

MINUTES OF THE HOUSE AGRICULTURE COMMITTEE

The meeting was called to order by Chairman Dan Johnson at 3:30 p.m. on February 8, 2006, in Room 423-S of the Capitol.

All members were present except:

Representative John Faber- excused

Committee staff present:

Raney Gilliland, Kansas Legislative Research Department

Gordon Self, Revisor of Statutes Office

Kay Scarlett, Committee Secretary

Conferees appearing before the committee:

Tim Stroda, President-CEO, Kansas Pork Association

Dusti Fritz, Chief Executive Officer, Kansas Wheat

Dana Hoffman, Producer Policy Specialist, Kansas Association of Wheat Growers

Duane Simpson, Vice President of Government Relations, Kansas Agribusiness Retailers Association

Jennifer Mathes, Bartlett, Kansas

Paul Johnson, Kansas Catholic Conference

Brad Harrelson, State Policy Director, Governmental Relations, Kansas Farm Bureau

Chris Wilson, Director of Governmental Affairs, Kansas Seed Industry Association

Others attending:

See attached list.

**Hearing and action on HR 6010 - Kansas Pork Association**

Chairman Johnson opened the hearing on **HR 6010**.

Tim Stroda, President-CEO, Kansas Pork Association, appeared on behalf of the Association and the pork industry reporting on their 50 years of leadership working to help their members be a successful part of Kansas agriculture. The Kansas Pork Association is celebrating its 50<sup>th</sup> anniversary and will be commended on the floor of the House on February 20, 2006. (Attachment 1)

Chairman Johnson closed the hearing and opened the floor for discussion.

Representative Dahl moved to make a correction to **HR 6010** on page 1, line 28. The word "soybean" should be plural. Seconded by Representative Gatewood, the motion carried.

Representative Svaty moved to recommend **HR 6010**, as amended, favorably for adoption. Representative Miller seconded the motion. The motion carried.

Dusti Fritz, Chief Executive Officer, Kansas Wheat, reported that she and Dana Hoffman had just returned from the North American Grain Congress and the annual meeting of the three national wheat organizations in San Antonio. She said that biotech wheat was one of the center discussions at both of these meetings. The three national wheat organizations and their functions include U.S. Wheat Associates (USW), a market development and promotion organization that promotes the sale of U.S. wheat all around the world. The National Association of Wheat Growers (NAWG) works on capitol hill in Washington, D.C., for favorable domestic policies. The Wheat Export Trade Education Committee (WETEC) works on trade policy issues, educating the administration as well as members of congress on export trade agreements for wheat.

She reported that as of today, these three national wheat organizations have formed a Joint Biotechnology Committee and now have a unified Biotechnology Position Statement and Principles for Commercialization on biotech wheat. This is the first time they have had a unified position on an issue. She explained that it has not been easy finding a balance between bringing biotech traits to the wheat industry while preserving domestic and export markets for U. S. wheat. (Attachment 2)

## CONTINUATION SHEET

MINUTES OF THE House Agriculture Committee at 3:30 p.m. on February 8, 2006, in Room 423-S of the Capitol.

Dana Hoffman, Producer Policy Specialist, Kansas Association of Wheat Growers, further explained that the boards of NAWG, WETEC and USW all approved a work plan for biotechnology acceptance issues, referred to as *The Road Forward: A Strategy for Commercializing Biotech Traits in Wheat While Preserving and Expanding Markets*. Under the plan, each organization was designated the lead on different proposed projects with the goal of working affirmatively toward commercialization of biotechnology in wheat. The Joint Biotechnology Committee has the responsibility of overseeing these activities and reporting to the three constituent boards on implementation, progress, and recommended adjustments. She reviewed the reports given at the meeting from the three national organizations on the work that has been done to this point.

Duane Simpson, Vice President of Government Relations, Kansas Agribusiness Retailers Association, gave a power point presentation explaining that the United States federal biotechnology regulatory system is a coordinated framework utilizing existing regulatory structure and laws. Three federal agencies regulate the commercialization of biotechnology products: U.S. Department of Agriculture, Environmental Protection Agency, and Food & Drug Administration. The framework is flexible and changes as technologies and needs evolve in accordance with experiences of the industry and agencies—new technologies, international activities, experience and scientific findings. He explained that these agencies operate programs in an integrated and coordinated fashion, when there is overlap one agency is identified as lead agency.

Mr. Simpson stated that states already are consulted by the regulatory agencies in regard to regulated articles released in their respective states with local considerations taken into account in the regulatory process. He believes federal regulation creates a consistent regulatory system in which the public of the United States is protected from any potential risks and allows industry to conduct business in a cost effective manner. He explained that state regulation would create different rules for different parts of the country, create additional costs to industry and consumers, stifle innovation and creation of new technology, and create barriers to trade between states. He noted that local application of federal regulatory laws is executed by both federal and state regulators. ([Attachment 3](#))

### **Hearing on HB 2717 - Patent holder of transgenic wheat to notify the secretary of agriculture prior to sale of transgenic wheat.**

Chairman Johnson opened the hearing on **HB 2717**. Staff briefed the committee on the bill. It was noted that the bill has a fiscal note of \$60,072.

