

Submission Cover Sheet

Review of the Moratorium on GM Canola

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(03) 9658 4874 or (03) 9658 4871



Australian Oilseeds Federation

Submission to Victorian GM Canola Review

Introduction

The Australian Oilseeds Federation (AOF) is pleased to provide this submission to the Review of the Genetically Modified Crops Act South Australia.

AOF is the peak industry body for the Australian oilseeds value chain that covers consumers of food, feed and industrial products. AOF members include technology developers, breeding companies, growers and advisers, accumulators and marketers, exporters, oil processors, consumer marketing companies and stockfeed processors and users.

AOF promotes the development and supports the growth of the industry through providing services to the industry, facilitating linkages between industry participants and encouraging the industry to work together for the betterment of all. The Australian oilseed industry is growing and prospering through a common vision and cooperation between all sectors.

The AOF 2010 plan identifies that the Australian oilseeds industry stands on the edge of a new era of growth and development. The industry believes that it has the potential to grow from the current \$2.5 billion to \$3.3 billion by 2015 through improved productivity and quality; a changing product-mix and supply-chain efficiencies. (*Further information:* http://australianoilseeds.com/_data/assets/pdf_file/1517/AOFplan.pdf)

AOF works for the benefit of the whole industry and, as such, its activities are based on effectively positioning the industry for competitive advantage; a sound understanding of the needs of members; and taking account of the needs of consumers for seed, oil and meal.

The AOF plan identifies access to technology as a key to keeping the industry competitive, efficient and at the forefront of innovation. GM canola is one of those technologies that the industry will benefit from access to.

Canola is Australia's major oilseed crop, accounting for more than 50% of total oilseed production. The canola industry is facing a range of very real opportunities including:

- Potential increase in demand from the domestic food market and in higher value export markets through the shift to healthier oils. This demand is flowing through traditional uses as well as opportunities in the food manufacturing/food service sectors on the back of new high stability canola variants. This switch is being accelerated by the public debate on health and obesity and on specific issues such as trans fats
- Strong demand for Australian canola grain across a range of export markets
- Rapid development of the biodiesel industry
- Increased recognition of the value of canola meal

The major constraint identified in the AOF 2010 plan for the canola industry was production capability. The Australian canola industry has plateaued in recent years and while drought is one factor accounting for this, the lack of progress in yields, products to fit changing farming systems and variations in productivity are all key issues. The AOF Plan identified that key priorities for the canola sector included the need for improved varieties in terms of yield potential and quality profile, and development of new herbicide tolerant types and new herbicide strategies.

AOF believes that:

- the industry will benefit from GM canola;
- this can be managed in a market choice framework to meet needs of the all customers; and
- the industry is prepared for GM canola.

Overview

AOF recognises the benefits of GM technology and endorses the move to commercial production of OGTR approved GM canola within a framework that provides market choice.

AOF believes that GM canola offers significant benefits to the canola industry through increased productivity, improved competitiveness and reductions in the use and application of currently applied residual herbicides

The Australian oilseeds industry is in the business of delivering safe, nutritious and competitive ingredients to its customers in the food, feed and fuel sectors. Innovation has been a key platform on which the Australian oilseeds industry has remained competitive. The industry needs access to all technologies if it is to remain innovative, resilient and flexible to change to meet shifting market requirements.

The Australian canola industry is losing competitiveness against other crop options and other canola producers in terms of yield and overall economics. The canola industry believes that the competitiveness of the Australian industry is under pressure, in part, from competitors who are widely utilising GM crops. This includes direct competitors such as the Canadian canola industry and other sectors in the oils and fats complex such as the US and South American soybean industries.

GM canola has been grown by Canadian farmers for over ten years and GM canola now constitutes in excess of 80% of the total canola area. This has occurred with no appreciable loss of market share and with access significant agronomic benefits from the technology.

AOF in its analysis of market implications of adopting GM canola does not believe that there is any evidence that Australia will lose access to markets; that premiums exist for no GM canola outside of niche markets; or that non GM market access will be lost if GM canola is grown. AOF recognises the diversity in its customer base and that the industry will supply a range of canola products including canola, non GM canola and specialty canola's to meet various market requirements.

