



To: U.S. Department of Agriculture, Office of the Secretary

From: North American Export Grain Association

Date: March 4, 2014

Re: Docket No. APHIS—2013—0047 Enhancing Agricultural Coexistence; Request for Public Input

The North American Export Grain Association (NAEGA) appreciates the opportunity to submit this statement in response to the request for public input on enhancing agricultural coexistence.

NAEGA, established in 1912, is comprised of private and publicly owned companies and farmer-owned cooperatives involved in and providing services to the bulk grain and oilseed exporting industry. NAEGA member companies ship virtually all of the bulk grains and oilseeds exported each year from the United States. Dedicated to engaging the entire value chain, NAEGA focuses on predictable, reliable and expanded international trade of grains, oilseeds and their primary products. NAEGA members, stakeholders and governments around the world are key beneficiaries of NAEGA work to provide leadership, experience and capacity providing for global reach and influence supportive of international trade and investment.

Agricultural coexistence refers to the concurrent cultivation of crops produced through diverse agricultural systems, including traditionally produced, organic, identity preserved and genetically engineered (GE) crops. As such, NAEGA strongly supports the coexistence of all safe forms of crop production, including those enhanced by biotechnology and other scientific and technological innovations. Overall, we see coexistence as part of the value chain's approach to providing for practical responses to market demands for safe, abundant, and high-quality food and feed supply for U.S. and world consumers.

Our concern, however, is that coexistence is currently focused on only one of three important coexistence discussions—the coexistence between commodity and organic agriculture. Similar to the organic discussion, it is important to recognize that significant dialogue is ongoing between agricultural stakeholders on coexistence between 1) domestic and export supply chains (as it relates to major market approvals for GE crops) and 2) between commodity and specialty supply chains (as it relates to commercialization of products with unique functional characteristics or PUFCS). It is important to recognize that these important and emerging coexistence issues represent the root cause for the ongoing development of policy for dealing with Low Level Presence (LLP) of biotech materials wherever possible and appropriate, and the cross-industry efforts to promote the development of standards in how new traits are assessed, approved,

commercialized and handled domestically and internationally. All of these coexistence issues also highlight the need for the development and adoption of responsible stewardship standards and practices to enable coexistence.

For example, there is an ongoing tension between the agricultural sectors on the commercialization of GE traits ahead of approval in major markets. Not all of the world embraces biotechnology as much as the U.S., thus, it is important to respect the risks of costly trade disruptions. It is important U.S. farmers and agricultural companies have the ability to market biotechnology both domestically and abroad. The best way to market biotechnology abroad would be to solve the asynchronous approval problem that currently exists.

Related is the recent emergence of a new commercialization model by technology providers known as either a “pre-commercial release or limited/introductory launch.” These models are predicated on belief that a test production and marketing of the technology can be managed ahead of a full commercialization and approval in export markets. The source of this tension is essentially a coexistence discussion between U.S. agriculture’s domestic and export market needs for balance between innovation and market access. It is our opinion that since no supply chain can effectively channel products with 100% certainty, there is an inherent risk that an escape of a pre-commercialized or limited launch product will be detected in a major export market of the U.S. and significant trade disruptions will occur.

As we seek to improve upon the environment for the innovation of crop biotechnology, approval processes in all markets need to be respected. Crop biotechnology providers seeking commercialization of their product should consider all five major areas of agricultural coexistence management—(1) compensation mechanisms, (2) stewardship, (3) education and outreach, (4) research, and (5) seed quality—when developing and deploying corporate and supply chain stewardship.

Technology developers should commit to fully bear the risks and liabilities associated with any commercialization or launch of their products. We object to commercialization prior to major market approvals unless the technology provider assumes appropriate responsibility for economic losses associated with such commercialization. This responsibility includes the implementation of systems of production and marketing designed to contain the unapproved technology from exposure to other production and marketing of U.S. crops and acceptance of the liability associated with the failure to adequately manage the trait. When addressing zero-tolerance regulatory requirements, a “pre-commercial or limited launch” is no different than a product commercialization because the potential risks and impacts are the same.