Representative Joshua Svaty testified in support of **HB 2717**, introduced at his request. He explained that this bill only asks that the Secretary of Agriculture be notified prior to sale of any new varieties of transgenic wheat in the state and that notification be printed in the Kansas Register so that it is public information. He said his concern in introducing the bill was for foreign markets of Kansas wheat. ([Attachment 4](#))

Jennifer Mathes, Bartlett, Kansas, testified in support of **HB 2717**. She feels this bill will prevent the untimely release of GMO wheat that could cause economic problems for farmers. She believes it is good policy that protects one of Kansas' major exported products. She later submitted a written response to the hearing on **HB 2717**. ([Attachment 5](#))

Paul Johnson, Kansas Catholic Conference, appeared in support of **HB 2717**. He believes the information to accompany notification to the Secretary of Agriculture should include handling protocols to ensure that the transgenic wheat variety does not enter foreign countries that have not approved transgenic wheat for use. ([Attachment 6](#))

Brad Harrelson, State Policy Director, Governmental Relations, Kansas Farm Bureau, testified in opposition to **HB 2717**. Farm Bureau policy supports the responsible research, peer-review, market acceptance, and production of seed/crops enhanced through biotechnology. They believe the rigorous approval process required by EPA and FDA is appropriate, and upon successful completion of this review, market driven introduction of transgenic wheat should be allowed, provided it does not unduly disrupt the production or marketing of non-GMO wheat. KFB believes that current law provides significant protections for the integrity of, and ability to sell, seed in Kansas. ([Attachment 7](#))

CONTINUATION SHEET

MINUTES OF THE House Agriculture Committee at 3:30 p.m. on February 8, 2006, in Room 423-S of the Capitol.

Duane Simpson, Vice President of Government Relations, Kansas Agribusiness Retailers Association, appeared in opposition to **HB 2717**. He stated that despite strong federal oversight of the biotech industry, this bill would set apart wheat seed for additional state regulation, treating genetically modified wheat seed differently than any other genetically modified seed. Much of what this bill requires is currently done under federal law. He noted that Kansas wants to be a leader in biotechnology. The Kansas Economic Growth Act and the creation of the Kansas Bioscience Authority are attempts to make Kansas more competitive in biotechnology. Kansas is well positioned to take advantage of that legislation because of Kansas State University and agriculture biotech research facilities in our state and region. Kansas cannot afford to be seen as hostile to biotechnology and wheat biotechnology in particular. (Attachment 8)

Dana Hoffman, Producer Policy Specialist, Kansas Association of Wheat Growers, testified in opposition to **HB 2717**. She urged the committee to defeat this bill in order to maintain a consistent federal system of regulation, enable Kansas wheat producers to utilize a modern production tool, and to maintain a high level of expertise in wheat research in the state. (Attachment 9)

Chris Wilson, Director of Governmental Affairs, Kansas Seed Industry Association, submitted written testimony in opposition of **HB 2717** to assure that regulation of biotechnology wheat is consistent with other biotechnology crops in Kansas and the United States. She reported that biotechnology wheat seed is being tested in Kansas pursuant to the existing regulatory system and promises to offer significant advantages to wheat growers. She noted that no transgenic wheat seed is available for sale at this time. (Attachment 10)

Chairman Johnson closed the hearing on **HB 2717**.

The meeting adjourned at 5:33 p.m. The next meeting of the House Agriculture Committee is scheduled for February 13, 2006.

# HOUSE AGRICULTURE COMMITTEE GUEST LIST

DATE: FEBRUARY 8, 2006

NAME	REPRESENTING
Dusti Fritz	Kansas Wheat
Dana Hoffman	Kansas Wheat
Kirk Kennedy	Valley Coop Inc.
Duane Simpson	KARA
Tim Strode	KPA
Paul Johnson	Ks Catholic Conf.
A.J. Pearl	KARA
Deb Miller	Farmers Union Stockton
Dennis Wilson	Labette Co. USD 506
Craig Nelson	Superior Deshler Inc - KARA
Gary Lortscher	NGFA
Ken Novak	KARA
Aaron Hackerott	KGFA
Leslie Kaufman	Ks Coop Council
JACK DUTRA	KARA
LISA DRAKE	MONSANTO
Bill Scott	KDA
Dale Lambly	KDA
Christophe	LCHS USD 506







## **Testimony on House Resolution 6010**

Presented on behalf of the Kansas Pork Association

By Tim Stroda, President-CEO

February 8, 2006

Mr. Chairman, members of the committee, my name is Tim Stroda. I serve as the President-CEO of the Kansas Pork Association. Thank you for this opportunity to testify on behalf of our organization and the pork industry.

For 50 years, Kansas pork producers have worked together through their association to make their business stronger.

Our members are very proud to provide a safe, nutritious product to help feed consumers worldwide. They are also proud to say their industry provides a boost to the state's economy through sales totaling more than \$400,000,000 last year.

