BRIEFING

The rise in animal feed prices and potential impacts in the EU
Causes and links to GMO policy

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Summary

Animal feeds have become more expensive, provoking a crisis in the livestock industry. The European Commission's DG Agriculture, the Biotech Industry and the Animal Feed Industry are claiming that it is the EU's GMO policy that is harming the EU livestock industry. This scaremongering is an attempt to use rising animal feed prices to weaken EU GMO policy when in fact the blind rush for agrofuels and poor weather conditions are causing the worldwide shortages in key feed crops.

This briefing looks at the reasons for the rise in prices, addresses whether China constitutes a threat to the EU and analyses GMO policies in different regions of the world. The briefing refers to a report issued by the European Commission's DG Agriculture in June 2007 which accuses the EU's GMO policy of being the problem behind the crisis.

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1. Introduction

The European Commission's DG Agriculture, the Biotech Industry and the Animal Feed Industry lobbyists are claiming that that EU's GMO policy is harming the EU livestock industry, and that:

- Rising prices are due to the EU's health and safety laws on GMOs ("asynchronous" approvals whereby GMOs are authorised more slowly in the EU than in the US, and the "zero tolerance" standard whereby any imports to the EU contaminated by GMOs not authorised in the EU are blocked)
- That these laws and standards could result in a major lack of feed imports into Europe
- That major emerging markets, such as China, will import GMOs and therefore the EU will no longer have leverage to demand non GM maize and soy from main exporters
- That European farmers could be forced into the wholesale slaughter of their livestock due to a shortage of animal feed[i]

They are calling for GMO approvals to be speeded up in line with the US, and for the "zero tolerance" standard to be reviewed so that any contamination from a GMO not yet authorized in the EU but having passed a safety assessment equivalent to that required in the EU be allowed in imports to the EU[ii].

Below, Friends of the Earth Europe presents why this proposal is unjustified.

2. "Asynchronous" approval of new GM crops between US and the EU has virtually NO impact on EU feed imports

DG Agriculture and Industry are claiming that the longer time taken to authorise GMOs onto the European market blocks imports to the EU, thus cutting off essential animal feed.

GMO approval systems in different regions and countries

The EU has a relatively robust regulatory procedure for authorising GMOs onto the market. This provides the opportunity for a scientific dialogue in an area of risk assessment where there are still major gaps in scientific understanding. In comparison, there is no approvals system for genetically modified foods or crops in the US. When a company wants to commercialise a GMO in the US, it has no obligation to consult the Food and Drug Agency, and there are no specific laws for GMOs. A safety assessment is only required if the company presents evidence that this is needed. Unsurprisingly, no company has chosen to do this to date. GMO commercialisation in the US is therefore due to the total absence of health and safety procedure. 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.

Contrary to the US, Brazil has stricter GMO laws based on the UN's Biosafety Protocol. The approvals system is currently blocked due to legal challenges concerning the correct implementation of GMO laws and it is therefore unlikely that new GMOs will hit the market soon. GM maize approval, for example, has already been blocked due to court proceedings. Concerning Argentina, the Commission's DG Agriculture, has itself acknowledged[iii] that Argentina has historically been unwilling to authorise GM crops prior to EU approval and that the likely impact of the GM crop on exports is a consideration in the approvals process.

The EU procedures for authorising GMOs will not block imports to the EU:

- The difference in timings is essentially between the EU and US. As the latter has nowhere near an equivalent health and safety assessment to the EU, the proposal to lower the zero tolerance standard as mentioned above cannot stand
- Key exporters such as Brazil and Argentina are attentive to EU market demands, and Brazil in particular has GMO laws in place closer to the EU system than the US.

The Case of Herculex GM maize

The case of Herculex Maize (DAS 59 122) has been widely reported as posing a severe problem for animal feed importers in the EU. Maize exported from the US, destined for the EU, was found to be contaminated with Herculex, a GM maize commercialised in the US but not in the EU. However, by April 2007, just a few months prior to the EU approving this maize, none of the countries from which the EU imports most of its maize – Argentina, Brazil, Serbia and the Ukraine – had authorised Herculex. Whilst contamination was found in imports from the US and refused at port, this refusal in no way shut down the EU's major suppliers.

3. Emerging markets: China does not pose a risk

China has been cited as a threat to the EU supply of non GM animal feed based on the idea that China has no health and safety requirements and so will import cheap GM feed. If this was the case, this could allegedly make feed producers move to GM varieties that are not authorised in the EU, thus cutting off feed for the EU market

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

- The Chinese Agricultural GM Crop Bio-safety Committee has been reorganised to include members specialised 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[iv].

- 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, therefore 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[v].
- 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[vi].
- Furthermore, Chinese consumers are increasingly concerned about GM foods, and Kraft foods, the world's second largest food supplier, has announced that all foods produced on the Chinese mainland will not contain GM material[vii].

China is also hesitant about approving GM crops because of the attractions of the non-GM market

- Whilst the import of Monsanto's roundup ready soy has been approved, it has not been approved for commercial growing by Chinese farmers. This is partly due to recognition of the valuable premiums paid for non-GM soy in EU and Japanese markets. This sensitivity to EU markets is demonstrated by reports that the Chinese government has delayed approval of GM rice because of concern about the impact on exports[viii].

Finally, China imports a different soy product (soybeans) than the EU (soybean meal) and therefore does not risk taking over from the EU as a major global importer:

- According to the OECD-FAO's most recent agricultural outlook report, by 2016 China will be the world's largest single importer of soybean products (although it does not predict in which year China will attain this position)[ix]. But China already imports more than double the quantity of soybeans than the EU imports. It is actually the market for soybean meal that the EU dominates, as this is used for animal feed, and the EU is predicted to remain the world's largest single market for soybean meal[x].

4. EU livestock crisis exists but not because of EU GMO laws: poor harvests and biofuels

Rising feed costs are being blamed for serious problems facing producers in the EU, allegedly because of EU GMOs laws and the higher cost of non GM animal feed compared to GM feed.

- However, rising feed costs are also a problem in Canada[xi], Australia[xii], the US and China[xiii].
- Rising feed prices in the pig industry are actually due to the recent price hikes in the cost of wheat and barley[xiv], and shortages of feed wheat[xv].
- 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[xvi].
- Prior to the US governments mandates 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[xvii], and as oil prices rise, so have maize prices. However, in comparison to wheat, prices for maize in the EU have not risen to the same extent[xviii].
- 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[xix].
- 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.

5. What should the EU do?

The EU carries weight in the international arena as one of the world's biggest trading blocks. It should use this to support the European animal feed industry to produce non GM animal products. And it should promote and defend health and safety standards for people, animals and the environmental around the world. Friends of the Earth Europe is calling on the European Commission, Member States and Members of the European Parliament to:

- Help the EU livestock industry to source GM free animal feed
- Support the one million citizens that have signed a petition calling for products from animals fed with GM animal feed to be labelled.[xx]
- Support countries like Argentina and Brazil to establish assessment procedures comparable to international guidelines and the EU's own standards.
- Develop strict traceability and liability systems whereby the biotech company - the polluter - pays and not the livestock importer, farmer or consumer
- Stand up to clear bullying tactics from the biotech industry and the US administration
- Drop the EU target that all fuels for transport contain at least 10 percent agrofuels by 2020

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