



**Friends of
the Earth
Europe**

Campaigners' Briefing

Animal feed crisis and EU GMO laws – is there a link?

July 2008

Attempts are being made to weaken the EU's GMO laws because of the increase in animal feed prices in the EU. This briefing explains what is going on and shows that weakening the laws will in no way help the price rise crisis currently faced by the food and feed industries in Europe.

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"I think the debate about higher prices and being able to meet the demand of people in the world for food is a perfect opportunity to make the case (for GMO crops)...We may have a window of opportunity here and I would encourage you to exploit that."

Bob Stallman, president of the American Farm Bureau Federation speaking to the UK National Farmers' Union conference 2008. The NFU is the UK member of EU farming lobby group COPA COGECA.

1. Why are EU GMO laws under threat?

A number of lobby organizations from the biotech corporations, animal feed industries, and the European food and drink sector are calling for EU GMO laws to be weakened. In particular, it is the EU's "zero tolerance" (see box) to contaminated imports that is under threat. Attempts are also being made to get the EU to speed up its GMO approvals system so it is more in line with the US.

Lobbyists are warning that if EU GMO laws are not weakened, the livestock industry will collapse and the food sector will face spiraling costs. The American Soybean Association has gone one step further and has claimed that the EU's zero tolerance policy is somehow preventing developing countries growing GM crops that it claims will help them overcome hunger. This is a blatant use of the food crisis to further industries' commercial interestsⁱ.

As a result of this lobbying, some parts of the European Commission (DG Agriculture and DG Trade in particular) and some National Governments have fallen for the biotech industry's pro-GMO hype. The Health Commissioner, Androulla Vassiliou, who is responsible for any proposed changes to EU GMO lawⁱⁱ is now under pressure to drop the EU's strict stance on the contamination of imports (see below). A proposal may be put to Member States at the next meeting of the Standing Committee on the Food Chain and Animal Healthⁱⁱⁱ which will be held July 14-15th. However, this might be delayed until the September meeting.

Calls are being made for the EU to drop "zero tolerance" and to stop "asynchronous approvals".

"Zero tolerance" is the EU's policy whereby any imports that are found to be contaminated, even with trace amounts, by a GMO that has not been approved in the EU cannot enter the European Union.

The term **"asynchronous approvals"** is used to define how the EU approves GMOs more slowly than the US which approves GMOs faster than any other country in the world..

2. The crisis caused by global food and feed price increases

Global food prices have risen sharply in the past three years – the World Bank estimates by 83 per cent. This has proven devastating for the world's poor, who typically spend 50-80 per cent of their income on food. Riots have broken out in numerous poor countries as millions of people have seen the price of food spiral out of their reachⁱⁱⁱ.

The underlying causes of the global price increases in food and feed are:

- the shift away from food/feed production to agrofuels,
- global and local financial speculation, in particular over the last year,
- the deregulation of agricultural markets that has led to the depletion of grain stocks,
- the rise in oil prices affecting fuel and fertilizer costs,
- increased droughts and floods in major grain producing countries, and an
- increased demand for soy.

It is worth noting that recent price increases are not restricted to the EU – prices have increased around the world, even in the US which has one of the most permissive systems for GMO approvals

In Europe, the animal feed industry and livestock farmers – who are highly dependent on animal feed protein imports, essentially soy – have seen their costs increase substantially.

3. Are the EU GMO laws to blame?

No. The EU's main producer countries for soy for animal feed are Brazil and Argentina. These countries only approve GMOs that the EU will import so as not to damage their export markets. There is therefore no problem in meeting "zero tolerance requirements" and no problem in supply.

Little publicized is the fact that the EU's strict laws are a problem for the US which commercialises GMOs quickly and with no segregation to prevent contamination. Therefore because of the risk of illegal contamination, US crops are less attractive to the EU market. This is a problem for US farmers and for the biotech industry but not for the EU as imports can be sourced from Brazil and Argentina. Even the Commission's DG Agriculture supports this conclusion in its report^{iv}: ***"If the EU non-approved GM soybeans were cultivated only in the USA, but not in Argentina and Brazil, the impact on the EU market of a ban on US supplies would be small due to the moderate US import volumes."***

The problem of accessibility of animal feed and the "problem" of "zero tolerance" is very clearly unfounded. This is backed up by research^v on the global food and feed price increases, the supply of soy globally (the main crop for which the EU is heavily dependent for animal feed imports) and on the planned approvals of GMOs in producer countries upon which the EU relies. Even reports by DG Agriculture of the European Commission^{vi} and a recent report from the food and feed industry^{vii} acknowledge that the predicted impacts of the zero tolerance policy are speculative.