The Kansas Pork Association is working every day to help our members continue to be a successful part of Kansas agriculture. Our association's goal is to serve our members for another 50 years.

The members of the KPA ask for your favorable consideration of House Resolution 6010.

# Kansas Pork Industry Facts



## 50th Anniversary

In 1956, a small group of pork producers held the first meeting of the Kansas Swine Improvement Association. Their purpose was to work together to make their businesses more profitable while keeping the swine industry healthy and flourishing statewide. Fifty years later, the Kansas Pork Association is working everyday to achieve this same goal.

## Kansas pork producers help feed the world

There are 1,500 hog farms in Kansas. Of these operations, 310 produce 95% of the state's pork.

Kansas is the number 9 state in hog and pig inventory producing about 2.7 percent of the nation's total.

In 2005, Kansas producers sold 3,047,022 market hogs, feeder pigs and seedstock with a gross market value of \$402,596,058. These hogs produced over 450,000,000 pounds of **Pork The Other White Meat®** which helped feed nearly 10 million people.



## Pork industry important to Kansas economy

Kansas pork operations consume over 34 million bushels of grain. Primarily, these operations utilize Kansas-grown milo, but they also feed significant amounts of corn and soybean products.

The Kansas swine industry annually spends about:

- \$145 million for feed grains
- \$35 million in construction
- \$30 million in labor costs
- 20 million in supplies
- \$10 million for utilities (gas, propane & electric)
- \$10 million for trucking (hog marketing only, no grain)
- \$8 million in interest

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## BIOTECHNOLOGY POSITION STATEMENT

Biotechnological research holds great promise for the future, and the U.S. wheat industry recognizes these advancements. In preparation for the future commercialization of biotechnologically-derived wheat, we take the following positions:

1. We support and will work to ensure the ability of wheat producers to make planting and marketing choices based on economic, agronomic, and market factors.
2. We support the ability of our wheat customers to make purchases on the basis of specific traits. We commit ourselves to the principle that our customers' needs are vitally important.
3. We support and will assist in the development by all segments of the industry of an orderly marketing system to assure delivery of non-transgenic wheat within reasonable tolerances to markets that require it.
4. We urge the adoption of a nationally and internationally accepted definition of biotechnologically-derived products.\* We also urge international harmonization of scientific standards and trade rules.
5. We support voluntary labeling of food products, provided it is consistent with U.S. law and international trade agreements and is truthful and not misleading. We oppose government-mandated labeling of wheat products in both the U.S. and international markets based upon the presence or absence of biotechnologically-derived traits that do not differ significantly from their conventional counterpart.
6. We support the establishment of a reasonable threshold level for adventitious or accidental inclusion of biotechnologically-derived traits in bulk wheat or wheat food products in both U.S. and international markets.
7. We are confident that biotechnology will deliver significant consumer and producer benefits and we support continued biotechnology research, and product and market development. We invite valued and interested customers to join with us in a working partnership to explore the emerging biotechnology industry.

### **\*U.S. Wheat Industry Definition: Biotechnologically-Derived (Genetically Modified Organisms)**

“Genetically modified organisms (commonly referred to as “transgenic”) are organisms derived from somatic cell fusion or direct insertion of a gene construct, typically but not necessarily from a sexually-incompatible species, using recombinant DNA techniques and any genetic transformation technology (e.g., bacterial vectors, particle bombardment, electroporation).”

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[1., 2., 3., 6.,] Adopted by: USW Board of Directors on 6/27/00; NAWG Board of Directors on 10/17/00; WETEC Board of Directors on 6/25/00.

[4., 5.,] Adopted by: USW Board of Directors on 1/30/01; NAWG Board of Directors on 2/03/01; WETEC Board of Directors on 1/29/01; [6] Amended by: NAWG Board of Directors on 1/16/03; WETEC Board of Directors on 1/16/03; USW Board of Directors on March 18, 2003.

Adopted in entirety by WETEC Board of Directors on 2-3-06;  
Board of Directors on 2-7-06.

House Agriculture Committee  
February 8, 2006  
Attachment 2



## PRINCIPLES FOR COMMERCIALIZATION

The U.S. wheat industry recognizes the benefits and value which could be created within the wheat chain through the prudent application of modern biotechnology. U.S. wheat producers will support commercialization of transgenic wheat traits after thorough review and development of a commercialization plan that facilitates commercialization with minimal market disruption. We support the ability of our customers to make purchases based on their preferences for specific traits, classes, qualities, and characteristics. We will work diligently to assure that commercially achievable customer preferences are met.