The Australian oilseed industry has the capacity to manage GM canola, conventional canola and other crops, within a supply chain where the customer determines whether the grain will be handled within a non discriminating bulk handling system or a specified segregation or a fully integrated identity preserved system. The Australian canola industry has demonstrated its capacity to manage canola, including GM canola, to meet customer requirements. The industry has access to the protocols, processes and practices needed to deliver market choice based on pre-determined customer, and where required regulatory, specifications.

The development of industry standards for adventitious presence (AP) of GM canola seed (Australian Seed Federation) and grain (Australian Oilseeds Federation) have assisted in facilitating trade and market choice in an environment where GM, non GM and specialty production systems and products coexist.

AOF supports the development of a recommended industry based national framework for the management of market access issues for GM crops via its inclusion within the operational charter of the National Agricultural Commodity and Marketing Association (NACMA) for facilitating standards and contracts for trade of Australian grain.

Market Choice

AOF supports market choice and recognises the right of participants along the supply chain - from farmers to consumers - to have the ability to exercise choice.

For the industry to effectively deliver market choice for products approved by the OGTR, the following factors need to be identified/established:

- understanding of market segments and their requirements
- approval for food and feed importation and consumption in key customer countries
- AP thresholds for the unintended presence of GM product, both in Australia and in importing countries
- supply chain ability to provide product traceability, verification and contingency plans

The industry recognises that not all supply chain participants may choose to adopt GM canola and hence, the supply chain must be a position to provide choice. This means that supply chain participants can source, supply and manage production, processing, manufacturing and delivery of product to a pre-determined set of specifications.

The Victorian GM Canola Review Terms of Reference

Future of the moratorium

The moratorium was put in place due to concerns around possible market access and trade issues and that the industry may not be ready to manage GM and non GM crops.

AOF believes in the case of canola that it has been well demonstrated that there would not be trade disruption with the commercial production of GM canola.

AOF also believes that the canola industry has demonstrated the capacity to manage different supply chains to deliver market choice; and that the broader grains industry has now developed protocols to provide confidence around coexistence not only between GM and non GM canola, but also the canola industry and the grains industry. These protocols have been documented through the industry project facilitated through the Single Vision Grains Australia project. (For further information http://www.australianoilseeds.com/aof_trading_standards/industry_reports_-_delivering_market_choice_with_gm_canola)

The preparedness of the industry to proceed with commercial production of GM canola is supported by the establishment of AP standards in Australia and verification of approvals and AP standards in major trading partners.

Independent studies by ABARE have identified the cost to the industry from the imposition of the canola moratorium. As a major canola producing state (270,000 hectares planted this season to produce over to 550,000 tonnes), there will be a direct economic benefit to the state through any productivity increases generated through the adoption of GM canola. Later sections of this submission identify the current yields being achieved by Australian farmers vis a vis its competitors. Two of the industry's largest crushing plants are located in Victoria and these plants generate considerable revenue and employment for the state. These plants are dependent on a reliable and competitive supply of canola.

AOF believes that the canola regulation should be removed on the basis of the evidence that:

- The industry understands the requirements for market choice
- Appropriate standards and approvals are in place in Australia
- Appropriate standards and approvals are in place in major trading partners
- There are potential benefits in terms of improving competitiveness of the Australian canola industry and potential environmental benefits that could be generated by application of GM crops
- Industry protocols are in place to enable market choice to be delivered

This submission addresses these issues in more detail in following sections market implications of GM canola and the industry's ability to manage coexistence/industry preparedness for commercial production of GM canola.

Complementary policies and practices required

In terms of future traits/crops, AOF believes that there does need to be a process in place to ensure that market access issues are addressed. This framework or process should be national and industry managed and have the endorsement of Government. This is discussed in the section following on a framework for managing GM crops.

Market situation – access and premiums

Canola is one of the oilseeds that forms part of the global oils and fats complex. While there is some intrinsic demand for canola oil and meal, these products compete against other oilseed products such as soy and palm. Both these industries are low cost, large-scale producers and dominate world oilseed, oil and meal production. The soy industry already widely utilises GM technology and the palm industry is investing in this technology.

Competition from soy and palm is intensifying as these crops compete for market share. Canola is the third most important oilseed crop. A low cost structure is essential to compete in commodity markets and this will only occur for Australia in crops where there is an exportable surplus. The Australian oilseed industry needs to increase productivity and develop differentiated value added products to remain internationally competitive.

