National Corn Growers Association
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Testimony of Fred Yoder
President, National Corn Growers Association

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Subcommittee on European Affairs

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Good afternoon. Chairman Allen, Ranking Member Biden and members of the Committee, my name is Fred Yoder. I am President of the National Corn Growers Association (NCGA), former Chairman of NCGA's Biotechnology Working Group and a corn farmer from Plain City, Ohio. I would like to thank the Subcommittee for giving me the opportunity to testify and speak today regarding differing views of biotechnology between the United States and Europe. Today's hearing is very timely, and I commend the Chairman and the Committee for convening it.

NCGA was founded in 1957 and represents more than 32,000 dues-paying corn growers from 48 states. The Association also represents the interests of more than 350,000 farmers who contribute to corn checkoff programs in 19 states.

The National Corn Growers Association's mission is to create and increase opportunities for corn growers in a changing world and to enhance corn's profitability and usage across this country. Biotechnology and trade remain vital to the future of corn growers as we search for new markets and provide grain that is more abundant and of better quality.

Biotechnology offers corn growers improved efficiencies and potential profits when managed wisely and with regulatory oversight based on sound science. The introduction of new varieties and their proliferation across the Corn Belt is redefining current systems of price discovery, consumer information, health regulation and trade management.

NCGA believes consumer acceptance and confidence in our regulatory agencies is vital to the success of this technology. As producers, corn growers have to be mindful of our customers and ensure there is open communication with grain handlers, millers, processors and food retailers across the country. Our association works closely with our partners in the food chain and has an open dialogue to head off any problem before it occurs. We also believe consumer acceptance of biotechnology will increase with the dissemination of science-based information. Responsible and accountable management by biotechnology providers, producers, suppliers, and grain merchandisers is imperative.

As you know, corn is the largest crop in the United States, with more than 79 million acres planted last year, producing 9 billion bushels of grain. Corn acreage is likely to increase this year with more than one-third devoted to varieties derived from biotechnology. While corn producers across the country already understand the benefits

of biotechnology, farmers around the globe are beginning to realize the true potential of this exciting technology.

According to a new report from the non-profit International Service for the Acquisition of Agri-biotech Applications (ISAAA), the amount of land planted worldwide with biotech crops increased by 12 percent in 2002. This is the sixth straight year that farmers from around the world have adopted biotech crops at a double-digit pace. While the majority of the global area planted to biotech crops is in the United States, accounting for 66 percent of global plantings, the adoption of biotech crops in 2002 was more than twice as fast in developing countries as it was in developed countries.

In the world market, two out of every three bushels of corn originate in the United States, and we account for more than 40 percent of the total production worldwide. Last year, we exported more than $4.5 billion of corn more than $1 billion of value-added processed corn products.

Despite this growth, corn growers and farmers across the country are facing various challenges in the international marketplace. Unfounded fear of biotechnology is the largest challenge facing corn growers. This reality is no more apparent than in the European Union (EU).

European Union Biotechnology Moratorium

For the past five years, corn exports from the United States have been shut out of the EU due to a de facto moratorium on products derived from biotechnology. In the three years prior to imposition of the moratorium, U.S. corn exports to Europe averaged 2.3 million metric tons annually. Today, we export only 26,000 metric tons.

Lacking confidence the Europeans would resolve the dispute quickly through negotiation; the Administration initiated a WTO dispute settlement complaint last month against the EU's long-standing moratorium on the approval of biotech products. The NCGA pushed strongly for this action, and we were pleased with the administration's decision.

We would have preferred to avoid a confrontation in the WTO on this issue. We believe we have shown considerable patience over the five years while the moratorium has been in effect, despite the loss of more than $300 million per year in corn exports to the EU. We were hopeful that European leaders would find their way through their regulatory problems and come into compliance with their international obligations. However, we became convinced for a number of reasons that the time had come to act.