Weakening GMO laws will make no difference to supply and price of food and feed in the short term. In the medium to long term, concrete policy measures must be adopted to ensure that price increases level off and that the EU as a major global trading partner defends its laws and the needs of its industries to import and produce according to EU law.

4. Is there enough soy on offer?

Yes. According to the European Commission's 2007 Outlook for World Agriculture Commodity Markets, *"Oilseeds and vegetable oils are in plentiful supply. Unlike grains, world stocks of soybeans are at record levels and with a large South American crop this year, to quote one analyst "the world is swimming in soybeans"*. The report does warn that this could change if the US were to reduce its soy production, but after an initial drop as farmers moved to more lucrative maize production for ethanol, the high price of soy has meant that they are now turning back to soy.

The demand for soy in emerging markets, China in particular, is also raised as a threat to the EU import market. Although demand in China is increasing, the FAO has confirmed that the EU will remain the largest single market for soybean meal for animal feed and therefore a crucial market for soy producing countries. China takes a stricter approach than the US and is closer to the EU in terms of approval process and rate. Kraft, one of the world's leading food manufacturers, has a GMO-free policy for the Chinese domestic market showing that the Chinese public has awareness on GM food and a preference for GM-free.

It should be noted that mass production of soy in monocultures, much of which is genetically modified, for the over-consumption of meat and other livestock products in industrialized countries is not a sustainable farming model. In the longer term, solutions to ensure that the EU can be self-sufficient in animal feed, and more sustainable consumption are needed.

5. Who is commercializing which GMOs?

For soy, concerns have centered on the risk of contamination with a new variety of Roundup Ready soy (RR2), which Monsanto is aiming to commercialise in the US in 2009. But Brazil and Argentina are much more significant soy producers for Europe than the US. Both are responsive to EU market demand and are unlikely to cultivate a GM crop not approved in this major export market. An article in the Financial Times^{viii} quotes a Brazilian diplomatic source "We produce to satisfy our clients. We are not going to produce something they are not going to buy" and reports that neither Argentina nor Brazil share the "apocalyptic" scenario currently being put forward by the biotech and livestock industries and intensive farmers.

Furthermore, officials from Brazil and Argentina have confirmed to Friends of the Earth Europe that Monsanto has not yet applied for authorisation for RR2 soy in either country. Even if a request were to be submitted now, it takes on average 3 years for a GMO to be approved in Argentina, and 3-5 years in Brazil.

RR2 is not expected to be approved in the EU until 2009 (for import and processing, not for cultivation). There is therefore no risk that this GMO will be approved in main producer countries before it is approved in the EU.

6. Does the EU authorize GMOs more slowly than anywhere else in the world?

In order to answer this question, it is important to look at the approvals rate in different key countries.

United States

When a company wants to commercialise a GMO in the US, a safety assessment is only required if the company presents evidence that this is needed. Unsurprisingly, no company has chosen to do this up until now. GMO commercialization in the US therefore occurs under a total absence of health and safety procedures and is complete in an average of 15 months.

The US process for authorising GMOs does not meet international requirements under the United Nations' Codex Alimentarius, which are considered as the standard by the World Trade Organisation's trade dispute body. Furthermore, the US is not a signatory to the UN's Biosafety Protocol.

The US Department for Agriculture (USDA), the regulatory agency with primary responsibility for biotech crops, has come in for unusually harsh criticism from the National Academy of Sciences (NAS,2002), its own Inspector General (USDA IG, December 2005), and many farm and public interest groups for failing to adequately assess and regulate biotech crops. Since just 2006, three federal courts have also found USDA's regulation of GM crops to be grossly deficient and not compliant with U.S. environmental laws. In one case, USDA was found to have violated both the National Environmental Policy Act and the Endangered Species Acts for allowing several companies to grow GM crops that harbor untested pharmaceuticals in Hawaii without first conducting an environmental assessment.

European Union

The EU has a relatively robust regulatory procedure for authorizing GMOs onto the market based on the precautionary principle. This provides the opportunity for a scientific dialogue in an area of risk assessment where there are still major gaps in scientific understanding. Therefore it takes approximately 2.5 years for authorisation in Europe.