Canada grows around one fifth of the world's canola crop, but accounts for around two thirds of all global exports. Australia is a significant producer of canola and the second largest exporter behind Canada.

AOF has examined market and trade issues for canola (AOF Fast Facts No. 5 http://www.australianoilseeds.com/data/assets/pdf_file/1536/AOF_Fast_Facts_5.pdf). The findings in this document are supported by the independent analysis in various publications by ABARE (see references below). The key findings of these studies are that there is:

- No evidence that Australia will lose access to markets
- No evidence of premiums for non GM canola outside of niche markets
- No evidence that non GM market access will be lost if GM canola is grown
- Evidence of economic gains for Australia from adoption of GM canola

The Australian market is already exposed to GM ingredients through:

- Soy meal imports utilised in the feed sector
- Soy and canola oil imports
- GM canola grain imports in 2006/07
- Locally produced cottonseed (oil and meal)

Market access

Canada's rapid adoption of GM canola has meant that nearly all exports are co-mingled with GM varieties. By comparison, Australia's stance of not permitting the commercial production of GM canola has allowed exports to be marketed as non-GM canola.

While Australia is still a relatively small producer of canola by international standards, Australia is a significant player in export of canola seed, with Australia's exports historically accounting for between 12 and 26 per cent of canola seed export trade. Canada is Australia's major competitor in terms of global canola markets. In 2005-06, Canada's canola seed exports increased in volume terms and its share of world exports increased to 77 per cent. Canada also dominates the canola oil export market. In 2005-06, Canada exported 1.09 million tonnes of canola oil, which equates to around 65 per cent of total world canola oil exports.

A decade after the introduction of GM canola, Canada retains two-thirds of global canola exports and sells into most major destinations.

Japan, the world's largest canola importer, regularly purchases 50 to 60% of Canada's annual canola exports. Canada has maintained annual exports of 1.6 to 1.8 million tonnes to Japan or around 75% of its canola imports in spite the introduction of GM canola varieties.

The EU's decision to place a moratorium on the approval of new GM varieties in 1998 meant that Canada cannot sell canola into Europe. In the period until 2005, this has had a negligible impact on Canadian canola exports as Europe was a comparatively small and intermittent importer. The introduction of the EU biodiesel policy provided the impetus for a significant increase in demand for canola oil. For a short period this was met by imports of canola seed from Australia and also oil imports from a range of countries. The European Union import market for canola rose from around 70,000 tonnes in 2002-03 to around 400,000 tonnes in 2005/06. In 2007/08, Europe responded by significantly increasing its production (estimated at around 17 million tons) and reviewing its GM regulations.

The ABARE report found that "The exception with market acceptance of GM canola is the European Union that currently does not allow imports of the main GM canola varieties. The EU is a major producer of rapeseed and, in the recent past, has only been an occasional importer of canola from non EU countries. However, there are projections that the EU will be a net importer of around 370,000 tonnes of rapeseed and 264,000 tonnes of rapeseed oil a year over the next decade (FAPRI 2006), mainly driven by the mandated use of rapeseed for biodiesel production. The EU resumed the process of approving GM varieties for import in late 2004 after a moratorium on new approvals started in 1998. It will be difficult for the EU to maintain the import ban on canola much longer in the face of pressure from major GM trading countries". (Further information:

http://www.abareconomics.com/publications_html/crops/crops_07/gm_canola.pdf-399k).

Price Premiums

Japan is a good benchmark to assess impacts on canola prices from the introduction of GM varieties because it is the world's largest canola importer and it is a quality discerning market where there has been widespread consumer concerns regarding GM material in foods. Canada and Australia consistently accounted for over 95 per cent of Japan's canola imports between 1999 and 2006.

The AOF report (Fast Facts No. 5) found that import prices for canola indicate there has been no noticeable change in price relationships for Canadian and Australian canola sold to Japan, despite Canada's general use of GM varieties.