First, we lost faith in the willingness of EU officials to resolve the problem without outside pressure. As the attached chronology illustrates, the EU Commission has promised many times over the past five years to restart the approval process for new biotech products-- but has always failed to deliver. A determined group of anti-biotech Member States has succeeded repeatedly in moving the goal posts by imposing new conditions.

We have heard the same kinds of promises recently. The Commission now says that the moratorium will be lifted by the end of the year when new rules on traceability and labeling of biotech products are adopted. However, there is no evidence that the opposition to biotechnology in certain Member States has lessened. Indeed, some Member States have already begun to demand the development of new rules on liability and the co-existence of biotech and non-biotech crops before lifting their opposition to new product approvals. Moreover, even under the Commission's most optimistic scenario, the price for lifting the moratorium is the implementation of a WTO-inconsistent traceability and labeling regime that could be just as effective a barrier to access as the moratorium itself.

We sincerely hope that the launching of a WTO complaint will prompt EU officials to re-examine their biotech policies and lift the moratorium. On a recent trip to Europe we saw some encouraging signs. Through our experience, officials in the European Commission and farmers throughout the Continent understand the benefits and want access to the technology.

However, according to USTR, the results of last Thursday's dispute settlement consultations in Geneva were not encouraging. We therefore fully support the decision of the Administration to request establishment of a dispute settlement panel at the earliest opportunity.

Second, EU policies are beginning to effect market access for biotech products around the world. Under pressure from consumer groups influenced by European attitudes, a number of governments have already adopted versions of the EU's current labeling regime, and some are threatening to restrict imports of commodities.

The longer we go without asserting our WTO rights, the greater the tendency will be for other countries to impose EU-style policies. On the other hand, a clear victory in the WTO would be a powerful deterrent to countries that may be tempted to follow the EU.

Third, EU policies are undermining WTO rules. One of the most important achievements of the Uruguay Round of WTO negotiations was the Agreement on Sanitary and Phytosanitary (SPS) Measures, which establishes rules that help WTO members distinguish between legitimate and illegitimate health and safety regulations. EU policies openly flaunt those rules.

The SPS Agreement requires that SPS measures be based on a scientific assessment of risks. Every risk assessment performed by the official EU Scientific Committees on products submitted for approval has found that the product in question posed *no risk* to human health or the environment.

Indeed, the Commission's own Directorate-General for Research concluded:

> Research on the GM plants and derived products so far developed and marketed, following usual risk assessment procedures, has not shown any new risks to human health or the environment, beyond the usual uncertainties of conventional plant breeding.

> Indeed, the use of more precise technology and the greater regulatory scrutiny probably make them *even safer than conventional plants and foods*. … On the other hand, the benefits of these plants and products for human health and the environment become increasingly clear.[1]

Just last week, in an article in the *San Francisco Chronicle*, two of the world's leading scientists working in biotechnology addressed the question about the safety and testing of these products. In their article, they wrote:

> The reality is that crops developed through plant biotechnology are among the most well-tested, well-characterized and well-regulated food and fiber products ever developed. This is the overwhelming consensus of the international scientific community, including the British Royal Society, the U.S. National Academy of Sciences, the World Health Organization, the Food and Agriculture Organization of the United Nations, the European Commission, the French Academy of Medicine and the American Medical Association.[2]

Like the data generated to support it, the regulatory process itself is comprehensive. In the United States for example, the regulatory framework includes at least nine distinct opportunities where a regulatory decision in favor of the safety of the biotech product is required before the process can move forward. Five of these decision points include the opportunity for public comment or participation. Combine this with the fact that in the eight years these crops have been grown, there has not been a single adverse health effect. You then realize very quickly that the science, the oversight and our experience all land on one key point, these crops are safe.

However, the EU has repeatedly refused to approve products even after receiving a positive risk assessment and has offered no scientific rationale for its actions. Indeed, it is clear that the EU restrictions have to do with political and regulatory incompetence, misinformation and old-fashioned protectionism rather than scientific uncertainty. If we refrain from asserting our WTO rights against so blatant a violation, we will see other countries behaving similarly and will find it increasingly difficult to enforce SPS rules.

