TRADITION, PERSEVERANCE, VISION: FARM BUREAU PROUD

CONFRONTING THE ISSUES

Effect of International Approval of Biotech Crops on Variety Selection
AFBF Policy Development
May 2014

Issue:

Recently, China has rejected a number of vessels carrying small amounts of a corn variety approved for marketing here in the United States, but not in China. China rejected those shipments, the market reacted negatively and a number of grain handling companies have indicated they will no longer accept that variety at their elevators. The seed company that developed the technology has since indicated that it will provide its own marketing channel to countries for new traits (approved in the United States, but not in China) for the coming growing year.

Questions:

While promoting that our membership should have access to cutting-edge technology, should Farm Bureau also push companies introducing the technology to set up marketing channels to protect the rest of the supply chain when other countries' approval processes are not in sync with U.S. approvals?

What responsibilities should U.S. farmers have to mitigate risk when it comes to using traits that are not approved in certain export markets?

What should Farm Bureau do to ensure that biotechnology approvals are elevated from technical exchanges to higher levels within the Chinese government and with multiple ministries?

Background:

Agriculture makes up more than 20 percent of total U.S. exports to China and is among the few sectors with a positive trade balance, making it an important factor in the U.S.-China trade relationship. For U.S. grain and oilseed exports—13 percent of total U.S. exports to China—the timing, predictable implementation and enforcement of existing Chinese laws and regulations with respect to the Genetically Modified Organism approval process are critically important.

Biotechnology traits help increase crop yield with fewer inputs. Since the first biotechnology trait was commercialized in 1996, U.S. farmers have rapidly adopted biotechnology. In 2013, acreage for corn and soybeans planted with biotechnology traits accounted for roughly 90 percent of total corn and soybean acres. With 33 percent of U.S. soybean production exported to China, and the rapid increase in Chinese demand for U.S. corn and corn products, regulatory approval for biotechnology traits directly impacts market access for these products.

Over the past few years, the regulatory approval process has become a choke point in bilateral trade. The process has slowed considerably with delays occurring throughout the risk assessment and approval process. There is concern that these delays are not based on science, but rather are being influenced by factors outside the risk assessment process. Whatever the cause, the impact on the U.S. value chain is substantial and widespread.

The most public example of the impact of regulatory delays is the widely reported disruption in U.S. corn trade with China, dating to November 2013. China rejected U.S. corn shipments after the reported detection of the presence of a biotechnology trait unapproved in China. The product in question has been reviewed, approved and commercialized in the U.S., Argentina, Brazil and Canada, and approved for import in the European Union, Japan and Korea.

Beyond trade disruptions, these delays also have costly impacts that ripple through the U.S agricultural value chain. For example, Chinese regulatory delays factor heavily on U.S. farmers' planting decisions, because a company may opt to delay commercialization of a new biotechnology seed variety prior to Chinese authorization or rejection of a crop from a grain trading company. Delayed access to new technology limits U.S. competitiveness, reduces investment in U.S. innovation, and erodes patent life and intellectual property protection for U.S. biotechnology companies.

One way to deal with the delays these unsynchronized approvals can create is to ask the company introducing the trait to establish these kinds of identity-preserved marketing chains. While they are not fully tested yet in the marketplace, it does at least offer some outlet for these new products while providing some protection to the rest of the supply chain. The only other option is to have the developing company withhold release until all importing countries have given approval. This would further limit the amount of time the company would have patent protection and thereby lower the incentive for other companies to develop new traits.

Farm Bureau Policy:

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Line 7.5 - [We support] Harmonization of international standards for biotech, testing and adventitious presence. The international bodies established to administer the sanitary and phytosanitary agreement of the World Trade Organization should retain the authority to influence the regulation of international trade in agricultural products enhanced through biotechnology;

Line 7.8. - [We support] The maintenance of U.S. export markets by securing foreign regulatory acceptance of biotech products. Sellers of agricultural products enhanced through biotechnology should assume major responsibility for this acceptance. Extra efforts should be made to make farmers aware of markets where the products are not accepted by using such methods as color markings on bags, boxes or bulk delivery systems and/or seed tags;

Line 8.5. – [We oppose] The imposition by foreign countries of any import restrictions, labeling or segregation requirements of any agricultural product enhanced through biotechnology, once such commodity has been certified by the scientific community as safe and not significantly different from other varieties of that commodity;