Brazil

Contrary to the US, Brazil has more strict GMO laws based on the UN's Biosafety Protocol. It takes 3-5 years to commercialise GMOs in Brazil, which is longer than both the US and the EU.

Argentina

The Commission's DG Agriculture, has itself acknowledged that Argentina has historically been unwilling to authorize GM crops prior to EU approval and that the likely impact of the GM crop on exports is a consideration in the approvals process. It takes an average of 3 years to approve a new GMO for cultivation in Argentina, again, longer than the US and EU.

China

China also has a more precautionary approach to GMOs than the US, and is getting stricter:

- The Chinese Agricultural GM Crop Bio-safety Committee has been reorganized to include members specialized in environmental and biosafety issues.
- Certificates for GM commodities can only be granted for a maximum of five years, and are usually granted for three years or less.
- Any GMO imported into China must have proof that it is approved for commercial production in the exporting country.
- Once a company has requested approval to commercialise a GMO the Ministry of Agriculture has up to 270 days to reach a decision, much longer than in the US.
- China has legislation requiring the return or destruction of food imports that contain unapproved GM materials, incorrectly labelled GM materials or materials labelled as non-GM which are discovered to contain GM material.
- Beijing is considering legislation that would put in place monitoring of GM foods and require importing companies to bear the cost of recalling foods found to contain illegal GM materials.

It is the United States that is isolated in relation to the rest of the world because of its rapid rate of commercialization of GMOs and total lack of segregation. It is therefore clear that as long as other countries and regions pay attention to biosafety issues and take longer to approve GMOs, US imports will be blocked as will the profits of the biotech industry.

7. Why are the animal feed and food industries arguing for “zero tolerance” to be dropped?

A recent joint paper commissioned by the livestock, food and feed industries^{ix} uses the GM rice contamination incident as one of two case studies for why this action is needed.

This incident involved an experimental GM rice strain (LL601), grown in the US, entering the food chain and contaminating rice supplies around the world, causing significant costs to the food industry. The paper essentially argues that these costs could have been avoided if the EU did not have a zero tolerance policy in place. However, this problem was caused by regulatory failures in the US, including failing to adequately control GM field trials, and a lack of liability rules making those responsible for the

contamination pay the costs. As a result, the costs were borne by US farmers and the food industry. The EU laws are not to blame in this case.

The paper's second case study, soya, is based entirely on predicted future events and the assumption that Brazil and Argentina will follow the US and approve RR2 for cultivation without any regard for the European market. We have shown above that this is false.

There is no real problem with zero tolerance and the rate of GMO approvals in the EU. Costs resulting from GMO contamination incidents are completely separate from general food and feed price rises, and have been caused by regulatory failure.

8. Who will really benefit if the EU drops its zero tolerance policy?

It is clear that it is the US food and GMO industries, and US GMO farmers, who will have the most to gain if the EU zero tolerance policy is dropped. The US does not practice segregation between GM and non-GMO crops. As such any exports of food and feed crops where GMO varieties are being grown (either commercially or in trials), are at risk of being rejected in the EU if contamination occurs.

In a blatant attack on EU GMO regulations, the American Soybean Association president, John Hoffman, recently urged US Congress to put pressure on Europe:

"It is time for Members of Congress to press their counterparts in the European Parliament to accept the importance of biotechnology in helping to address the world food crisis by greatly improving the timeliness of the EU approval system, and by allowing for the low-level presence of genetic events that have been fully approved by an exporting country, but that haven't yet received clearance in the EU's slow approval system"^x.

The journal Nature Biotechnology^{xi} quote the EU biotech industry lobby group threatening that **"if a solution isn't found [to dropping zero tolerance] European farmers will be forced into a wholesale slaughter of their livestock rather than have the animals starve"** and that Monsanto's seed multiplication activities in the US could mean that soy shipments from the US could be contaminated.

From the evidence listed in the briefing, it is clear that the industry is using the urgency and panic created by food and feed price increases to promote GMOs when weakening the EU's laws will make no difference to the livestock industry. And even the GM industry itself has now admitted that GM crops won't solve the food crisis^{xii}:

"GM won't solve the food crisis, at least not in the short term."

Martin Taylor, Chairman of Syngenta, reported in *The Guardian* 27 June, 2008.