That would be a potentially disastrous development at a time when countries around the world are beginning to implement the Cartagena Protocol on Biosafety. Now especially is the time to assert the applicability of the disciplines of the SPS Agreement to trade in biotech products.

Finally, EU policies are putting at risk the future of a technology that has already brought great benefits and that holds great promise. A study by the National Academy of Sciences and six other national science academies concluded:

> Foods can be produced through the use of GM technology that are more nutritious, stable in storage ... and health promoting – bringing benefits to consumers in both industrialized and developing nations … GM technology, coupled with important developments in

[1] D-G Research, GMOs: are there any risks? Brussels, 8 October 2001.
[2] C. S. Prakash, Martina Newell-McGloughlin, "Listen to Sound Science on Agricultural Technology," *San Francisco Chronicle*, June 20, 2003.

> other areas, should be used to increase the production of main food staples, improve the efficiency of production, reduce the environmental impact of agriculture, and provide access to food for small-scale farmers."[3]

However, because the EU is such an important trading block, its restrictions on biotech products have effects far beyond EU borders. The logjam in product approvals has affected the investment decisions by biotech firms and the pace of introduction of new products.

Some U.S. corn farmers have been forced to forgo the use of the technology because of concerns about the marketability of corn byproducts in the EU. Several countries, even biotech-friendly ones like Argentina, have officially restricted the types of biotech products they will permit for similar reasons. And we saw the most egregious manifestation of the effects of the EU ban recently when several famine-stricken African countries refused U.S. food aid, in part because of food safety concerns stemming from European misinformation, and in part because of fears of losing markets in the EU. As Nobel Laureate Norman Borlaug wrote:

> The affluent nations can afford to adopt elitist positions and pay more for food produced by the so-called natural methods; the one billion chronically poor and hungry people of this world cannot. New technology will be their salvation, freeing them from obsolete, low yielding, and more costly production technology. [4]

It is ironic that many of the European activists who are agitating against biotechnology are citing environmental reasons for their opposition. On the basis of the U.S. experience with biotech crops, it is already clear that the environmental effects of biotechnology are overwhelmingly positive. A recent study found that cultivation of biotech crops in the U.S. reduced pesticide use by 46 million pounds. The same study estimated that the adoption of 32 new products currently under development would result in an additional cut in pesticide use of 117 million pounds.[5] In Europe of all places, where per-acre chemical input use is much higher than in the United States, you would think that people who care about the environment would welcome such benefits.

We hope that this trade dispute is short-lived. It is in the EU's hands; all they need to do to end the case is lift the illegal moratorium. Lifting the moratorium does not just mean acting on one or two of the applications that have been delayed over the years, but demonstrating that the entire system has been re-started, and that all products are given timely consideration. However, if they refuse to do so, the U.S. should be ready to take the case to its conclusion.

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[3] Royal Society, U.S. National Academy of Sciences, Brazilian Academy of Sciences, Chinese Academy of Sciences, Indian National Science Academy, Mexican Academy of Sciences, and Third World Academy of Sciences, *Transgenic Plants and World Agriculture* (2000).

[4] Borlaug, Norman. "Ending world hunger: The promise of biotechnology and the threat of antiscience zealotry. *Plant Physiology*, 124: 487-490.

[5] Leonard P. Gianessi et al., *Plant Biotechnology: Current and Potential Impact for Improving Pest Management in U.S. Agriculture, National Center for Food and Agricultural Policy.* June 2002, page 1.

Labeling & Traceability

We must note, however, that ending the moratorium will not be the end of our trade problems with Europe on biotechnology. As I mentioned before, the EU has made adoption of new legislation on labeling and traceability of biotech products a political pre-condition of restarting product approvals, and there are calls for yet more legislation in the works.

