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PRESS RELEASE

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Stakes High in U.S./EU Genetically Modified Crops Dispute at WTO

New Backgrounder Outlines Key Issues - Ruling Expected Soon

Minneapolis - In the next month, the World Trade Organization (WTO) is scheduled to rule on a highly anticipated case that will directly impact how countries around the world regulate genetically modified (GM) crops and food. The Institute for Agriculture and Trade Policy (IATP) has outlined the key issues in a new backgrounder on the trade dispute between the primary plaintiff, the United States (joined by Canada and Argentina), and the European Communities (EC). The backgrounder can be found at: www.iatp.org.

In addition to ruling directly on the EC's regulatory system for GM crops, the WTO ruling will set a precedent on food safety, public health and environmental health measures applied to internationally traded goods and services. The U.S. is the world's largest user of GM crops. Most corn, soybeans and cotton grown in the U.S. are genetically modified. As of 2002, the U.S. State Department claimed at least \$300 million in lost sales of GM corn and soy products to the EU.

"This case is about whether WTO members may use precaution when scientific uncertainties preclude regulators from assessing the risks not only of GM crops but also other new technologies," said Steve Suppan, IATP's Director of Research and author of the backgrounder. "U.S. regulators allow biotech firms to determine when biotech product risks merit regulatory concern. Now, the U.S. wants to export its deregulatory model to other WTO Members through this decision."

The U.S. charges that by not approving a single new GM crop from 1996 through 2001, the EC regulatory system imposed a WTO illegal moratorium on new approvals without scientific basis. The EU countered it was developing a regulatory system during this period and that there is significant scientific uncertainty related to the health and environmental consequences of GM crops. The EC subsequently put in place a regulatory system for biotech products that has approved several new GM crops.

A ruling in favor of the U.S. would undermine the ability of regulators to consider broader regulatory objectives cited in the EC arguments, such as biodiversity conservation, and the EC's ability to do independent assessment of biotech product claims and data. Developing countries, many of which have yet to establish regulatory regimes for GMO crops, will be particularly affected by this decision. Aspects of the ruling could also be applied to a threatened U.S. case

against a draft EC regulatory plan to regulate more rigorously certain industrial chemicals for public health purposes.

The backgrounder identifies four central questions in the case:

1 - Will the EC and other WTO members be able to develop and maintain a regulatory system for GM crops that allows for the use of precautionary measures to protect consumer, animal and/or plant health when there is insufficient scientific evidence to assess the risks?

2 - Will the WTO agree that some of the EC's regulatory objectives for GM crops fall outside of the WTO and are instead covered by other international agreements such as the Cartagena Protocol to Biosafety, which allow for a more precautionary approach?

3 - How will the panel document its use of expert opinion in determining the factual matters in the dispute?

4 - How will the panel use previous WTO dispute panel and appellate body rulings on "scientific uncertainty" to justify its ruling?

The backgrounder on the case can be found at: www.iatp.org.

The Institute for Agriculture and Trade Policy works globally to promote resilient family farms, communities and ecosystems through research and education, science and technology, and advocacy.