

Ministry of Agriculture, Nature Management and Food Quality

Ms G. Verburg
P.O Box 20401
2500 EK THE HAGUE

The Hague, 22 September 2008

Re: Trade constraints through asynchronous approval of GMOs in EU versus third countries

Dear Ms Verburg,

Further to our earlier letter of 9 November 2007, the Dutch food industry, the animal feed sector, chain partners and the Confederation of Netherlands Industry and Employers (VNO-NCW) (the undersigned) once again urgently request that you call for a fast and satisfactory solution at the European level to the serious trade constraints resulting from slow European decision-making on the approval of genetically modified organisms (GMOs).

Consequences of zero tolerance and asynchronous approval policy

The slow European authorisation process for new GMOs, in combination with zero tolerance for (as yet) EU non-approved GMOs, is increasingly leading to disproportionate trade constraints for the European industry in general and the Dutch industry in particular. As a result of zero tolerance for EU non-approved GMOs that have nevertheless proved safe, it is already impossible to import raw materials (including corn, rapeseed and rice) from certain countries, in view of the potential presence of traces of these GMOs that are not approved in the EU. Annexes 1 and 2 of this letter contain a number of examples of these trade disruptions and their effects.

Without swift and adequate measures, the number of raw materials (including soya products) and the number of countries of origin affected by this zero tolerance is expected to rise rapidly. As a direct consequence, the European food and animal feed industry can procure various raw materials only from a steadily shrinking number of countries. This will lead to increased prices for raw materials and the food and animal feeds produced with them, steadily reducing the competitiveness of the European food and animal feed industry in relation to third countries. The continuity of food production could also be jeopardised because insufficient or no substitute raw materials are available. Both effects will also be noticeable to consumers.

Realistic threshold value needed

In order to secure the continuity of European and Dutch production of food and animal feed, a solution must be found in the very near future for the import restrictions arising from the aforementioned zero tolerance. Despite the clear instructions of the European College of Commissioners to its services to find a technical solution for this increasingly pressing problem before the start of this summer, the European Commission and the Member States have not succeeded in doing so. In order to avoid further import restrictions and severe economic damage, we therefore call for the fastest possible introduction of a realistic threshold value for certain GMOs that are (as yet) not approved by the EU. Such a threshold value would give the industry a temporary provision while the European authorisation process is still significantly slower than in other parts of the world. Unfortunately, we note that in

recent months, the already slow European approval procedure has faced even further delays.¹ As a result, the need to introduce a realistic threshold value has increased still further.

This threshold value should apply to the following categories of GMOs:

- a. GMOs with a favourable EFSA opinion
- b. GMOs for which the JRC has a validated detection method
- c. GMOs admitted in the third country (provided that admission is based on a risk analysis equivalent to that of the EU).

For various raw materials, it is not yet known when they are loaded on the means of transportation in the exporting country whether they are destined for use in animal feed or what the final country of destination will be. In order to avoid disruptions of trade flows, a threshold value must be interpreted in the same way by all EU Member States and must apply for both food and animal feed.

Unchanged policy will lead to serious economic damage and trade conflicts

Europe is not an island. Global developments in the field of GMOs and the planned introduction of a wide range of newly developed GMOs elsewhere in the world will force the EU to accelerate its authorisation process, at least if it wants to avoid new import restrictions and the resulting economic damage for the European agro-industry and the threat of international trade conflicts with WTO partners.

The undersigned parties emphasise that the global increase in cultivation of GMOs means that the introduction of a realistic threshold value can only serve as a technical solution in the short term. In the long term, it is absolutely essential that the European admission procedures are accelerated in order to make the authorisation status of GMOs in the EU comparable to that of other countries.

We are sending a similar letter to the Minister of Economic Affairs, of Housing, Spatial Planning and the Environment and the Minister of Public Health, Welfare and Sport. The various chain parties will also make similar calls on the various European Member States via their European colleagues.

Naturally, we would be happy to discuss this in more detail if required.