We are concerned that even with a resumption of approvals, our trade in bulk corn with the EU could remain disrupted because of provisions of the pending traceability legislation. There are numerous types of biotech corn in the U.S. market, tailored to attack different pests or increase production efficiency. These varieties are generally co-mingled after harvest and in the storage and transportation system since there is no difference in end-use utility or value of the harvested grain. The pending traceability regulation in the EU would require grain handlers to identify each specific biotech event that is present in bulk shipments that can be from 20,000 to 80,000 tons each. These shipments are the equivalent of the corn harvest from 5,000 to 20,000 acres and could come from literally hundreds of farms.

Corn growers pride themselves on their ability to provide high-quality specialty grains to end users who seek improved performance and are willing to help create market-based systems that can supply these products. We have been very successful in serving markets for products like waxy corn, high oil corn and in the limited area where users will pay the costs of testing and certification, non-biotech corn. However, the sampling, testing and administrative costs required to assure compliance with the proposed European regulations are, we believe, well beyond the ability of the bulk grain handling system without massive cost increases that would destroy the competitiveness of imported grain in Europe.

We are also concerned that the massive extension of the EU's current biotech food labeling legislation could threaten markets for some of the highest value food products made from our corn. U.S. processors use hundreds of millions of bushels of our corn to produce highly refined food ingredients and food additives. Some of these are exported directly to Europe, and some find their way to that market after being used in food manufacture in the U.S.

The refining processes for these ingredients remove all traces of the DNA or protein introduced in the genetic modification of corn, and there can be no question that there is any food safety issue with these products. The pending EU legislation would require biotech labeling for any product made using modified corn, even if you cannot differentiate it from a conventional product by any objective standard. When the EU first introduced biotech labeling for the limited number of food ingredients where DNA or protein could be detected, the European food industry immediately reformulated their products to remove these ingredients, or source them from other countries. We believe there will likely be a similar response to the new rules and we risk loosing additional markets for U.S. food products.

Food manufacturers in Europe will not label their products because of a widespread public climate of suspicion about food biotechnology. In large part that public attitude has been generated by unfounded claims by activists groups. However, by adding layer upon layer of new legislation, without any scientific demonstration of risk, the European authorities have contributed to this unfounded fear.

Conclusion

Consumers in Europe and everywhere should have choices in the food selections they make. This starts with allowing the marketing of safe products and not holding them in perpetual regulatory limbo. It also means operating a regulatory system that assures consumers that only safe foods are permitted on the market, irrespective of their source. Requiring onerous tracing and labeling requirements for biotech products only contributes to an attitude that there must be extraordinary risk to these products and, in the long run, denies consumers the choice they deserve.

The detractors of biotechnology want to hold onto an aesthetic of farming that no longer exists. With over 6 billion inhabitants, the Earth needs biotechnology to feed developed and developing nations alike. Without a doubt, the images used by Greenpeace activists are frightening. Even more frightening is the potential result these irresponsible actions will have on starving populations. If we adhered to the internationally politically correct standard of farming, the level of starvation in Sub-Saharan Africa and other parts of the world would be much worse.

Congress understands the need to confront the European Union and the WTO case has the overwhelming support of members from both sides of the aisle from all regions of the country. In fact, the Senate recently adopted a resolution supporting the case and NCGA thanks Chairman Allen and Ranking Member Biden and the members of the Committee for their support.

Without a doubt, the EU moratorium and other types of non-tariff protectionism are detrimental to the free movement of goods and services across borders. I wholeheartedly agree with Speaker Hastert when he recently testified, stating, "Non-tariff protectionism is detrimental to the free movement of goods and services across borders. We all know that free trade benefits all countries. However, free trade will be rendered meaningless if it is short-circuited by non-tariff barriers that are based on fear and conjecture - not science."

Thank you again for addressing this important issue and providing NCGA the opportunity to address the Committee. We look forward working with the Committee on other issues of importance in the future. I welcome your questions.

(Attachment)