



Independent Merchant Group

# ACORN's Submission to the Irish Government Regarding DAS-59122 Maize ('Herculex')

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## Background to the Issue

Herculex Rw, a variety of maize, was designed by Dow AgroSciences and Pioneer Hi-Bred International Inc. to be resistant to corn rootworm. It was cleared for use in the US in late 2005 and will compete with Monsanto's YieldGard Rootworm trait. (Note: YieldGard is authorised in the EU). Syngenta plans to field a third option for 2007 planting. Herculex RW was first made available to US farmers for the 2006 growing season. Marketing of the new technology is in full swing, and Japan has given import approval.

Farmers in many parts of the US have adopted Monsanto's YieldGard Rootworm trait. It was planted on over 2 million hectares in 2005. (Note: To help put this figure in perspective, Ireland in total grows less than 300,000 hectares of cereals!). In areas that are affected by mid-season drought, hybrids protected with YieldGard showed remarkable resilience with better plant height, colour and ear size than hybrids that are protected with insecticides. (Source: Farm Journal, 30th October 2005)

'Herculex' is now authorised in ten countries (Source: Irish Farmers Journal – Pg 1, 30th June '07).

On May 18th '07 the Irish Department of Agriculture and Food issued a press release stating that GM maize Herculex Rw, which is **not** authorised in the EU, was detected in samples of Corn Gluten Feed (CGF) and Distillers Dried Grains (DDG) imported from the US. The State Laboratory informed the Department on 15 May that the samples submitted had tested positive for Herculex Rw.

An application for authorising DAS-59122 in the EU was filed in January 2005. An EFSA opinion was published on 3 April 2007 (more than 2 years after application). **EFSA concluded that it is unlikely that the placing on the market of products containing, consisting of, or produced from GM maize Herculex Rw will have adverse effects on human or animal health or the environment. The Food Safety Authority of Ireland (FSAI) have been consulted and they agree with EFSA's evaluation.** (Source: Department of Agriculture & Food - Press Release Issued 18th May '07)

The application for approval of Herculex was considered in line with EU authorisation procedures at the recent meeting (25 June) of the Standing Committee on the Food Chain and Animal Health, at which Ireland abstained from voting. A few days previous to this meeting our clear understanding is that the Irish Farmers Association had received assurances from the Department of Agriculture that Ireland would be voting in favour of allowing the importation of 'Herculex' maize into Europe (Source: Irish Farmers Journal – Front Page, 30th June '07).

The direct result of this EU decision is that feed importers (principally R&H Hall and Arkady Feeds in the case of Ireland) cannot afford to take on the risk of importing CGF and DDG in case it may be contaminated with non-approved GM products. **On the ground, the result of this EU decision is effectively a ban on the importation of maize and maize by-products.** Accordingly, we as manufacturers of animal feed now find ourselves in a position where we do not have Corn Gluten Feed or Distillers Dried Grains available to us for inclusion in our feeds. In a typical year Ireland manufactures 3.2 million tonnes of animal feeds and imports in and around 1 million tonnes between maize and maize by-products annually. **How can any industry survive when effectively 30% of its raw materials are banned overnight?** Equally we wish to emphasise and highlight that it is extremely difficult to replace this volume of quality (high feeding value) raw materials. Globally the supply of alternative feeds to replace maize derivatives are extremely tight. Even where it is possible to find substitutes, these alternative feeds are in many cases of inferior feeding quality, and inordinately expensive.

Already this ban is having a negative impact on our feed businesses, and in turn is beginning to hit our valued livestock farming customers. This issue will become a whole lot more severe as we move on into the autumn and into the indoor winter feeding period. **The future of our feed businesses within ACORN, and that of all Irish feed manufacturers, and even more importantly the future of Irish livestock producers, depends on our ability to import cost effective, quality feed ingredients, in particular protein feeds to complement our native grown cereals.**

Within Ireland we simply do not have the available land-bank, or the climate to grow a significant volume of oilseed and protein crops to replace imported feed ingredients. **Importing protein feeds is crucial for the Irish livestock sector.** Without CGF and DDG it is practically impossible to produce a fully balanced feed for our animals, and to produce a cost effective finished feed that will deliver an economic return for Irish poultry, pig, dairy, beef and sheep farmers.