P. den Ouden

Director of the FNLI (Federation of the Dutch Food and Grocery Industry)

C. Oudshoorn

Director of Economic Affairs, VNO-NCW (Confederation of Netherlands Industry and Employers)

J. den Hartog

Secretary of the Product Board Animal Feed

H.W.C.M. Flipsen

Director of Netherlands¹ Animal Feed Industry Association

¹ In May 2008, the European Commission postponed final decision-making on six draft orders to admit new GMOs (Amflora potato, Corn Bt11 and 1507 and the hybrid corn breeds MON863xMON810, MON863xNK603 and MON863xMON810xNK60) pending additional information from the EFSA. Furthermore, various meetings of the GMO food and animal feed section of the Standing Committee for the Food Chain and Animal Health were cancelled and no votes could be cast on the proposed draft orders to admit the new GMOs.

A. H. Broekema
Chairman of the Royal Dutch Grain and Feed Trade Association

A.C. van Eisen
Director of Plantum NL (Dutch association for breeding, tissue culture, production and trade of seeds and young plants)

J. Klijn
Vice Chairman of the Product Board for Livestock and Meat

J.J. Ramekers
Chairman of the Product Board for Poultry and Eggs

W. Oosterhuis
Chairman of the Product Board for Margarine, Fats and Oils

P .J.A. Bertens
Acting Director of Niaba (The Netherlands¹ Biotech Industry Association)

G. van Arendonk
Chairman of the Netherlands Association of Rice Huskers

Cc:
Standing Second Chamber Committee for Economic Affairs
Standing Second Chamber for Agriculture, Nature Management and Food Quality
Standing Second Chamber for Housing, Spatial Planning and the Environment
Standing Second Chamber for Public Health, Welfare and Sport

Annexes

- Annex 1: Practical examples of effects of asynchronous authorisation and traces of prohibited GMOs
- Annex 2: CIAA presentation on potential effects of zero tolerance

Annex 1:

Practical examples of effects of a-synchronous authorisation and traces of prohibited GMOs

Corn	GA21	Argentina	04/2007 to 03/2008	Presence of 0.1%-0.3% GA21 corn in imported Argentinean corn RASFF reports and blocked consignments Various separation measures by the Argentinean government No imports from Argentina Price effect \$80 to \$100 difference between GM corn and non-GM corn. (This difference is normally \$50 per ton ²)
Corn	MIR 604 & MON 88017 & 10 stacked events	US	1996 to the present	No imports from US possible Replacement of corn by other (higher-cost) raw materials Scarcity has effect of driving up prices for suitable substitute raw materials
Corn gluten feed flours DDGs ³	DAS-59122-7	US	07/2006 to 10/2008	Presence of 1.1%-2.7% DAS-59122-7 in corn gluten feed flour and DDGs imported from the US (in a part consignment a substantially higher percentage was actually found) RASFF reports and blocked consignments Various separation measures by American industry No imports from US permitted Replacement of corn gluten feed flour and DDGs by other (higher-cost) animal feed raw materials
Corn gluten feed flours DDGs	MIR 604 & MON 88017	US	07/2008 to the present	No imports from US possible Replacement of corn gluten feed flour and DDGs by other (higher-cost) animal feed raw materials Scarcity of suitable substitute raw materials has effect of driving up prices
Rapeseed	T45	Canada	1996 to the present	No imports from Canada possible Replacement of Canadian rapeseed by other raw materials Scarcity of raw materials has effect of driving up prices
Rice	LL601 ⁴	US	08/2006 to 01/2008	RASFF reports and blocked consignments Diverse separation and sampling measures by the American industry and government Substitution of American rice by other raw materials or rice of other origins Scarcity of suitable rice has effect of driving up prices
Rice	Bt63 ⁵	China	08/2006 to the present	RASFF reports and blocked consignments Very limited imports of Chinese rice products Sampling of all consignments of Chinese rice products

So far, there has been no contamination of soya with traces of a prohibited (as yet) soya event. However, the commercial introduction of RR2Y is planned in the US for 2009. It is assumed that some outcrossing will already occur in 2008 during the seed production for this soya event. Outcrossing is expected to remain below 0.3%. Following the commercial launch of a new soya event, the outcrossing rate will be higher.

Annex 2 contains a CIAA presentation with various examples of the potential consequences.

² GM raw materials are usually cheaper than non-modified raw materials

³ DDG: Dried Distiller Grain

⁴ NB: At the start of the incident, this GM event was also still prohibited in the country of origin

⁵ NB: This GM event is still prohibited in the country of origin