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ANSWER TO ORAL QUESTION ON GMO ZERO TOLERANCE AND ANIMAL FEED PRICE INCREASE

April 2008

European Plenary Session April 23^d

Oral question to the European Commission: "Zero tolerance regime for unauthorised GMOs and economic consequences thereof"

In this document, the above mentioned organisations, representing sustainable family farmers, consumer cooperatives, the organic sector, and environmental grassroots groups and NGOs respond to the EP oral question to the European Commission

1. Given the high import dependency of the EU for protein rich feeding stuffs (e.g. soybean meal, corn gluten feed), how would the European Commission assess the consequences of the zero tolerance policy on the competitiveness of EU livestock production on the short term and in the long run?

The rising cost of feed for the EU livestock industry exists due to deregulation of the markets, poor harvests, agrofuels and financial speculation, not EU GMO laws and policy

The main causes of feed price increases are the overall increased demand, poor weather conditions including a chronic drought in Australia, rapid increase in agrofuels and the gradual deregulation of international and European agricultural markets over the last 20 years. It is also highly likely that speculative behaviour by commodity traders is playing a role. Price increases for agricultural products have occurred all around the world – even in the US which has the most permissive system of GM approvals. It is therefore clear that high feed prices are largely unrelated to the presence or absence of GM ingredients.

- The policies most responsible for the current problems facing the feed industry are the US government's promotion of ethanol and the EU's biofuels targets, which has led to significant promotion of biodiesel production.
- Rising feed costs are also a problem in other countries including Canadaⁱ, Australiaⁱⁱ, Chinaⁱⁱⁱ, and in the US.
- Rising feed prices in the pork industry are due to the recent price hikes in the cost of wheat and barley^{iv}, and shortages of feed wheat^v. There are no GMO varieties of wheat or barley commercially produced. The pork industry is also heavily dependent on soy feed imports which are now more expensive largely due to competition with agrofuels.

- In its most recent analysis, the UN's Food and Agriculture Organisation (FAO) stated that current high cereal prices are related to recent poor harvests in several food exporting regions, eg due to the drought in Australia^{vi}.
- Prior to the US Government's targets on ethanol production, the price of maize was tied to the price of food, but it is now strongly linked to the price of crude oil^{vii}, and as oil prices have risen, so have maize prices. However, in comparison to wheat, prices for maize in the EU have not risen to the same extent^{viii}.
- In the case of soybeans, the FAO concludes that the recent high prices are due to increased demand worldwide for animal feed and the rising demand for the production of biodiesel^{ix}. Argentina has also increased its export tariffs on soya.
- Although demand in China is increasing, the FAO confirms that the EU will remain the largest single market for soyabean meal for feed. Importantly, Argentina and Brazil are cautious about approving new GM crops that could hurt their exports to the EU.

DG Agriculture Report – minimal disruption most likely, not worst case

The issue of the EU's zero tolerance policy was addressed in the DG Agriculture report - *Economic Impact of unapproved GMOs on EU feed imports and livestock production*.^x The report is based on the assumption that EU authorisations of GM crops and feeds do not happen at the same time as approvals in those countries from which animal feeds are imported, in particular the United States. It suggests that, because the EU takes longer to approve GMOs, this could lead to imports being barred because of the presence of low levels of contamination of GMOs that are approved in the exporting country, but not in the EU.

The report outlines three scenarios^{xi}. The GMO industry, some feed industry lobbyists and some farming groups have seized upon the 'worst case' scenario, which the modelling predicts could lead to the EU feed supply being reduced by 25.7 million tons and costs increased by 600%.

The worst case scenario rests upon the assumption that Brazil will rapidly commercialise a GM soybean variety not approved in the EU. It is this possibility that has led to the claims about the potential collapse of the EU livestock industry. But no evidence presented that Brazil is even considering new GM soybeans.

In fact, it is the minimal scenario that is most likely, which the authors suggest would lead to a negligible disruption to EU feed supplies. The report finds that US approvals will be unaffected by EU policy but Brazil and Argentina will be much more cautious about approving new GM crops that could hurt their exports to the EU. For example, Argentina has introduced a certification scheme for maize exports to the EU to avoid unapproved traits.

Furthermore, according to the authors of the report, the 'worst case' findings **are not reliable and should be treated with caution**^{xii}. The widespread publicising of such unreliable estimates can therefore only be interpreted as scaremongering.

The EU could easily increase non-GM maize production if there is a perceived shortage, or could grow other more sustainable feed crops. It is false to claim that the crucial factor in the price of imported meat is the availability of a small number of additional GM maize types.

Zero tolerance on unapproved crops is not an issue for soya. The only variety on the market is Roundup Ready soya, which has full EU import approval for feed and food. All GMO marketing consents granted to date, with the exception of carnations, is approved for feed. There are 12 GM maize types approved already.

2. How can the Commission justify the current situation in which even feeding stuffs with only small traces of unauthorised GMO's are banned, whereas meat derived from animals that were fed with these unauthorised GMO's can freely enter the EU and thus causing a major distortion of competition to the detriment of European farmers?