Agriculture remains a vitally important part of the Irish economy, contributing around 9% of our GDP. DAS-59122 Maize Herculex Rw is a very real issue for the future of the Irish livestock sector.

**ACORN urges the Irish Government to rescind this decision, as a matter of priority, at the upcoming Council of Ministers meeting.**

## EU Decision Jeopardises the Irish Livestock Sector

The decision taken by the Irish Government at the recent meeting (June 25) of the Standing Committee on the Food Chain and Animal Health to abstain from voting in favour of approving the GM maize variety Herculex is extremely concerning for all ACORN Merchants.

This action by the newly elected Irish Government has far reaching implications for Irish livestock farmers and for our feed manufacturing businesses, which produce quality assured, fully-traceable, animal feeds, under licences issued by the Department of Agriculture & Food.

ACORN finds it especially difficult to reconcile this stance by the Irish Government when:

1. Ireland is currently importing meat from animals fed with GM maize and soya in overseas countries, and there is no GMO labelling of this meat in the EU.
2. It is accepted that the US will not limit the use of new GMOs, until authorisation is granted in the EU.

The US is a hugely important trading partner for Ireland on many fronts, and we believe it is vital that Ireland retains this positive trading relationship.

3. Brazil and Argentina are at present more dependent on exports to the EU, and are more likely to be willing to wait for the introduction of EU-non approved soyabean and maize varieties.

However exporting countries cannot have much confidence in the EU authorisation regime for GMOs, when approval by EFSA is no guarantee of authorisation being granted.

Furthermore there are reports of plantings in Brazil in the past of GMO crops, and it is extremely doubtful that Brazil would be in a position to enforce a policy of non-adoption of these new technologies with its farmers. (Source: Economic Impact of Unapproved GMOs on EU Feed Imports & Livestock Production – European Commission: Directorate-General for Agriculture & Rural Development).

**Let us be realistic, where is Ireland to source the feed ingredients it requires if we cannot import from the US, Brazil and Argentina ?**

4. The current EU authorisation regime for GMOs is totally inefficient and must be revamped.

If this is not urgently addressed, the implications for Irish livestock producers, and for the wider agriculture and food industries, are extremely damaging. At a time when, at last, agriculture globally looks to be on the rise, surely the EU and the Irish Government should be doing all in their power to support agriculture – a hugely important indigenous industry for Ireland.

**The European Food Safety Authority (EFSA)** is charged with the role of conducting scientific risk assessments and/or giving scientific advice on GMOs within the European regulatory framework. ACORN is in favour of the EFSA assessing each individual application on a case by case basis. EFSA has approved DAS – 59122, yet despite this clearance, authorisation has not been granted. The highly respected, Dr. Patrick Wall is the current chairman of EFSA's Management Board and was formerly the Chief Executive of our own Food Safety Authority (FSAI). ACORN fully supports EFSA's scientific processes, which are in place to protect the European consumer, and to provide transparency and confidence in the system. **Surely our EU decisions must be guided by the sound scientific evaluation of EFSA ?**

In addition the EU applies a **zero-tolerance policy** for non-approved GMOs in food and feed imports. This implies that the presence of non-approved GMOs has to be kept below the technical detection threshold in imports, which is extremely difficult in practice. The growth in China as a major importer of feed ingredients, in reality means that the major exporters (Argentinian, Brazil and the US) will become a lot less reliant on the European market in the future. The European Commission is going to have to adopt 'workable' solutions going forward, if the EU is to remain an attractive proposition for exporting countries.