ABARE notes that comparisons between Australian and Canadian domestic prices have been used to suggest that there is a growing price premium for Australian canola in world markets on the basis of its non-GM status. However, such a comparison reflects a range of domestic supply and demand conditions in the two markets, making it difficult to isolate any potential preferences for non GM canola. Further ABARE notes that while there is some very limited evidence of price premiums for organic and certified GM-free canola, markets for these canola types are still very much small niches and mainly located in developed countries with high incomes per person. A conclusion of this analysis is that, in the main traditional import markets for canola - Bangladesh, China, Japan, Mexico and Pakistan - GM canola is generally accepted as readily as conventional canola and is priced at very similar levels. (Further information:

www.abareconomics.com/publications_html/crops/crops_07/gm.canola.pdf).

Some markets have shown a willingness to pay premiums for limited quantities of non-GM grains and oilseeds to accommodate consumer preferences. Consumer concerns towards GM foods and the introduction of labelling laws has created a market for some quantities of non-GM grain and oilseeds. Japan is the best example where they import significant quantities of non-GM soybeans and corn.

Japanese imports of non-GM grain and oilseeds are largely restricted to processors of food products like soy foods such as tofu, miso and natto as well as corn foods such as corn snacks. These premiums have not extended into oilseeds used in oilseed processing for vegetable oil and protein meal or products used for animal feeds.

An example of where a non-GM premium has developed is for food grade soybeans into Japan. Around three quarters of Japan's 5 million tonne soybean demand is used for crushing, with one quarter for food. Following the widespread introduction of GM soybean varieties in the US, which accounts for around 75% of Japan's soybean imports, food buyers in Japan began purchasing identity preserved non-GM soybeans. Canada has emerged as the major supplier of non-GM soybeans to Japan although the US has also actively marketed identity preserved non-GM soybeans following Canada's successes. Demand for non-GM beans has meant a noticeable increase in sales and premiums for Canadian soybeans. Even though Canada's soybean exports are still comparatively small, sales to Japan have increased by 160% to 259,000 tonnes from 1998 to 2004. Canada now receives a premium of US\$80-90 per tonne above US soybean values on a delivered Japan basis.

Implications of the moratoria cost on canola opportunities

ABARE concluded in September 2005 that "A continuance of the current moratoriums and extension to other transgenic broadacre crops, is expected to result in loss of gross national product of \$3 billion, in net present value terms, over the next ten years".

Further the ABARE report concluded, "There is no apparent economic justification for Australia to delay the commercialisation of transgenic canola. Australian canola producers compete with transgenic canola in their main export markets. Those markets willingly accept transgenic canola. In the absence of a defined market and a price premium for non transgenic canola, the moratoriums are generating an economic loss for Australia.

Australian canola producers are prevented from sharing the economic benefits of transgenic canola that are being enjoyed by the other major supplier of Australia's canola export markets, Canada. ... There is evidence that the transgenic canola moratorium threatens Australia's capacity to react to emerging opportunities in the field of crop development. (Further information: www.abareconomics.com/publications_html/ac/ac_05/ac05_sept.pdf).

GM canola in the Australian farming system

GM crops are playing a major role in meeting the demands of food, feed and industrial consumers around the world. This is reflected in the rapid global adoption of GM soybeans, maize, cotton and canola over the last decade.

In the ten years to 2006, the total land area dedicated to production of GM crops increased rapidly to more than 100 million hectares globally. This included a 13% growth in 2006, the second highest rate in five years. Growth for the period 1996 to 2006 is equivalent to an unprecedented 60-fold increase, the highest adoption rate of any crop technology. GM crops are now grown in 22 countries, including 12 countries that fall in the less-developed category. Additionally, the number of farmers planting biotech crops reached, for the first time, 10.3 million, from 8.5 million farmers in 2005. ISAAA expects these adoption levels to continue accelerating throughout the second decade of commercialisation. By 2015, ISAAA predicts more than 20 million farmers will plant 200 million hectares of biotech crops in about 40 countries. The major GM crops being grown and traded around the world were soybean occupying 58.6 million hectares, followed by corn (25.2 m ha), cotton (13.4 mha) and canola (4.8 mha). (Further information:

<http://www.isaaa.org/resources/publications/briefs/35/executivesummary/default.html>

It is estimated that over 90% of the Australian cotton crop is now from GM varieties. GM cotton has reduced pesticide use by approximately 80 per cent per season and has also seen a 90% reduction in the use of endosulfan. GM cotton has been grown in Australia for over a decade and traded with no negative market impacts. A combination of regulation and a strong industry commitment to stewardship has resulted in the successful adoption and utilisation of GM varieties, delivering positive outcomes for the Australian industry. (Further information: <http://www.atse.org.au/index.php?sectionid=733>).

