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# **Organic, Conventional and GMO Distinctions**

## ***The Challenge of Satisfying Grain Buyers***

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**USDA Agricultural Outlook Forum**

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# Perspective

- Merchant goal – happy client
- Selected varieties corn and soy to buyers making foods and feeds
- Clients North and South America, Asia and EU
- Contract farm production 12 states, 3 countries



- **Co-existence issue – focus on corn, the pollen escape factor**
- **Conceptual conflict**
  - Wonderful new hybrid X
  - Greatly rewards some
  - Greatly damages others
- **How do we as a community deal with that?**
  - Open range for “safe” seed?
  - Consider market, economic choices?
  - Regulate to protect markets?

# Client Values, Supply Challenges

- Product advantages
- Process advantages
- Market advantages

## CONSISTENCY

- Processor survey
- Texas A&M expert
- Fortune 500 experience



- **USDA corn seed collection**  
**> 20,000 accessions**
- **Commercial pool perhaps**  
**1,000 hybrids**
- **Variations, contaminations**
  - Pollen - open range policy
  - Seed supply impurities
  - Errors in planting, harvesting, handling, shipping



# Practical Solution – IP Programs

- Get what buyer wants, avoid contamination
  - Contract production of selected hybrid
  - Follow segregation protocols from seed selection and planting to delivery to buyer
  - 3<sup>rd</sup> party testing, verification
  - Buyer testing

- **Segregation protocols**
  - Hybrid selection and seed purity testing
  - Contract planting with reasonable segregation designed to meet buyer tolerances for impurity
  - Equipment cleaning and segregation
  - Strip tests
  - Lab tests
  - Final delivery tests



# Cultural Distinctions – IP Factors

- Conventional now means GMO
  - US corn crop >84% GMO

- Non-GMO
  - Definitions vary

- Organic
  - Defined under US law as process factor

- **Buyer camps**

- Endorse
- Defer acceptance
  - Health & environmental concerns
  - Examples
    - Japanese coop – 30 years
    - US food companies
- Reject
  - Legal rule
  - Health, environmental concerns
  - Social concern
  - Examples



# Buyer Rules – Mostly

- Precautionary principle
- Tolerance standards
  - Zero not an option in US
  - Japan at 5/1/0.5%
  - EU at 0.9% ... perhaps 0.5%
  - UK chains at 0.1%
  - Korea at 0.0% (officially)
- Co-existence? Yes except for Korean buyers trying to meet their official tolerance levels
- **Certified organic – IP challenge re GMOs**
  - Process standard
  - Tested to some tolerance standard
    - Background GMO levels
    - Complications from setting market limit
    - Consequences
      - Discourage US organic production
      - Encourage organic supply from India and China
  - As is, with just the process standard, organic certification remains the gold standard for non-GMO corn



# Amylase Corn – A New Reality

- USDA just approved a new GMO amylase corn. Huge increase in IP challenge.
- Who wins?
  - Ethanol industry
    - Why?
    - How?
  - Seed supplier
- Who loses?
  - Food industry, how? why? 1 kernel in 10,000?
  - Farmers wanting market choice
  - Buyers wanting to avoid quality issues more so than those just wanting to avoid GMO

- **Iowa – a projection**
  - Installed ethanol production base
  - Ethanol processor demand for this amylase corn
  - Power of even subtle contamination at levels less than now detectable by strip tests, even most lab tests
  - Risk to those buying for other corn markets
  - Consequence
    - Loss of choice to Iowa farmers
    - Loss of production choice to buyers
    - Loss of diversity





# Policy Issue – Co-Existence and Choice

- Issue broader than the GMO and organic conflicts.
- Goes to:
  - Commercial importance of purity, consistency
    - Farmer choice of markets
    - Buyer choice of qualities

- **How do we?**
  - Balance conflicting values
  - Encourage innovation
  - Protect markets
    - Domestic
    - International
  - Protect choice for farmer and buyer



# Suggestions

- Build better fence around commercial seed pool
  - Consider economic and market impact of new traits before approving planting
  - Grant authority to USDA
    - National policy – broad
    - Local/regional – detailed
  - Work through seed companies
  - Not just an organic or GMO issue but an agricultural issue, a purity issue, a choice issue
- **Regulatory standards, tools**
    - Your crop must not unreasonably damage your neighbor's crop
      - Pura-maize gene (1950s)
      - Markers, visual if possible
      - Segregation distance
      - Fines and/or damages
      - Seed provider AND farmer responsible for following rules
    - Otherwise exclude from pool
    - Canada and consistency

**Coexistence  
needs improved  
regulation**

# Questions – Comments - Perspectives



Thank You

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