Farmer to Farmer Campaign

ONE IN A SERIES OF FACT SHEETS ON GENETIC ENGINEERING IN AGRICULTURE

International Market Overview

Markets for GMOs are shrinking. A great deal of uncertainty in export markets exists now for U.S. farmers, in part due to the introduction of GMOs. Even small shifts in markets can have a negative price impact for farmers. The major markets for American farm exports, in both Asia and Europe, are restricting GMOs. In 1999, the European Union rejected GMO corn from the US, major grain dealers announced they would not accept GMOs, exports of corn and soy to Europe dropped dramatically, and American exporters of GMOs lost $200m in sales to Spain and Portugal, alone.

Increasingly, food processors and restaurants in Europe, Japan and America have banned GMOs. Major Japanese breweries, McDonalds, Seagram's, Heinz and Gerber baby food, IAMS pet food, Frito-Lay, the house labels for Wild Oats and Whole Foods, and major supermarket chains in Europe, have all gone non-GMO, with some or all of their foods, decreasing demand for non-segregated farm products at home and abroad. European and Asian markets are beginning to reject GMO animal feed, which constitutes more than half of the GMO market.

In this time of enormous surpluses and disastrously low prices, farmers need reliable and expanding markets. Instead, GMOs have created chaos and unpredictability. Farmers are squeezed between providing the products that their customers want and the profiteering of agribusiness corporations who promote GMOs while claiming to support export/ market oriented farm policies.

International Markets are offering Premiums for Non-GMO crops. Japan, South Korea and some European buyers are now paying premiums of 10-40 cents per bushel for segregated non-GMO corn and soybeans. The Tokyo Grain Exchange has launched non-GMO contracts with set premiums. Australian farmers are getting a $5 per ton premium on their non-GMO canola sold to Europe. According to the USDA, some grain buyers in 1999 were paying 8-10 cents more a bushel for non-GMO grain in Illinois. GMOs were effectively being sold at a discount. It is unclear where the market is heading in the future. Early reports suggest that non-GMOs may receive a premium in the 2000 crop year. Farmers are concerned that GMOs may get a market price discount, reflecting the uncertainty of markets.

Grain from other countries is meeting non-GMO demand: Australian farmers are selling non-GMO products to Japan and Europe. Brazilian, where GMOs are still officially banned, farmers are exporting record amounts of non-GMO soy to the EU, and South Korea bought non-GMO corn from China. The American Corn Grower Asso-

ciation estimates that U.S. farmers have lost hundreds of millions of dollars from lost export sales due to foreign non-GMO grain and the only winners are U.S. grain export competitors who are picking up US farmers' former customers. (*www.acga.org*)

The *London Times* confirmed the trend in May 2000, saying that the "writing is now clearly on the wall for US agricultural exports thanks to their huge market blunder with GMOs. This damage to US exports could be permanent as more and more countries discover they can meet their own requirements for protein from within their own farming resources. This is creating major opportunities for non-US farmers."

World Wide, the Trend is "No on GMOs": GMO restrictive testing and labeling laws which impact major world markets in many major countries including Australia to China, Israel, New Zealand, Mexico and throughout Asia, Europe, parts of Africa and the Middle East and through the recently approved International BioSafety Protocol.

GMOs put US farmers at a disadvantage. **Europe** is the third largest market for US agriculture. A recent Angus Reid poll showed a strong 73% negative view of GMOs in Germany and a 71% negative view in France. There has been a strong consumer resistance and a trend toward labeling GMO food. The **European Union's** environment ministers voted to continue the ban on GMOs, and **South Africa** drafted legislation prohibiting the import of GMOs without testing and prior approval of the importer.

The investment climate reflects the growing consumer backlash against GMOs. Europe's largest bank, Deutsche Bank, issued a report in 1999 entitled "GMOs are Dead." Financial analysts report that multinational agro-pharmaceutical corporations, like the newly formed Syngenta Corporation, are spinning off their poorly performing agricultural divisions and moving toward pharmaceuticals for future profits.

Japan, the world's largest importer of food, buys77% of its soybeans and 87% of its corn, primarily from the U.S. A poll showed that 82% of consumers in Japan had a negative view of GMOs. Japanese buyers want Identity Preserved (IP) GMO-free products and are willing to pay for them. **Thailand** announced it would ban imported GMO seeds after a shipment of contaminated grain arrived there. Importing customers told Thailand, the world's leading rice exporter, that they will not accept GMO rice.

Brazil, the largest economy in Latin America, where 25% of the world's soybeans are grown, has banned GMOs. **Mexico,** with a population of over 90 million, bought about 3-5 million metric tons of U.S. corn in recent years. Mexico has placed some restrictions on GMOs, particularly on transgenic corn since Mexico is the center of origin for maize with 25,000 native varieties of corn. Mexico's largest corn flour company, Maseca, recently announced a ban on GE ingredients in their products. **Argentina** is the world's third largest producer of soybeans, but Argentina's farmers pay less than half the price and do not pay technology fees for transgenic seed, while competing with US farmers for the same international export markets that still take GMO crops.

This fact sheet was written by Claire Cummings in collaboration with the Farmer to Farmer Campaign. For additional information on genetic engineering in agriculture, please call (800) 639-FARM. Fact sheet prepared September 2000.