The U.S. wheat industry will support commercialization of transgenic wheat traits when:

1. The technology provider initiates an informative dialogue with the USW/NAWG/WETEC Joint Biotechnology Committee (JBC) prior to submitting for regulatory approvals in the U.S. This dialogue will allow our organizations to initiate education and outreach activities to both domestic and international customers, and to provide the technology provider with practical information intended to facilitate commercialization with minimal or no market disruption.
2. Regulatory approvals for food and feed use must be secured in major wheat export markets that will be affected where a functioning regulatory system exists. Any technology provider wishing to commercialize a niche market product only in the United States, without first securing major export market regulatory or marketing approvals, must initiate a segregation and limited release program designed to prevent market disruption. Major export markets are defined as those which represent at least five percent of the normal export volume of U.S. wheat. In countries where there is no viable regulatory approval system, technology providers will make regulatory submissions promptly when those systems become functional.
3. Buyers willing to accept the new transgenic wheat have been identified.
4. Commercialization of the trait must not impair the ability of non-transgenic wheat to meet commercially recognized thresholds for the adventitious presence of transgenic traits. Appropriate international tolerances for transgenic wheat in non-transgenic shipments must be established and accepted in major export markets. Anticipated thresholds range from 0.9% to 5.0%.
5. An accurate, economical and timely trait detection test must be provided by the trait developer prior to commercialization.
6. The primary responsibility for education and outreach for new traits will remain with the technology provider. USW, WETEC and NAWG will actively help seek buyer acceptance and will provide guidance, assistance and resources where appropriate.
7. The technology provider must demonstrate stewardship of the technology, including education and outreach to growers to assure compliance with agronomic and grower stewardship practices specific to the trait. Technology providers will also institute programs to provide grower and industry education to ensure the integrity of the seed supply.
8. When appropriate, the use of farmer-saved seed should be permitted. The trait should be made available for adaptation into public wheat varieties. The trait should be priced at reasonably comparable levels, using comparable methods of technology fee collection, in all world production markets. When possible, consideration should be given to fee collection at the first point of delivery of the transgenic crop produced to insure fairness and maximize benefits to both the producer and technology provider.

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# The Road Forward: A Strategy for Commercializing Biotech Traits in Wheat While Preserving and Expanding Markets

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## Introduction

This document articulates a broad food-chain strategic effort to bring biotech traits to the wheat industry while preserving domestic and export markets for U.S. wheat. It describes specific strategic objectives, tasks to implement with associated deadlines, lead organizations and individuals responsible for executing the various components, and budget support necessary. Most lead roles are expected to be played by the National Association of Wheat Growers, U.S. Wheat Associates, and the Wheat Export Trade Education Committee, with other organizations and companies playing appropriate roles.

The document is an implementation plan for the concepts in the Principles for Commercialization document, which will be presented separately to the three Boards. The Principles document has been adopted by the Boards and requires their consent for any subsequent revision. This document implements those principles, so while it will be presented to the Boards for their review, their consent would not be necessary to revise components of the plan. These changes must be approved by the Biotechnology Committee, be consistent with joint board policies, and not adversely affect the budgets of the parent organizations.

U.S. wheat producers have adopted new technology for decades, using nitrogen fertilizers, crop protection products, improved cultural practices, semi-dwarf wheat varieties, and plant breeding to improve quality, yield, and disease resistance. Biotechnology is the latest tool in the technological toolbox, and most wheat producers are anxious to use it to improve their products and their profitability.

Around half of the wheat produced annually in the U.S. is exported to nearly a hundred countries. In planning for both the near term and distant future, the wheat industry must preserve and expand markets. The industry must meet the needs of customers in those widely different markets -- as well as the domestic market -- while providing the information and assurances that will pave the way to the acceptance of transgenic wheat. Otherwise, the industry risks losing substantial market shares that will be difficult to recoup.

A reasoned dialogue can help all parties understand and address the underlying issues causing market resistance to the adoption of biotechnology in food, and especially in wheat. Failure to interact will undoubtedly delay the adoption of biotechnology in wheat, and could stand in the way of the timely development of even more important potential benefits for farmers and consumers around the world.

As biotech traits in wheat are commercialized, an effective food-chain strategy should be able to protect domestic and export markets. The technology companies and wheat producers who benefit from the technology are responsible for providing the primary effort and investment in this program, but success is better assured if we consult in good faith with all sectors of the food chain.

The strategy, to be effective, must first outline objectives, tasks, deadlines, assignments, and budget. Those provisions are included in this document, and will be refined once the broad objectives are adopted. The next step will benchmark progress in the various areas, which involves identifying key variables to measure, overhauling the strategies if necessary, implementing changes and monitoring results. Budgets will be developed for the projects that are selected for execution, and those budgets will then be incorporated into the budget proposal of the identified lead organization for consideration and approval by its governing board. The board will retain ultimate authority over its budget. This document should not

be construed to interfere with the financial oversight responsibilities of a governing board; rather, it is intended to coordinate the efforts and investments of the organizations into a comprehensive and effective effort.

The strategy should apply broadly to multiple traits and technology providers, so that the process will not need to be repeated for each individual trait brought to market. However, we recognize that in the beginning we need to especially focus on specific traits.

Coordination is a key to success, and so we will task the Biotechnology Committee with guidance and the responsibility to report back to the parent boards on progress. In accordance with their areas of expertise and influence, the National Association of Wheat Growers, U.S. Wheat Associates, and the Wheat Export Trade Education Committee will take the lead in their respective areas, with the assistance of other organizations and companies. The wheat industry organizations will align their activities with the overall strategy, which will result in one clear message from wheat grower organizations.