Canola plays an important role in the Australian farming system. In addition to being an economic crop for farmers, it is the most important break crop used in winter crop rotations. Canola delivers benefits through weed control and disease management options.

Growers have indicated a preference for herbicide tolerant canola through the rapid adoption of Triazine-tolerant canola, despite the yield and oil content penalty associated with these varieties. Triazine-tolerant (TT) canola cultivars which, as the name implies are tolerant to the herbicide Triazine, have been developed through traditional breeding approaches. In addition to the competitiveness cost to the industry, triazine chemicals are also less friendly to the environment.

Growers in Canada have rapidly adopted GM technology because the new varieties provide increased profitability and greater management flexibility.

A 2001 study conducted for the Canola Council of Canada found that growers reported an average 10% yield increase from GM canola above conventional varieties. The factors that contributed to the yield improvement were higher yielding varieties, earlier seeding and better weed control. Admixture was also lower in GM varieties by 1.27% which resulted in higher canola prices. The study also showed growers used less fuel with GM canola varieties compared to conventional canola as they increased direct seeding and reduced summer fallow practices. In addition, Canadian storage companies have reported increased storage and freight efficiencies because of the lower admixture levels in canola. The study found that GM varieties allowed growers to lower their herbicide costs by 40% compared to conventional canola varieties. (Further information: http://www.canola-council.org/manual/GMO/gmo_main.htm).

Opponents of the technology claim the increased profitability and other benefits resulting from GM canola are overstated. However, the final measure of benefits from the technology will not be assessed in reports, but will be measured in grower adoption of the GM varieties. Growers will not incur and maintain the additional expense of using GM varieties if they cannot achieve increased profitability and/or improved management flexibility. The fact that over 80% of the Canadian canola crop is planted to transgenic varieties suggests growers are seeing substantial benefits from these characteristics.

The Canadian canola industry is optimistic that future GM varieties can provide more yield benefits to growers. Some canola breeders expect a quantum shift in canola productivity in the next few years as hybrids take over from open pollinated varieties.

It is expected that the Australian canola industry will see a similar trend in terms of an increasing presence of hybrids. This will be a response of the changes to the breeding structure in Australia in regard to the roles of the public and private breeding sectors; and the access to new technologies such as GM.

The Canola Council of Canada has recently released (March 2007) a plan - Canola growing great 2015 - which outlines an aggressive program of growth for the Canadian canola industry. The plan targets 15 million tonnes by 2015, up from 8-9 million tonnes today. The industry's focus will be on those market segments supporting canola's primary attributes - high oil and low levels of saturated fats - and create superior value. The introduction of herbicide tolerance, hybridisation and high stability canola are all examples of innovations that are helping canola retain per acre competitiveness relative to other cropping choices. (Further information: http://www.canola-council.org/PDF/Canolagrowing_great2015final.pdf).

Parallels have been drawn to the US corn industry where yields more or less doubled following the introduction of hybrid corn varieties and almost all corn was planted to hybrid varieties 10 to 15 years after these varieties were first introduced. Analysis shows that growth in US corn yields has increased significantly with the use of GM varieties. In the decade following the introduction of GM corn varieties in 1995/96, the five year average for US corn yields increased by 20.5% compared to the previous decade where corn yields only increased by 12.2% on average. (AOF Fast Facts No 5).

The use of GM canola varieties may also improve drought tolerance. It is noticeable the corn yield variability has decreased significantly after the introduction of biotech varieties. Anecdotal evidence also supports this observation. U.S. corn yields in 2005/06 were the second highest on record at 144 bushels per acre despite widespread drought conditions across much of the Corn Belt during the growing season.