9. What would dropping “zero tolerance” mean?

Increased contamination

The main result of weakening EU GMO laws for imports would be to open up the possibility of more imports from the US which has no safeguards in place against contamination, no segregation to protect its exports, and no liability in place to protect its farmers if contamination occurs.

A number of GMO contamination incidents have occurred in the US involving GMOs not authorised in the EU, including with pharmaceutical genes. On the GM rice contamination incident, the US prioritized deregulating (i.e. approving) LL601 rice and lobbying for tolerance thresholds in Europe rather than finding out how the incident happened and putting in place remediation and preventative measures. After a yearlong investigation, US authorities failed to determine the cause of the incident. The EU is now in danger of rewarding the US for its lax controls by weakening regulations in Europe and opening its markets to contaminated US foods instead of working to ensure such incidents are prevented in the future.

For consumers, it will mean that animal products that they consume could be fed on feeds contaminated with unapproved GMOs, including potentially even from experimental GM crops and crops engineered to produce medicines. If such changes are made to food imports – as requested by the European Commission after a debate on GMOs on May 7th 2008 – then such contamination could directly affect our food, with unknown risks to health. Furthermore, weakening GMO laws on the contamination of imports will make a mockery of European citizen’s wishes to avoid GMOs in their food and of the EU’s biosafety laws that, although not perfect, are a model in the world.

An attempt to show the EU weakening to GMOs

Another key impact would be to show that the EU is weakening its stance on GMOs. This is a major objective for the biotech industry and the US. If this happens, this will be used to put pressure on other regions in the world that are also hesitant about GMOs and are supported in this position by the EU. The EU carries weight as it is one of the most important trading blocks of the world.

The European Commissioner for Health, Androulla Vassiliou, and her counterparts in European Governments must stand firm and protect the EU’s biosafety laws in the face of blatant scaremongering. Real solutions are needed for the crisis caused by the food-feed price increase and difficulties faced by the livestock industry.

10. The Commission’s plans leaked: attempts to bypass democratic process

The big question now will be whether the European Commission gives in to the biotech, food and feed industries. An “options paper” has been written by civil servants from the Commission’s DG Health which looks at the different possibilities. Friends of the Earth Europe and Greenpeace have obtained a copy of this paper, which can be downloaded from here: http://www.foeeurope.org/GMOs/zero_tolerance.html

Whilst the paper does mention not dropping zero tolerance, this option is not discussed very seriously in the paper and is summarized as having a “**negative impact on the availability of feed for the EU**” which this briefing has in fact shown to be false.

The paper then addresses the contamination thresholds that are being pushed by the various lobby groups:

- 0.5% by the intensive farmers' group COPA COGECCA
- 0.9% favoured by the food and feed industries and the EU biotech industry lobby group
- 5% favoured by the US (!)

The Commission does acknowledge that such changes will require a change in the law and a clear dropping of zero tolerance. However, whilst this could be seen as positive, what the paper shows is that the Commission is only concerned about changing the law because under EU decision making rules, this would mean that the European Parliament (EP) would have to give its opinion (called "co-decision"). This is something that the Commission wants to avoid at all costs as because of the controversy surrounding GMOs, it is unlikely that dropping zero tolerance would be agreed to by many MEPs whose constituents are very opposed to GMOs.

Therefore the Commission is looking for solutions that would enable it to quickly and quietly drop zero tolerance and weaken EU GMO laws WITHOUT going through the due democratic process.

It therefore comes up with a fifth proposal which it calls "technical solutions" whereby the testing protocols for imports would be put at 0.1% but the paper states that as this would be difficult to apply in practice, Member States would in fact be allowed to work to 0.2 or 0.3% "before taking actions" over contamination of unapproved GMOs.

Because allowing low levels of unapproved GMO contamination will not address the food and feed price crisis, the real risk is that the industry would continue to lobby for the Commission to review and increase the threshold. Furthermore, the EU's weakening of its law would encourage these countries to grown more GMOs and to take less care about segregation thus putting GM-free production at risk. This is clearly what the US wants and is the reason behind its lobby for 5% threshold.

The Commission must refer to the evidence that clearly shows that zero tolerance in no way causes any of the price problems faced by the livestock industry. The Commission should put a proposal to Member States NOT to drop zero tolerance. Real solutions to the feed prices increases should then be explored.