## The Stark Reality for ACORN Merchants

The reality which we as feed manufacturers are facing is that without access to a wide range of quality feed ingredients the cost of our finished animal feeds will spiral. The recent EU decision which has effectively led to a ban on importing CORN Gluten Feed (CGF) and Distillers Dried Grains (DDG) is already having a strong negative economic impact on our feed business. The larger proportion of feeds manufactured by ACORN Merchants are designed for feeding to ruminants (dairy/beef/sheep). In certain cases CGF and DDG may account for in the region of 30% of a ruminant feed. **Our feed businesses cannot function without access to 30% of our required raw materials.** At present farmers are not buying much feed because animals are at pasture and grass growth is good. Accordingly as of yet dairy/beef/sheep farmers are, by and large not aware that feed will be increasing considerably in price, and that two high quality ingredients, namely CGF and DDG, are not available for inclusion in their feeds. **If this ban is not lifted as a matter of urgency, ACORN Merchants may not be in a position to meet the feed demands of our customers next autumn.** We are urging the Irish Government to recognise the serious impact which their recent decision has for our business.

Cereal grain prices are rising because of the global competition for land between food and energy. We as feed manufacturers will be forced to pass on the sizeable increase in grain and feed ingredient prices to our farmer customers. Poultry and pig farmers will suffer the big brunt of the increased feed costs, which will put enormous strain on the competitiveness of Irish pig meat and poultry meat. If this ban is not lifted urgently, the end result will be a further increase in imports of pig and poultry meats into the EU. **Surely this is not in the best interest of EU and Irish consumers ?**

Rising feed prices will also impact on dairy and beef farmers. While milk prices have finally improved, beef farmers are after coming through a very bad spring, with a number having suffered large financial losses in finishing cattle over the indoor winter period. While farmers are resilient by their very nature, this increase in feed costs, being fuelled further as a direct result of this EU ban on maize and maize by-products, may prove to be 'the final nail in the coffin' for beef finishers. We wish to highlight to our politicians and decision-makers that 9 out of every 10 cattle produced in Ireland are exported. **Can Ireland remain competitive in beef production when we are 'not playing in a level field' ?**

It is our belief that the recent action of the Irish Government is jeopardising the very markets which the meat industry and Bord Bia have worked hard to open and develop over many years. The Irish Government is 'handing on a silver plate' our beef markets over to our competitors, in particular Argentina and Brazil. 'It may be easy to lose these markets, but it will be far more difficult to win them back !' To put it in perspective, Brazil has about two and a half times as many cattle as the entire member states of the EU, and is producing beef at roughly half the cost of the Irish product (Source: Business & Finance Article 29th June '07). Similar realities were enough to kill the sugar industry in Ireland as soon as protection disappeared. **Is it in the best interest of EU consumers that we now lose our beef industry ?**

## THE FACTS

Let us all be clear on five hugely important FACTS:

### 1. Ireland is a net importer of feed ingredients.

In 2006 Ireland imported just over 200k tonnes of maize, 464k tonnes of Maize Gluten Feed, over 246 k tonnes of Corn/Maize Distillers, and 30k tonnes of Maize Screenings. (Source: Irish Department of Agriculture, Fisheries & Food)

### 2. The EU and Ireland imports large volumes of feed ingredients from third countries in which GM crops are grown.

Our understanding is that over 80% of the US soya crop is 'Roundup Tolerant' (or 'Roundup Ready'), and that this is likely to increase over the next few years as more advanced technologies are introduced to the market. Indeed two new GM maize varieties are likely to be cultivated in the USA in 2007, which are not yet approved in the EU.

In 2006 it is estimated that 45% of total EU-27 maize imports came from potential GM origins - Argentina, Brazil and USA. (Source: European Commission – Directorate General for Agriculture and Rural Development Report 2007).

### 3. On the ground, the stark reality is that there is a real shortage in supply of alternative feed ingredients, that can help fill the huge void created by this recent EU decision.