The document is also accompanied by a separate Road Forward Timeline, showing target implementation and completion dates for each task.

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## Steering Committee and Guidance

Our intent is to consult broadly with all sectors of the food chain in developing and executing this strategy. Those that are willing and able to participate actively will be welcome to do so, but we also want the input of those who can advise us but do not wish to be direct participants. Guidance for the effort will be provided by the NAWG/USW/WETEC Joint Biotechnology Committee (or its successor), as well as CEOs from the three organizations.

The role of the Biotechnology Committee in providing oversight will be to (1) make startup recommendations such as which projects should be prioritized and implemented first, for board approval; (2) monitor and review the implementation of the efforts selected for execution; (3) make recommendations to the Boards to resolve any disputes over interpretation of language and intent; and (4) make recommendations to the Boards on any substantive revisions or actions that need to be taken to improve the plan or its implementation.



We want to consult with all partners in the food chain. Of course we welcome active participation, but we also want the advice of knowledgeable people who cannot, for one reason or another, directly participate on a regular basis. We hope to regularly consult with representatives of these organizations (and others as appropriate):

- Biotechnology Industry Organization (BIO) lead staff or other appropriate industry organization(s)
- Council for Biotechnology Information
- NAEGA – association and member companies
- Agricultural Biotechnology Planning Committee
- National Grain and Feed Association
- National Grain Trade Council
- Grocery Manufacturers Association
- North American Millers Association
- American Bakers Association
- Wheat Foods Council
- Foundation for Grain-Based Foods
- Food Marketing Institute
- Selected individual food manufacturing, food retail, and food service companies
- Land Grant or other Universities with expertise in Biotechnology and International Marketing
- Monsanto, Syngenta, and other interested tech providers
- Environmental and consumer groups (Environmental Defense, World Resources Institute, CSPI, are among the possible candidates), as well as others that may be helpful (hunger, African organizations, etc.)

Wheat industry organization representatives will liaison with their respective boards of directors, in accordance with the directions provided by those boards.

Fundamental to the work ahead is the need to coordinate with other organizations who have faced or are facing the same challenges, including the American Soybean Association, US Grains Council, National Corn Growers Association, National Cotton Council, and the organizations representing producers of sugar beets, potatoes, and others. We should use the proven techniques and programs pioneered by these organizations.

## Rapid Response Communications

*Objective: the organizations need to monitor and respond rapidly to newsmaker events, both domestically and overseas.*

One point individual will be assigned to monitor international and domestic press stories surrounding biotechnology and developments that will generate headlines (such as Monsanto's decision to defer development of RoundUp Ready® wheat), and draft, circulate for review and distribute coordinated wheat industry responses to these developments. Others in the organizations who encounter related

information should forward it to the point person, and the point person should distribute relevant information to the organizations and the oversight committee. The organizations presently coordinate press statements on biotechnology, but this activity also adds a responsibility to actively scan for developments and be prepared in advance, where possible, to issue wheat industry statements.

## International Activities

### **Basic Biotechnology Communication Materials**

*Objective: Buyers, millers and users in customer countries need a basic understanding of the biotech wheat traits in question and must be provided with appropriate assurances of health and safety, as demanded by their customers.*

Materials will explain the safety analysis required of biotechnology traits in the United States and other countries, and the benefits provided by those traits. Particular emphasis will be paid to key markets for the class(es) of wheat being proposed for trait introduction.

Lead Org: .....	USW
Lead Staff: .....	
Start: .....	
Plan/Budget in place .....	
Complete: .....	

These materials may include printed items (brochures, etc.), presentations for in-country use, web resources, editorials, and other culturally-appropriate media. Once the materials are developed in draft form, they would be circulated to the steering committee and/or coalition members for feedback and suggestions, which will be incorporated into final versions and translated. Foreign offices and trade teams from the U.S., cooperating with FAS and other cooperators, would then provide and present the information in host country markets, and provide feedback for refinement and supplementation of this effort. The project will identify opinion leaders and gatekeepers of consumer preferences, and directly get this information into their hands.

Recognizing that several universities have significant expertise in biotechnology and addressing food safety or consumer confidence issues, an initiative will be launched to link university resources with appropriate consumer outreach efforts.

### **Wheat Certification Program for Buyers**

*Objective: Customers must be assured that the U.S. wheat marketing system will continue to work reliably and cost-effectively, within the required AP tolerances of the buyer.*

We will foster development of a certification program so that buyers can continue to procure non-biotech wheat if they wish; this commitment is a fundamental principle in the Joint Biotechnology Statement<sup>1</sup>. The program must be developed in conjunction with the development of the IP and Segregation Systems. See

Lead Org: .....	USW
Lead Staff: .....	
Start: .....	
Plan/budget in place .....	
Complete: .....	

<sup>1</sup> See Joint Biotechnology Statement of U.S. Wheat Associates, National Association of Wheat Growers, and Wheat Export Trade Education Committee.

project under Domestic Activities. Development of the certification system includes involvement with demonstration to, and feedback from buyers of U.S. wheat.