There is no evidence of “major distortion of competition” caused by imports of meat from animals that may have been fed with GMOs not authorised in the EU. There is no benefit to be gained to farmers outside the EU from using feed containing unapproved (or approved) GMOs as opposed to the non-GM equivalents. For example, GM crops do not yield more than conventional crops; none of the GM crops on the market anywhere in the world are modified for increased yield potential (as even the U.S. Department of Agriculture admits). Studies have shown that Roundup Ready soya suffers from a “yield drag,” with on average 5-10% lower yields than conventional soya.^{xiii}

The European Union has a relatively robust GMO regulatory system in place based on the precautionary principle. Instead of bowing to pressure from a few multinational biotech companies to weaken its GMO regime, the EU, as a major trading, can help determine what key exporting countries cultivate, including whether they go ahead with new GMOs. The EU should also help countries such as China, Argentina and Brazil to establish GMO safety assessment procedures comparable to international guidelines and the EU’s own standards. Some of these countries already have biosafety measures in place

It is also worth noting that the position of the US agricultural economy has not been strengthened by the use of GM crops, while that of the EU has improved significantly in the same period. The US market share of agricultural commodities, such as soybeans, has fallen^{xiv} and the EU has overtaken the US to become the world’s largest exporter of agricultural produce.

3. Is the Commission of the opinion that instead of the current zero tolerance regime, a threshold value (as is already the case for the adventitious presence of traces of authorised GMO's for labelling of products as "GMO free") should be applied for the adventitious presence of traces of unauthorised GMOs that have already obtained a positive assessment from the EFSA or that have undergone a feed and food safety risk assessment in accordance with the CODEX GM plant guideline? Is the Commission planning to come forward with concrete proposals to that end?

The question suggests that food or feed with GMOs present up to the level of 0.9% can be labelled “GMO free” in the EU. Rather the 0.9% threshold exempts products from being labelled as “containing GMOs” if the GMO presence can be proven to be adventitious or technically unavoidable – ie accidental.

If the EU were to change its policy on adventitious contamination in this regard, it would be providing carte blanche to the biotech companies to contaminate the world’s stocks of maize and soybean with unapproved or experimental GM varieties. This would pose an unacceptable threat to biodiversity, health and farmers’ freedom of choice.

It is fundamental for the safety of European citizens that the EU safety regime for GMOs only allows those products approved in the EU to be marketed here. The

approvals system requires a risk assessment process whereby environment and health impacts as well as long term and secondary impacts are investigated. Once the European Food Safety Authority (EFSA) has published its Opinion member states play an important role in commenting on application and raising any safety questions or concerns that have not been addressed by EFSA. A GMO that has a positive assessment from EFSA will not yet have been subject to scrutiny by member states.

EFSA, however, has been discredited for not carrying out its legal requirements concerning the assessment of GMOs. EFSA has not been given the capacity to carry out risk assessments and is therefore dependent on data from the GM companies which is often incomplete and of poor quality, as acknowledged by the European Commission^{xv}.

Furthermore, considerable controversy still surrounds both EFSA and International standards for assessing the safety of GMOs. For example, the assessment of allergenicity and the enhancement of allergenicity due to genetic engineering events, impact on the alimentary system and changes in nutrient composition. Until these are fully resolved the EU must respect the wishes of the majority of EU citizens and uphold the rules laid out in the GM Food and Feed Regulation 1829/2003.

4. Does the Commission expect the current situation, if left unchanged, to result into trade disputes with affected exporting countries, which could have negative implications for the export of certain European products? If so, how does the Commission intend to avoid these trade disputes?

The final report of the GMO trade dispute pursued by the US, Argentina and Canada against the EU was nuanced, with no clear winners or losers. Crucially, the ruling did not question the EU's precautionary GMO regime, and it even found that bans on GMOs were permitted as long as the correct procedures had been followed. It is disingenuous to attempt to use the WTO as a means to water down EU safety standards for GMOs when nothing in the ruling suggests that the EU should change its regulatory system and there is no WTO pressure to weaken EU rules on unapproved GMOs.

References

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- iii *China Daily* 2/12/2007 China insures 45% of sows to ease pork shortage
- iv Bounds A (2007) EU could drop cereal import tariffs. Financial Times online 27 November 2007
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- vi UN FAO Food Outlook, November 2007
- vii Virginia Tech and Virginia State University Agricultural Extension Service. Weekly Roberts Agricultural Commodity Report 27/12/2007 http://www.ext.vt.edu/news/periodicals/roberts/2007wp/Nov27_2007.html
- viii UK DEFRA *Food and Farming Brief September 2007*. Annex 1
<http://statistics.defra.gov.uk/esg/publications/Monthly%20brief/Annex%201%20Food%20and%20farming%20brief%20-%20impact%20of%20high%20commodity%20prices.pdf>
- ix UN FAO Food Outlook, November 2007
- x DG Agriculture Report. Economic Impact of unapproved GMOs on EU Feed Imports and Livestock, June 2007: http://ec.europa.eu/agriculture/envir/gmo/economic_impactGMOs_en.pdf
- xi The scenarios: "minimal disruption" (an interruption of US soybean/meal imports that would be substituted by imports from other exporting countries), "medium impact" (an interruption of US and Argentinean soybean/meal imports

that would be partially compensated by increased imports from Brazil and “worst case” (an interruption of US, Argentinean and Brazilian soybean/meal imports, without any compensation from other exporting countries).

^{xii} The authors emphasise twice in the short report: “It should be noted that the worst case scenario yields an impact that goes well beyond the technical limits of the model used for the analysis in the provision of precise and reliable estimations. As a consequence, the estimates generated by the model may give a clear indication of the direction and severity of the impact, but the magnitude of the estimated figures should be treated with caution.”

^{xiii} http://www.foe.co.uk/resource/briefings/who_benefits.pdf

^{xiv} USDA Economic Research Service online briefing Soybeans and oil crops: Trade
<http://www.ers.usda.gov/Briefing/SoybeansOilcrops/trade.htm>

^{xv} http://www.foeeurope.org/publications/2006/hidden_uncertainties.pdf