Australian canola competitiveness lagging

GM canola offers significant potential benefit within the canola supply chain through:

- Increased productivity
- Improved access to, and competitiveness of, canola grain supply
- Improved export market competitiveness
- Reductions in the use and application of currently applied residual herbicides

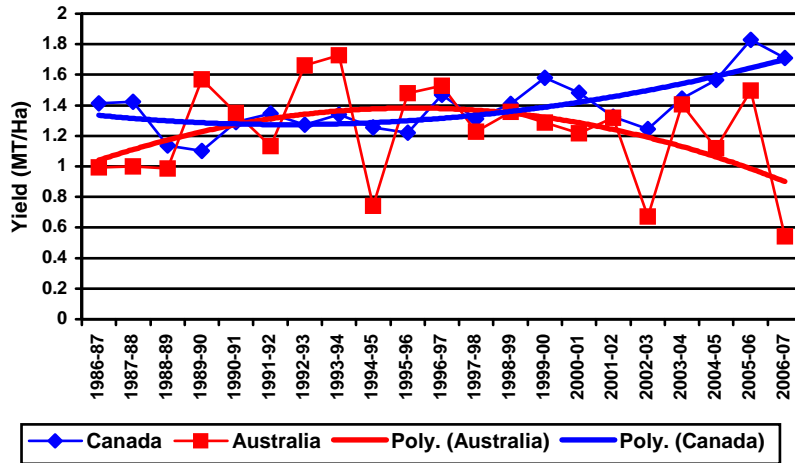
Australian canola industry competitiveness is declining with stagnating yields for Australian canola and a widening gap between canola yields in Australia and Canada.

Declining yields for Australian canola has become a significant issue for the industry. Five year average yields for Australian canola have declined from 1.47t/ha in 1996/97 to 1.19t/ha in 2005/06. Reasons for the decline in yields are likely to include several dry years, increased disease prevalence from sclerotinia and blackleg as well as the uptake of TT cultivars to improve weed management which have a lower yield potential than conventional canola varieties. (AOF Fast Facts No 5)

Also of concern is the widening gap between canola yields in Australia and Canada. In the decade following the introduction of GM canola varieties in 1995/96, five year average canola yields in Canada have increased from 1.29t/ha to 1.49t/ha in 2005/06. Whereas the five year average canola yields in Australia have declined from 1.38t/ha in 1995/96 to 1.19t/ha in 2005/06 (down 13.9 %). (AOF Fast Facts No 5)

The graph below shows a similar picture with data extended to 2006/07. Access to GM varieties has helped Canada increase canola yields. In the decade prior to the introduction of GM varieties the five year average Canadian canola yields increased by 6.1% whereas they increased by 15.8% in the decade following 1995/96 when GM canola varieties were introduced.

Figure 1: Comparative yields between Australia and Canada.



Source: ABARE

Coexistence - GM, non-GM canola and other grains

Greater importance has been placed on traceability systems as market segmentation has increased. Some customers are willing to pay premiums for food products with special characteristics (such as high oleic canola, chemical free, organic crops or non-GM) and food manufacturers require practices and systems that allow them to preserve specific characteristics (i.e. Identity Preservation - IP) through the supply chain.

Canadian soybean growers have developed an IP system to satisfy Japanese food manufacturers that the integrity of their non-GM soybeans would be maintained through the supply chain. The IP system has allowed Canadian growers to achieve a 20% price advantage over US soybeans despite GM soybean varieties also being grown in Canada. Part of this premium is likely to reflect higher costs associated with segregating and transporting IP soybeans.

Whilst the balance of evidence indicates there are relatively few non-GM premiums for Australian canola into overseas markets, there are still likely to be smaller niche markets that may want to buy non-GM varieties and will pay a premium. As with the Canadian non-GM soybean example, identity preservation systems will play an important role in allowing niche customers to purchase grain for their specific market requirements.

It is important to make clear distinctions between niche markets and major markets where the bulk of the crop is sold. Misinterpreting the market drivers or overstating the size of potential niche market sizes could have long term impacts on the international competitiveness of the Australian canola industry.

Globally, agricultural commodities are increasingly being differentiated in response to a range of drivers - product safety, consumer preference, product traits, process traits, and government regulation. Consumers and their suppliers need to have confidence in products, their origins, processing and delivery. The grains industry's supply chains are flexible to enable either existing or new processes that enable GM grains to co-exist, use a semi-integrated system, or provide separate supply chains and infrastructure.

The Australian grains industry has the capacity to segregate GM canola from conventional canola and other crops, where there is an economic incentive to do so.