Once a certificate of non-biotech origin is developed, either as a separate document or as part of the commercial invoice or GIPSA statement, it needs to be demonstrated once again to buyers, on a broader basis, so they are comfortable knowing that the process works. This process should dovetail with the export document requirements of the Biosafety Protocol, to minimize the paperwork burden.

As a means of demonstrating the effectiveness and adequacy of the Wheat Certification System, a field scale demonstration of the program will be conducted under the auspices of an appropriate University. Foreign and domestic customers would be invited to field days and seminars.

### **Educational Seminar Series**

*Objective: We need to provide more in-depth information than the Basic Communications materials offers, tailored and targeted to wheat buyers and traders. It must answer the concerns and, in some cases, myths perpetuated by biotechnology opponents in key export markets.*

Materials developed in the Basic Communication project (above) will be refined for presentation by USW staff, wheat producers, technology company representatives, and others for use at targeted events. These events may include, but are not limited to, the Latin American Buyers Conference, South Asian Buyers Conference, IGC, and other appropriate events.

Lead Org: .....	USW
Lead Staff: .....	
Start: .....	
Plan/budget in place .....	
Complete: .....	

As is the normal process, USW actively solicits opportunities to speak at these meetings. The project may also include a harvest tour of GM wheat plots at the appropriate time.

Communications staff will monitor media, demonstrations, public events, briefings, reports, and other developments, seeking opportunities for the coalition to engage positively. That "engagement" may be through public meetings, informational strategies, or through personalized one-to-one discussions. Recognizing that once credibility is lost it is difficult or impossible to regain, speakers need to be respectful of opponents and provide information directly related to their concerns.

### **Encourage Intervention in BioSafety Protocol Discussions**

*Objective: Illustrate to foreign governments – particularly in U.S. wheat markets – the ramifications of becoming Parties to the Convention on Biodiversity and the impact of subsequent regulations on international wheat trade.*

Lead Org: .....	USW
Lead Staff: .....	
Start: .....	
Plan/budget in place .....	
Complete: .....	

USW and WETEC will participate with other commodity organizations' efforts to explain implications of BSP regulations to foreign governmental leaders in countries important to U.S. wheat trade, and will encourage their productive participation in future BSP discussions.

### **Identify and Develop Targeted Export Markets for Biotech Wheat**

*Objective: The first commercial export sale must be successful.*

Technology providers normally develop five year marketing plans to identify customers for their biotechnology products. Given the unique consumer awareness of these products, the providers must extend their market analyses to identify customers willing to purchase wheat carrying their first biotech traits. USW will support this process through

providing market assessment to tech providers, Additionally USW will collaborate with FAS to assist technology providers in identifying regulatory requirements in importing countries.

Lead Org:.....	USW
Lead Staff: .....	
Start:.....	
Plan/budget in place .....	
Complete: .....	

Once USW and tech providers agree on target markets, USW, with FAS assistance, will facilitate regulatory and marketing discussions between technology providers and government officials. USW will also assist providers to prepare and translate appropriate information on benefits and health/safety/environmental reviews. Preparations will also be necessary to deal with press coverage.

Focused promotional outreach programs directed at wheat buyers, end users, and consumer groups will need to be developed. Promotional programs will need to be carefully tailored to fit the consumer attitudes of the particular country. We recognize that building consumer acceptance could in many cases be more difficult than simply building acceptance with importers and processors. Substantial time, planning and implementation resources will be required to identify key opinion leaders in a given market, adapt a plan for each market, and execute the plan effectively.

### **Monitor and Engage in International Developments**

*Objective: Participate in activities that affect biotechnology regulations abroad, to foster practicality and uniformity and prevent bad policy that will hurt wheat trade.*

Significant developments have occurred in the international regulatory arena. The BioSafety Protocol, third country regulations (Europe, Brazil, and others), standard-setting bodies (Codex and others), and even the WTO have been addressing these issues with little involvement by the U.S. wheat industry. Interaction with foreign embassies in Washington will also be a key part of this activity.

Lead Org: .....	WETEC
Lead Staff: .....	
Coord: .....	BIO, USW
Start:.....	
Plan/budget in place .....	
Complete: .....	

It is time for more comprehensive effort in this area, not only to positively impact the regulatory environment, but also to help address the concerns of food companies and encourage their continued engagement. WETEC is proposed as the lead, with support from USW, BIO and other appropriate



partners, and we welcome the continued involvement of individual tech companies and NAEGA. Overseas offices and specialists within the tech companies, CBI, CropLife, and others can provide maximize leverage.

The wheat industry will plan presentations to international regulators and diplomats who set standards and precedents for wheat trade.