11. What can I do?

We have drafted an urgent letter to the Commission and Member States that needs to be sent **before July 14th** and possibly again in September if the issue is (re)discussed then. Find it here: http://www.foeeurope.org/GMOs/zero_tolerance.html

The letter needs to be sent to your country's representatives on the Standing Committee on the Food Chain and Animal Health, Ministers for Agriculture and Ministers for Health and Environment.

Meetings should also be scheduled wherever possible. You can download a briefing for policy makers written by FoE Europe, Greenpeace and the European Farmers' Network, CPE at:

http://www.foeeurope.org/GMOs/animal%20feed/Briefing_animal_feed_GMOs_May_2008.pdf

12. Conclusions and recommendations

- Zero tolerance and the speed of GMO approvals do not need to be changed. These issues will not make any difference to the EU livestock industry's current crisis. Any decision to weaken GMO laws will be controversial and unpopular with the European public.
- The main GMO in question, Monsanto's GM soy, is not a threat to EU imports as it has not even been filed for approval in either Brazil or Argentina.
- The difference in timings of GMO approvals (*asynchronous approvals*) is between the US and the rest of the world, not between the EU and its main exporter countries.
- The US is isolated in terms of GMO approvals process with Brazil and China being closer to the EU in this respect. Argentina assesses export opportunities as part of its approvals process.
- The Chinese domestic market is showing sensitivity to GM-free food and it can therefore not be taken for granted that China will import GMOs that the EU will not.
- If the EU drops zero tolerance it will open up the risk of contamination of imports with GMOs that have had no health or environmental risk assessment and which could be from experimental sites or GMO pharma crops. This is contrary to the principles of EU GMO laws and will further weaken global standards.

What should the EU do?

- Uphold EU GMO law and maintain a zero tolerance policy on unauthorized GMOs. This will protect European citizens and help prevent a downward spiral of increased levels of GMO contamination in food and feed around the world.
- Instead of speeding up approvals to match the US, the EU should provide support and technical assistance to countries such as China, Argentina and Brazil to establish GMO assessment procedures comparable to international guidelines and the EU's own standards.
- As a leading trading block, the EU must specify to producer countries what the EU will import, encourage GM free production, and the limitation of new GM cultivation.
- The EU must also help the EU livestock industry to source GM-free animal feed and must reform agricultural and trade policies in order for European farmers to reduce their reliance on imported animal feed.
- Develop strict liability systems whereby the biotech company – the polluter – not the feed importer, farmer or consumer, pays for unauthorised GMO contamination.
- Drop the EU target that all fuels for transport contain at least 10 percent agrofuels by 2020 as this increased demand for biofuels is one of the drivers for the price increase.

References

ⁱ http://www.soygrowers.com/newsroom/releases/2008_releases/r061108.htm

ⁱⁱ Regulation 1829/2003

ⁱⁱⁱ Under EU decision making rules, Member States send one representative to these committee meetings where they vote on proposals put forward by the Commission. In this case, the proposal is expected to be to set a threshold for the low level presence of GMOs that have not been approved in the EU.

^{iv} Economic Impact of Unapproved GMOs on EU Feed Imports and Livestock Production, http://ec.europa.eu/agriculture/envir/gmo/economic_impactGMOs_en.pdf

^v Friends of the Earth, Greepeace, CPE, May 2008
http://www.foeeurope.org/GMOs/animal%20feed/Briefing_animal_feed_GMOs_May_2008.pdf

^{vi} Economic Impact of Unapproved GMOs on EU Feed Imports and Livestock Production, http://ec.europa.eu/agriculture/envir/gmo/economic_impactGMOs_en.pdf

^{vii} Economic impacts of low level presence of not yet approved GMOs on the EU food sector. May 2008. Graham Brookes, GBC Ltd. Commissioned by CIAA, COCERAL, EUROMAISIER, FEFAC, FERM, and GAM

^{viii} Financial Times, "Fresh battle looms over bio-crops in Europe", Andrew Bounds, June 25th 2008

^{ix} See vii above.

^x 11 June 2008, http://www.soygrowers.com/newsroom/releases/2008_releases/r061108.htm

^{xi} Nature Biotechnology, Volume 25, Number 10, October 2007: *Europe's anti-GM stance to presage animal feed shortage?*

^{xii} The Guardian 27 June 2008 "GM will not solve current food crisis, says industry boss"
<http://www.guardian.co.uk/environment/2008/jun/27/gmcrops.food>