

Submission Cover Sheet

# Review of the Moratorium on GM Canola

**Submission Number: 35**

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**Attachments Submitted with this Submission:**

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(03) 9658 4874 or (03) 9658 4871

12<sup>th</sup> August, 2007.

GM Canola Review Panel Secretariat  
Department of Primary Industries  
Level 19, 1 Spring St  
GPO Box 4440  
MELBOURNE VIC 3001

Dear Sir/Madam

### **Review of the Moratorium on Genetically Modified Canola**

I write this submission to you with regard to the above review. I have concerns about the lifting of the moratorium on a number of grounds in the main being human health, safety, the environment, increased costs, and trade & market impacts. These concerns are much broader than the issues considered in this review, therefore I will contain my submission to the concerns I have as they relate to the terms of reference.

#### **Assess the economic impacts of the moratorium on GM canola**

By having a moratorium in place in Australia, premiums have been obtained for GM free canola of up to AUD\$120 per tonne (ABARE, 2007). With 19% of world trade in canola seed and oil, Australia is the larger of the two main exporters who supply most the GM-free canola. This gives us a significant competitive advantage in world canola markets, aided by moratoriums in other countries such as the EU. *"As a result,.....GM adopting countries have lost market share to GM free suppliers (particularly.... Australia and Central Europe in the case of canola)"*<sup>1</sup>

As well as the benefits of a higher price for GE free canola, Australia has also saved by not having to manage and pay for the costs of segregation, identity preservation and increased shipping costs. Further benefits of GM free canola is that we do not bear the costs for chronic GM contamination problems in export shipments.

There has also been savings in relation to the cost of the increased insurance required to ensure segregation, as well as covering the costs of defending litigation if seeds are found to be contaminated. Further to that we have also saved the cost of increased food labelling that would be required to identify GM or GM free canola.

There is no doubt that due to our GM free status there is a high degree of confidence in the quality of our food supply. Furthermore we are seeing that in the main most GM crops, including canola, have stalled. GM Canola stalled globally in 1999 (ISAAA, 2007).

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<sup>1</sup> Anderson and Jackson (2005) "Global Responses to GM Food Technology: Implications for Australia", RIRDC Publication No. 05/016

### **Expected economic impacts of allowing the moratorium to expire**

Anderson and Jackson (quoted above) used a model of the global economy to estimate the production, trade, national economic welfare and real farm household income effects in Australia and other countries of GM adoption. They found that *" as an exporter Australia would gain, but only slightly, from adopting GM varieties of these (maize, soybean and canola) crops because the gain from higher crop productivity would be almost fully offset by an adverse terms of trade change. The EU moratorium.....reduces by two-thirds the gain to the GM adopters".*

Safeguards would have to be put in place to guard against contamination of crops in the field. It is impossible to measure the economic implications of this, how big is a safe buffer zone, how far does pollen travel? It is certain that the required distances between susceptible crops would interfere with the optimum rotations desired by neighbouring farmers.

There would also be higher costs for segregation and identity preservation; costs borne from rejected shipments, higher costs for testing when there are claims of contamination; and higher insurance costs to cover the risks of successful claims. Australia would experience lost markets and lower confidence in Australia's clean, green, GM-free reputation for all foods.

Herbicide tolerant weeds (eg. wild radish, turnip, charlock, ryegrass and barnyard grass) would result from outcrossing with glyphosate (Roundup herbicide) and glufosinate (Basta herbicide) tolerant GM canola, and purely from repeated use of the chemicals. Establishment of such weeds puts a cost on the whole community who need to deal with them – public land managers, local government, farmers, Landcare groups and householders.

There would be higher costs of food labelling, and greater difficulty for organic, biodynamic and conventional farmers to sell their product, as consumers may remain suspicious that segregation and labelling has not been completely accurate.

For the same reason there would be expected losses from a downgrading of Australia's status as a "clean, green, safe" food supplier, domestically and abroad.

This option will place greater power in the hands of the companies that own the intellectual property associated with the crops, making farmers more vulnerable to market manipulation and potential legal action where there is inadvertent cross-pollination of crops.

There will also be an economic cost to organic livestock and dairy producers, having to ensure that the feed supplied to their stock is GM free.

### **Extending the moratorium**

Extending the moratorium would mean that Australia could still sell all of its canola into any market, often at premium prices in markets that want a differentiated product, or have moratoriums of their own.

Extending the moratorium would also ensure that Australia maintains its competitive advantage over GM growers in North and South America. Often these GM growers sell their grain for animal feed or ethanol, not for direct human consumption, in doing so they suffer a price penalty.

Canadian farmers are supportive of a careful Australian approach to introducing genetically modified crops. Canada has lost its GE status in canola due to across the board contamination, and the level of exports is solely to those countries that do not have mandatory labelling<sup>2</sup>. Ms Ross believed Canada had lost its export edge as they no longer have GE free status. She encouraged Australia to remain GE free, and maintain the marketing edge we now have. Ms Ross added that *"with grain handling systems, which are very similar in Australia as they are to Canada, segregation is something that you will not be able to guarantee"*.

Extending the moratorium will allow Australia to continue to develop its GM free conventional and organic farming systems and food supply with confidence.

#### **Recommendation on allowing the moratorium to expire or be extended**

The moratorium should be extended for a further five years because:

- while about 15 GM crop trials are being developed in nine crop species in Australia, none are expected to be available in the next five years. Is it worth destroying all the current benefits we have in being GE free to possibly get some benefits from around 1 million tonnes of one crop?
- over 80% of the world's canola production, in 20 countries, is GM-free. Only Canada and the USA grow GM herbicide tolerant canola and production has not increased since 1999.
- only three countries sold canola in world markets in 2006 - Canada 70%; USA 11%; Australia 19%. Australia is the only GM-free seller so we accessed all markets and got premiums of up to AUD\$120 (ABARE) over the past two years. We must ensure the ongoing future of our farmers to keep their competitive advantage.
- Industry promises of healthier foods, drought and salt tolerant crops, longer shelf life food, etc. are just hopeful promises (Glover 2005, in Corish 2005) and cannot be justified to support a lifting of the moratorium.
- Australia currently has a competitive advantage in supplying markets with GE free canola, receiving premiums of up to \$120 per tonne.
- we still cannot not ensure the required levels of tolerance in segregating and protecting the identity of GM and GM free crops.
- much of the economic benefit in GM crops is going to multi-national companies in royalties on seed, and not to the whole community in any cheaper food.

It is important that our farmers maintain their market advantage, lifting the moratorium on GM Canola does nothing to assist our farmers in keeping their competitive edge. I urge you to continue the moratorium on GM Canola.

Yours sincerely  
*Samantha Dunn*

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<sup>2</sup> Colleen Ross, Vice-President, National Farmers Union of Canada, "The World Today" ABC Archive, 6 April 2004.