**Offer Advice and Assistance on Reasonable International Adventitious Presence (AP) Labeling Thresholds and AP Tolerances for unapproved events.**

*Objective: Countries need to establish reasonable and uniform labeling tolerances for adventitious presence of approved biotech traits in non-biotech export shipments, and for adventitious presence of traits approved in the US but not approved in the importing country. The wheat industry should provide guidance and assistance on thresholds and tolerances that may affect wheat sales.*

AP tolerances are critical components of assuring customer choice and providing orderly and reliable wheat trade. Some governments are establishing fairly narrow tolerances (i.e. the EU .09% labeling threshold for approved events) while others (i.e. Japan) have established the 5% threshold supported by the IGTC. We also recognize that market standards may be different from regulatory tolerances (eg, depending on transshipment of end products to countries with different tolerances), USW and the trade need a two track effort.

First, since establishment of an international AP threshold standard for biotech materials in non-biotech grain is critically important, USW will provide support to customers seeking positive regulatory changes in their countries. Second, to maintain market confidence, USW should work with customers to establish achievable market standards that will meet their needs.. The standard should be verifiable through accurate, economical, and timely testing procedures.

Lead Org:.....	USW
Lead Staff: .....	
Start:.....	
Plan/budget in place .....	
Complete: .....	

The goal -- as difficult as it is -- is a uniform (regulatory and market) AP standard across the wheat trade.

**Coordinating Foreign Producer Outreach**

*Objective: Work with non-US producers, particularly those in Canada, toward our preferred outcome of simultaneous commercialization for the first biotech wheat trait in the US and Canada, and to encourage producer advocacy in Europe and Australia in support of biotechnology in wheat. American wheat producers are the best spokespeople to garner the support of wheat farmers around the world.*

We should strengthen and expand ties with Canadian producer organizations, developing joint activities to achieve the shared goal of simultaneous introduction. This can include participation at Canadian grower meetings and conferences, interaction with groups like the Grain Growers of Canada and the former Western Canadian

Lead Org:.....	NAWG
Lead Staff: .....	
Coord.....	USW
Start:.....	
Plan/budget in place .....	
Complete: .....	

Wheat Growers Association, and others. We also need to explore possible joint activities to vocalize grower support in Canada. Given the intertwined U.S.-Canadian milling and food processing industries, growers might also consider joint discussions with domestic customers about the benefits and safety assurances.

If this work is funded by FAS, (see USGC projects in the Appendix), USW will take the lead on those funded projects.

**Coordinate International Regulatory Submissions**

*Objective: Product approval procedures vary widely from country to country, and regulatory submissions are controlled solely and strictly by the technology companies. The wheat industry may offer assistance in order to synchronize and prioritize regulatory submissions to key markets and competitor countries.*

Lead Org:.....	USW/NAWG
Lead Staff: .....	
Start:.....	
Plan/budget in place .....	
Complete: .....	

While no one can control disparate regulatory approval processes, technology providers will have a clearer roadmap for submissions if the wheat industry and technology providers work cooperatively and jointly establish a master list of countries where approvals are necessary, in priority order.

**Domestic Activities**

**Arrange Safety & Quality Demonstration Events**

*Objective: Create a positive media event around the safety and promise of biotech in wheat.*

*Note: We may be best served to lay the initial plans for such an event, but hold off on execution until events call for this as a response.*

Once a biotech trait is commercialized in wheat – or perhaps even beforehand - a press event should be staged with wheat industry leaders and other “headline-grabbers.” Going beyond merely slicing and tasting bread produced from biotech wheat, a creative event can dramatically demonstrate the societal benefits accruing from the promise of GM wheat.

Lead Org:.....	NAWG
Lead Staff: .....	
Consult .....	WFC
Start:.....	
Plan/budget in place .....	
Complete: .....	

In addition to wheat grower and tech company leadership, we should seek public support from public figures whose integrity and objectivity are held in high regard by consumers, and who would serve as visible spokespersons for the adequacy of the U.S. food safety system. Additionally, notable spokespersons would be identified who could speak to the need for adoption on improved technologies for food production. Examples could be UN Food experts, CIMMYT wheat breeders, celebrities involved in feeding Africa, etc.

### **Guide Development of IP and Segregation Systems**

*Objective: Foster buyer confidence in a system that segregates wheat and allows for customer choice.*

Domestic development of identity preservation (IP) or segregation systems is a necessary component of the commercialization strategy, to ensure customer choice. It must proceed hand-in-hand with the establishment of adventitious presence (AP) tolerances and the export market certification program described above. The system must include participating entities at all stages in the handling system (country elevators, transportation, millers, end-users, exporters, traders); be non-proprietary to any one company; and produce reliable and documentable results.

Once it is complete, the system will need to be demonstrated to domestic buyers, as well as to foreign customers<sup>2</sup>. The industry needs to establish a domestic AP standard that is uniform and, to the extent possible, matches corresponding international standards. The system should be subjected to cost/benefit and reliability analysis, and be certified by a credible 3<sup>rd</sup> party such as GIPSA.

### **Establish Coalition for Outreach**

*Objective: Form a broad-based coalition to develop and execute a strategic plan, and to help with shaping and carrying the messages. Consult with a broad range of interests from the very beginning in order to develop better decisions and solutions.*

This is the first project on the list – assembling the people who will serve on and provide input to the steering committee. NAWG has established some of these relationships already, and will draw on that network and other contacts to form this group. Some will assume formal roles on the committee, but others may just contribute discreetly to inform the process.

