certainty and clarity on any U.S transition plan as soon as possible.
2. A transition plan that is reasoned and planned, but not unduly lengthy or complicated.
3. Voluntary early adoption options for both MoU standards and IFRS transition.
4. Minimizing transition costs wherever possible.

<u>Achieving certainty and clarity as soon as possible</u>
Removing uncertainty surrounding a U.S. transition and laying out clear key milestones and dates, will allow us to activate specific project and resource plans. As a large accelerated filer, we expect ADM to be among the first set of U.S. companies to be affected. For an effort this large, planning and resource preparation are keys to successful implementation and cannot begin too soon, and yet, without certainty and clarity, we are constrained in the reasonable

preparations we can currently undertake. In addition, we are currently designing new financial systems that would benefit from certainty and clarity by reducing the risk of expensive rework and allow us to optimize the timing of the changes and the size of the team focused on this effort.

A flexible transition plan that is not unduly lengthy or complicated

ADM prefers a transition plan that is reasoned and planned, but not unduly lengthy or complicated. Even with some relief from retrospective and comparative requirements, transition to IFRS will be a very large effort, diverting company talent and resources from other, value-adding activities.

We believe the staff's paper appropriately considers the current FASB/IASB MoU projects alongside the transition plan for all other topics. ADM has completed preliminary planning that considers the Boards' MoU projects, as well as IFRS statutory conversions that are ongoing or planned in other countries in which we have subsidiaries, and the potential U.S. transition. We find these topics to be intertwined and best approached collectively.

However, significant questions about transition methods remain unanswered in the staff's paper, and the devil will be in the details. For Category 3, *IFRSs Not Subject to Standard Setting*, we oppose implementing progressive "waves" or staged groups of standards, particularly when combined with overlapping comparative reporting requirements. We believe this approach would create significant implementation complexity and reporting risk, and unnecessarily complicate our communications with financial statement users. For a large company like ADM, most standards will impact the financial statements, so we would not expect to escape any of the waves.

We support a moratorium, or "quiet period" for new FASB and IASB standards' effective dates, other than the active MoU projects or urgent emerging issues, during the time period leading up to and for a two year period (representing the comparative reporting period) beyond a mandatory effective date for adopting IFRS in the U.S. We believe that Category 2, *IFRSs Subject to Standard Setting,* as described in the staff paper, should be removed from the transition plan, those topics should be deemed static for transition purposes, and they should be handled in the same way as Category 3. In our view, improvements to IFRS beyond the active MoU projects should be pursued as ongoing improvements to IFRS, and should not delay the U.S. date of transition to IFRS. The improvement projects could begin as soon as the MoU projects are concluded, but the effective dates would be set for after the moratorium on significant new standard-setting expires. This approach would reduce the uncertainty around what standards may be "subject to standard setting" and what the resulting changes may be. It would also provide a more stable environment for preparers and users. The timeline we propose would allow preparers sufficient time to implement the IFRS standards (both at transition to IFRS and subsequent improvements) and allow users adequate time to understand the impacts. We expect that some of the potential projects in Category 3 may take considerable time to come to conclusion, and we do not support a long delay in reaching full compliance with IFRS.

While the staff paper states the MoU projects are "expected to have little effect on the transition plan", we believe this is only true if substantially identical standards are issued. If the final MoU standards issued by the FASB and the IASB differ, this could result in a major impact on the transition plan. In our comments to the FASB on *Effective Dates and Transition Methods* (file reference 1890-100, Comment Letter 72), we recommended that only those FASB MoU standards that are substantially identical to and have the same effective date as the corresponding IFRS standards be implemented prior to full transition to IFRS. We continue to be concerned about the potential for duplicative implementation work (once for US GAAP, and again for IFRS) for these significant topics, if the Boards do not achieve standards that are substantially identical. For FASB MoU standards that are not substantially identical to the corresponding IFRS standard, we believe U.S. preparers should be allowed to make a choice to adopt the IFRS version of the standard and therefore avoid wasteful, duplicative implementation efforts.

Early adoption options

We favor voluntary early adoption options for individual FASB MoU standards as well as for full IFRS adoption. We believe that such options will allow preparers to adopt improvements in accounting and reporting as soon as feasible, based on each preparer's readiness and its evaluation of improved reporting to the users of its financial statements. We believe there are efficiencies in implementation efforts such as changes in systems, controls, and training, to be gained from aligning effective dates across topics within the overall implementation program. With appropriate disclosure, we believe that financials statement users will be able to understand the effect and benefits of early adoption for a particular company.

Minimizing transition costs

We strongly support the principle of minimizing transition costs wherever possible. In addition to supporting a transition plan that is not unduly complicated or lengthy, we are particularly interested in relief from retrospective requirements such as evaluation of the need to restate historical fixed assets under IAS 16, as discussed in the staff paper. Our observation of IFRS conversions in other countries is that disproportionate project effort is expended on full retrospective adoption of such topics, typically with little or no resulting impact on the financial statements. However, we are also interested in being able to assert full compliance with IFRS as issued by the IASB, and it will be important to find the best way to achieve both objectives.

We request the Commission consider granting relief from retrospective application as it applies to the five-year table of selected financial data in Item 6 of Form 10-K. Comparative reporting period requirements are a significant driver of implementation program length. We recognize that the interests of financial statement users must be balanced with implementation costs. However, the cost of collecting, preparing and auditing financial statement information for a period of time under two different sets of accounting standards is significant. We believe that five years as required in Item 6 goes beyond a reasonable balancing of interests. We recommend temporarily adjusting Item 6 requirements to align with the fiscal periods prepared for the comparative financial statements.

We support retaining U.S. GAAP as a set of accounting standards which would eventually permit companies to assert full compliance with IFRS as issued by the IASB. This approach is consistent with many other countries' approaches, and we think it strikes an appropriate balance between protecting U.S. national interests and achieving global consistency. To be successful over the long term, this approach will require FASB to exercise discipline in order to maintain an appropriately high threshold for U.S. modifications. ADM supports the goal of achieving the ability to make an unreserved statement of full compliance with IFRS, in order to fully capture global financial reporting process efficiencies. As the staff paper points out, this approach also avoids wasteful administrative rewriting of agreements and regulations referring to U.S. GAAP, and we support this objective. As previously stated, we also support a voluntary option to early adopt full IFRS. In order to support an early adoption option, consideration will need to be given to IFRS 1 requirements. First-time adoption considerations will impact foreign subsidiaries that have already transitioned or are also moving simultaneously to IFRS, so a complete abandonment of IFRS 1 in the U.S. may not be feasible and conflicts with the goal of streamlining global financial reporting.

As a global company with subsidiaries already reporting under IFRS, ADM is actively following the IASB as well as the FASB agendas, and we are already an active participant in the IASB standard-setting process. The proposed future role for FASB would achieve efficiencies for us in our role as a participant in the standard-setting process, as most of the Boards' future activity would be aligned.

Conclusion

In conclusion, ADM supports the objective of achieving a single set of high-quality, globally consistent accounting standards, adopted by U.S. registrants over a reasonably short period of time pursuant to a planned and flexible approach. Certainty and clarity is needed as soon as possible about the specifics of the transition plan, so companies can reasonably begin to prepare.

Thank you for your consideration of our views. We would be pleased to discuss our comments or answer any questions.

Sincerely,

John P. Stott
Vice President and Controller