Our recent experiences in significant disruptions in U.S.-China corn trade, exemplifies both how impactful these commercialization decisions can be on U.S. agriculture and how the financial risks and damage are not broadly shared across the value chain. A unilateral decision to commercialize ahead of major market approvals causes significant damage to U.S. agriculture and short and longer term opportunities to grow and serve our global markets.

Similarly, and as evident in the comments received by many of the trade group members during the deregulation process for recent GE corn and soybean PUFCS, tensions in coexistence between

commodity supply chains and the emergence of PUFC supply chains has also emerged. In response, U.S. grains and oilseeds stakeholders are developing policies to address the emergence of PUFCs. These products are intended to be delivered through fully segregated supply chains, and it is apparent that all sectors of the agricultural supply chain (from technology providers to end users) have recognized that the mismanagement of PUFCs can have significant impacts on existing commodity food and feed supply chains.

The inherent risk presented by PUFCs, coupled by the fact that an agricultural supply chain cannot be managed to achieve 100% segregation, requires a comprehensive review of the potential for significant impacts to the quality (specifications) of existing commodity supplies in order to secure the responsible commercialization of PUFCs by the entities that choose to commercialize them. Generally, the goal should be to determine the level of impact of the unintended presence of PUFCs and a corresponding plan to manage the PUFC in a way that does not negatively impact stakeholders in the United States and major foreign markets. The level of impact of the comingling of PUFCs with the commodity supply must be examined on a case-by-case basis, since some products may have little impact and others may have a more significant impact.

Below are our answers to your specific questions:

1. NAEGA seeks the following types of information regarding coexistence, particularly information regarding biotech events not approved by major export markets:
 - a. Information on approval status in major export markets.
 - b. How much corn seed that contains certain types of biotechnology traits will be planted in the U.S.
 - c. Where, when and by whom the biotechnology trait will be planted.
 - d. Specific details of all measures implemented by the technology provider to control pollen drift, as well as warranties and guarantees on the adequacy of such measures.
 - e. Details on producer agreements regarding stewardship obligations.
 - f. Details on grain handler agreements pertaining to the marketing of PUFC from fields planted with biotechnology event.

We are currently dependent on the biotechnology providers to supply us with this information.

2. Currently, the education of farmers is performed by the farmers' own volition. Farmers need to be proactively and aggressively informed about coexistence and the marketability of biotechnology events they plant. Often their only means to do so is to check with their local grain elevators and merchants to determine whether the grain buyer or handler has any limitations on accepting biotechnology or any other traits that do not have certain export market approvals.

A decision support system that told farmers what biotechnology events were approved and not approved by what export markets would be helpful. Furthermore, if the support system detailed where the biotechnology events that have not yet been approved for certain markets have been planted, it would allow exporters to have more confidence that their shipments do not contain an unapproved product.

3. Guidance on coexistence practices is currently available through organizations such as Biotechnology Industry Organization's (BIO), Excellence Through Stewardship (ETS), and CropLife International (CLI). Each of these organizations, as representatives of plant science and biotechnology companies, has standards and policies regarding their respective stakeholder development. For instance, BIO has their *Product Launch Stewardship Policy*, ETS has a *Guide for Product Launch Stewardship for Biotechnology*, and CLI has their *Life Cycle Long Product Stewardship Program*. All these standards have the common requirement of the technology provider communicating promptly, broadly, and in a transparent manner with stakeholders.

4. NAEGA is very encouraged by and committed to the open dialog and opportunities for information-sharing made possible by the U.S. Biotech Crops Alliance (USBCA). This dialog and opportunity will continue to improve the environment for technology innovation and the market for U.S agricultural products. The USBCA is a collaborative organization of all stakeholders in the supply chain. This organization provides for a quality forum in which to discuss coexistence and biotechnology issues. It allows for a dialogue between all participants of the supply chain from the technology provider to the end user.

We look forward to continuing to work to enhance agricultural coexistence and minimize trade disruptions. If we can provide further information, please feel free to contact us at your convenience.

Sincerely,



Gary C. Martin
President and Chief Executive Officer
North American Export Grain Association