**Importing soyabeans is crucial for the EU animal sector.** EU imports of soyabeans and soyabean meal (expressed in soyabean meal equivalent) amounts to 34-35 million tonnes. The EU domestically produces just around 12 million tonnes of oilseed cakes. Experts assess that within the EU over time it may be possible to replace up to a maximum of 20% of EU imports of soyabeans, through growing more oilseed and protein crops.



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Ireland consistently imports over 400 k tonnes annually between Whole Soyabeans, Soyabean Meal, Full Fat Soya and Soya Hulls. In practice, there are no alternatives to importing these quality protein feed ingredients. Oilseed rape (OSR) production in Ireland remains small, but is increasing from a very low base. (*Note:* The expectation is that 6,000 hectares of OSR will be grown in Ireland next season. This equates to a maximum of 20,000 tonnes of oilseed rape cake with a crude protein of 33/34%). **The reality is: indigenously grown oilseed rape is not likely to significantly reduce our national requirement for soyabean.** The 'biofuels' initiatives in Ireland are leading to an increased acreage of cereals being sown rather than oilseeds.

#### 4. The reality is that this current stance hits the periphery nations within the EU hardest. Ireland is being placed at a competitive disadvantage to the central European countries.

It is important that our politicians recognise this fact. Ireland is, and will be, severely disadvantaged by the loss of maize and maize by-products as a direct result of this ban. Irish pig and poultry producers are already hurting. However for most dairy/beef/sheep farmers it will be next September before this situation will 'really bite'. Within Ireland it is not going to be possible to grow significantly more cereals or protein crops (eg. peas & beans). The reality is Ireland must continue to import our requirements for protein-rich feeds.

#### 5. The presence of EU non-approved GMOs will become an increasingly important factor going forward.

Whatever about the extremely difficult proposition of Ireland being forced to source & import non-GM maize and maize by-products, going forward it is simply not possible to source large volumes of guaranteed non-GM soya. **It is vitally important that our politicians fully recognise this fact.**

New GMOs are being developed in feed exporting countries at a high rate. Lengthy delays in the EU approval system for GM events already creates huge problems for the Irish feed industry. **Unless the EU authorisation regime becomes more efficient, there will be a far greater number of trade disruptions, which will become more severe, more frequent, and affect more products.**

The low margin business of manufacturing animal feed is not sustainable facing such threats. The Irish Government must take a proactive, constructive role in finding a 'workable' solution to this debate at EU level. 'Sitting on the fence' is not an option for Irish Agriculture.

## CONCLUSION

From both an EU and Irish **food security perspective**, it is incumbent on the Irish Government to take a lead in finding a 'workable' solution to Herculex, and to the other GM events which 'are just around the corner'. A loss in competitiveness of the Irish livestock sector will have huge implications for farming incomes and employment. There would be considerable direct knock-on effects on our businesses within ACORN, and within the wider agri-processing and food industries. **The end result will be that the EU and Irish consumer will pay more for their meat (poultry, pig and beef).**

Each of us as consumers will be forced to eat increased volumes of meat, produced outside the EU, which will have little or no traceability, and which will be fed on hormones and antibiotics, and with the very GM feeds which the EU is currently trying to ban. **Surely our objective within Ireland and the EU must be to encourage local production of guaranteed safe foods.** Ireland and the EU has only in recent times recognised how exposed we are in terms of security of our energy supplies. Unless Irish Government and EU policies change, we will, before too long, find ourselves in this same unenviable position when it comes to the supply of safe, quality foods.

As the roars of the Celtic Tiger quieten, Ireland more than ever needs a vibrant farming industry. **Agriculture is central to the continued future success of Ireland.** ACORN urges our politicians to 'act with us and not against us':

**The Irish Government must send a clear message to the Council of Ministers, and to the European Commission that decisions about GM approval should be based on sound science.**

**Accordingly ACORN urges a vote in favour of the current proposal to approve DAS-59122.**

Furthermore, going forward, the Irish Government must pursue a clear policy, based on sound science and economics, which will ensure 'the wheels of farming and industry, continue to turn'.