The Australian grains industry has demonstrated its capacity to manage canola, including GM canola, to meet customer and consumer demands. The industry routinely handles specialist oilseed varieties and products, eg high oleic canola, mono and poly sunflowers, in a manner that keeps them separate to maintain their integrity and market value. A further example, is the import of GM canola from Canada in December 2006 to overcome domestic shortages. This GM canola was handled through the supply chain infrastructure, from port to processor and consumer.

The grains supply chain already has protocols, processes and practices in place to deliver market choice (Delivering Market Choice - Principles of Management document http://www.australianoilseeds.com/aof_trading_standards/industry_reports_-_delivering_market_choice_with_gm_canola). Currently, these processes are applied in the growing, transporting, marketing and processing of differing qualities of oilseeds. An agreed and comprehensive set of measurable standards to specify varietal quality characteristics and parameters is applied along the supply chain as the basis of trade.

The supply chain management processes are underpinned by standards, quality management procedures, stewardship programs and commercial contractual arrangements. These support the trade of grain to meet pre-determined industry standards, customer specifications and regulatory requirements at critical points along the supply chain.

The quality management procedures in place vary from formal systems such as those based on Hazard Analysis Critical Control Point (HACCP) and International Organisation of Standardisation (ISO) through to proprietary systems, industry codes of practices and good agricultural or manufacturing practice. The focus on quality management through the supply chain ensures that requirements are understood and met.

The industry has a range of stewardship programs and codes of practice or conduct in place or which can be introduced for commercial production of GM grain crops. These enable sharing of relevant information and consultation for the seamless movement of product into and along the supply chain and, where and when appropriate, the management of non-compliance. Examples of these include the Australian Oilseed Federation codes of practice. (For further information http://www.australianoilseeds.com/aof_trading_standards)

Commercial contractual arrangements underpin supply chain operations and management. NACMA contracts and trade rules are the accepted and recognised basis for facilitating commercial grain trading activity. The NACMA contracts and trade rules will be utilised in the trading of GM grain crops. In addition, there are established contractual procedures between storage and handling operators and marketers, between transport operators and industry participants, and in relation to GM grain crops there are contracts between technology developers, seed companies and growers. These contractual arrangements articulate the responsibilities and obligations of the respective parties and provide a basis for recourse in the event of non-compliance or breach of contract.

Managing GM traits/crops

AOF, in order to address the market access issues that pertain to the introduction of future GM crops/traits, supports the development of an industry based national framework for the management of market access issues for GM crops. To facilitate market choice and to assist supply chain participants to make informed decisions about markets, the industry has proposed the establishment of an industry managed, government endorsed framework, within the current grains industry infrastructure (NACMA www.nacma.com.au).

This process will focus on, and assess, market access requirements to enable the commercialisation and the facilitation of trade for approved GM grain crops within an environment where GM, Non GM and specialty crops coexist and market choice is delivered. The process must deliver stakeholder confidence, particularly to supply chain participants, consumers and governments. Therefore, such a process must ensure:

- trade is maintained or enhanced
- market choice along the supply chain is enabled
- it is open and transparent

Consistent with our support of a national regulatory framework for GM crops, AOF supports a unified approach to the introduction and management of GM canola across the various states and territories. AOF does not support the current situation of non aligned regulations and/or policy positions on GM canola across the various states and territories.

Summary

AOF believes that the industry will benefit from GM canola; that this can be managed in a market choice framework; and that the industry is prepared for GM canola.

AOF supports the removal of the canola moratorium on the basis of the evidence presented:

- The industry understands the requirements for market choice
- Appropriate standards and approvals are in place in Australia
- Appropriate standards and approvals are in place in major trading partners
- There are potential benefits in terms of improving competitiveness of the Australian canola industry and potential environmental benefits that could be generated by application of GM crops
- Industry protocols are in place to enable market choice to be delivered

AOF does not believe that regulation is necessary to ensure the successful coexistence of GM, non-GM and specialty crops in South Australia. Markets and industry managed systems are more appropriate mechanisms to ensure the integrity of all grain and affiliated industries.

Existing systems for managing grains and canola reflect the industry's capability to manage market choice in a whole of an industry manner and without the need for government intervention.