GMOs and the Politics of International Trade

5

DEMOCRATISING BIOTECHNOLOGY

The politics of biotechnology are often played out through the politics of international trade. Ever since it was announced in 1999, the most prominent nexus linking these two fields has been the European Union's *de facto* moratorium on new approvals for the production and import of GMOs. The moratorium continues to fuel a heated trade dispute between the United States and the EU. The dispute has major implications not only for these two trading partners, but also for the global politics of biotechnology in agriculture and trade.

The US and the EU are major trading partners, aid donors and providers of foreign direct investment for many developing countries. The size of the European and North American markets means that they strongly affect global food and feed production and commodity prices. For these reasons, among others, their policies and decisions on biotechnology and agricultural trade affect the policies of many other countries. Among the immediate impacts of the EU moratorium have been:

- a rapid switch by European buyers of commodities like soya beans and maize, from North American suppliers to those in countries that are formally GM-free such as Brazil. This has contributed to a dramatic change in the flows of transatlantic trade.
- a significant slow-down in the Chinese commercialisation of GM food crops. China appeared poised to commercialise GM varieties of food crops such as rice and maize. Quite suddenly, the commercialisation of GM food crops was – unofficially – put on hold, although China continued to commercialise varieties of transgenic insect-resistant cotton. India has behaved in a similar way.
- a new fragmentation in the politics of biotechnology among farmers and industry groups in North America. Whereas transgenic crops such as soya bean, maize, cotton and canola had been commercialised with remarkably little fuss, wheat growers and food processors in the US have called for biotechnology corporations to delay commercialising transgenic wheat until consumer acceptance in export markets has been secured.

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RISKS AND OPPORTUNITIES FOR DEVELOPING COUNTRIES

Some developing countries are vulnerable to the risks of losing markets in the EU through GM contamination. In **Namibia**, for example, where approximately 80% of the country's meat exports go to the EU, livestock farmers are concerned that GM animal feed entering the country unofficially could undermine the confidence of European consumers. Similarly, the recent controversy over GM food aid shipments to famine-affected southern African countries was heightened by fears among the recipient countries that GM grain, if planted, could threaten exports to the EU. Such fears contributed to **Zambia**'s decision to refuse the food aid altogether, while **Malawi**, **Mozambique** and **Zimbabwe** agreed to accept the shipments on condition that they were milled to prevent planting.

Other developing countries, such as **Brazil**, may feel that they can take advantage of the difficulties faced by American producers and shippers in meeting the European demand for non-GM supplies of crops such as soya beans. Ironically, it is widely acknowledged that GM seeds are being grown in parts of Brazil, which presents a risk to the country's exporters because European processors and supermarkets have the power to impose stringent standards of purity on suppliers, and can reject shipments.

Some developing countries may be relatively insulated from the effects of the EU-US tussle. For example, **China** and **India** both have large domestic markets which may enable them to commercialise certain GM crops without threatening exports. A recent analysis of GM commercialisation scenarios in China argues that the country could realise significant gains domestically from commercialising some GM crops, regardless of the policies adopted by potential export markets.

Achieving acceptance by the back door?

The United States, backed by other countries and transnational corporations, argues that restrictions on trade in GMOs amount to an unwarranted restriction on trade that contravenes WTO rules, distorts world markets, and prevents consumers from having the opportunity to choose GM foods. Nevertheless, European consumers continue to exhibit serious misgivings about GMOs. Biotechnology industry representatives acknowledge that an attempt by the US to use the WTO to force open European markets to GMOs would be resented by many people and could be disastrous for consumer acceptance in Europe.

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The export of American GM food aid to famine-affected countries in southern Africa has also provoked suspicion that the US government is attempting to achieve acceptance of GMOs by the back door. In a series of extraordinary public diatribes, senior US officials have used the controversy to attack both African and European leaders, arguing that it is more important to feed starving people than worry about the ‘irrational’ concerns of well-fed Europeans. However, African governments have justifiable concerns about both biosafety and protecting their future trading relations with important export markets in Europe. This episode has provoked increased suspicion that the US is willing to use its diplomatic and economic weight to make the international spread of GMOs a *fait accompli*.

The Biosafety Protocol, governing the transboundary movement of GMOs, will shortly enter into force. The Protocol recognises that GMOs may pose different risks in different environments, and requires the implementation of effective mechanisms for risk assessment of GMOs at the national level before they may be imported (see Briefings 6 and 7). Many developing countries are at an early stage of elaborating their legal frameworks and face a difficult challenge in building their capacity to enforce them. They need time and the support of richer countries to complete this task.

However, although 103 countries have signed the Protocol, the US is not a Party. American exports of GM food aid to countries which have not yet implemented their biosafety management regimes seem calculated to pre-empt and undermine the Protocol. Its willingness to use the threat of a WTO dispute to gain entry to European markets suggests that it is determined to subordinate the Protocol to international ‘free trade’ rules.

Closing down options for diversification?

Many producers in the developed and developing world are examining the potential of diversifying production in order to exploit multiple markets, which may include GM, organic and ‘GM-free’ products. However, there is significant uncertainty on the question of whether GM and non-GM crops can be effectively segregated to a level that will be acceptable to consumers. Existing organic producers and consumers are angry about the potential threat posed to their markets and freedom of choice by the risk of gene flow between GM and other crops.

Advocates of biotechnology, such as the American Soybean Association, argue vociferously that segregation will be prohibitively expensive, if not technically impossible to achieve under all but the most liberal thresholds. Research suggests that coexistence of GM and non-GM agriculture may be possible, at a regional level, for particular crops and particular farm-types. However, it would demand significant changes in farming practices for some crops and could impose significant additional costs. A very low level of contamination (0.1%) will be extremely difficult, if not practically impossible, to achieve for all the crops and farm types considered. Segregation is particularly unlikely in smallholder farming systems in developing countries.

This paper was written by Dominic Glover (IDS).
It draws on papers 1, 6 and 38 (see publications list).
These are available at: **www.ids.ac.uk/biotech**

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