Part of this process is to identify the gatekeepers in the food chain and understand their likely issues; these people/firms wield significant influence in the chain and will be pivotal to a successful introduction. A resource of 3<sup>rd</sup> party advocates (scientists, environmentalists, nutritionists, physicians) should be compiled so that it is ready when needed.

Outreach materials would then be prepared for use by coalition members, and opportunities to present them to food chain members and other appropriate parties will be actively sought.

Lead Org:.....	NAWG
Lead Staff: .....	
Consult: .....	NGFA, NAEGA, WIAC
Start: .....	
Plan/budget in place .....	
Complete: .....	

Lead Org:.....	NAWG
Lead Staff: .....	
Start: .....	
Plan/budget in place .....	
Complete: .....	

<sup>2</sup> See Wheat Certification Program, above.

**Keep Washington DC Allies Informed**

*Objective: Increase positive awareness about GM wheat activities among legislators and their staffs, regulators, and allied organizations.*

The Washington-based wheat organizations will need to communicate their activities and intent to a broad array of policy makers and organizations in Washington, DC. These include appropriate congressional committees, Representatives and Senators; other farm organizations; grain trade organizations; governmental agencies; interested media contacts; organizations who have an interest in biotechnology but are not directly involved in wheat; and perhaps others.

Lead Org:.....	NAWG
Lead Staff: .....	
Consult .....	ABPC, USW
Start:.....	
Plan/budget in place .....	
Complete: .....	

The wheat organizations should develop materials that lay out a cohesive strategy, for use during meetings with "gatekeepers" delineated above.

The groups also need to be prepared, in concert with the overseas activities, to present accurate and objective facts in response to criticism or adverse publicity.

**Develop and Distribute Producer Communications**

*Objective: Clearly communicate to producers the reasons for going forward with biotechnology, the considerations and actions by the national organizations, and the strategy to advance their interests.*

The wheat organizations need to communicate with grass-roots producers about our activities on biotechnology, the competitive issues involved, and how we're addressing the challenges of developing and commercializing traits. Recent concerns expressed from some producer groups and crop improvement associations, as well as opposition in the countryside, points up the need for more effective communication with our members on this issue.

Lead Org: .....	NAWG
Lead Staff: .....	
Consult: .....	CBI, BIO, companies
Start:.....	
Plan/budget in place .....	
Complete: .....	

The national groups will work together to develop information that is consistent across the organizations, and that will speak directly to the wide variance of concerns expressed by growers with differing opinions. We will develop articles for state grower publications and opinion commentary for agricultural periodicals. We will also seek out speaking opportunities by national wheat leaders.

State wheat organizations have an active and important role to play as well. State organizations can energize their members, drawing on participants in past leadership training programs, to get in front of groups in their states and communities (service clubs, etc.) and speak about the benefits and safety of biotechnology, and GM wheat in particular. The national groups, in collaboration with their members, will develop talking points and presentation materials to support these activities.



It is also very important that we develop and disseminate appropriate production protocols (buffers, setbacks, etc.), and plan for field demonstrations by Extension staff or consultants<sup>3</sup>.

### **Advocate for Appropriate Domestic Regulatory Actions**

*Objective: Engage in domestic regulatory discussions to provide for a robust yet flexible system that protects public health and the environment while encouraging the development and adoption of new technology.*

Lead Org:.....	NAWG
Lead Staff: .....	
Consult: ....	companies, ABPC, BIO
Start:.....	
Plan/budget in place .....	
Complete: .....	

The industry needs to continue to monitor domestic regulatory proposals and activities, such as the APHIS process to revise their biotechnology regulatory processes, and engage those developments as necessary. While the U.S. regulatory system is in decent shape at present, several important industries -- including wheat users -- are asking for stronger controls in several areas. In any event, we need to stay on top of developments and support improvements in the system, such as mandatory pre-market notification and affirmative food safety findings. We should also work with GIPSA to reduce the margin of error in field tests for biotech traits.

## **Resources**

The wheat grower organizations envision contributing primarily sweat equity to this effort, although a good faith effort also requires substantial financial investment, on par with the financial investments of other agricultural organizations that built markets for biotech traits in their crops. However, most of the funding for material development/translation/duplication, travel, consulting, publicity, and other out-of-pocket costs will have to come from external funding sources. We believe that companies that intend to bring biotech traits to wheat (Monsanto, Syngenta, etc, and their umbrella organizations), must contribute a substantial share of the resources necessary to execute this strategy. We can also pursue other funding sources, including private grants and FAS cooperator funds.

Once these program components are approved in principle, lead staff will establish budgets for review by the steering committee in consultation with the primary funders. All suggestions will receive the highest consideration, but boards of directors of each organization retain control of their fiduciary responsibilities by approving budgets and expenditures of their respective organizations.

<sup>3</sup> See Wheat Certification Program above.

## Appendix – What Others Are Doing

### *US Grains Council*

The US Grains Council, the market development cooperator for Corn, Sorghum, and Barley, has three staff positions dedicated to biotechnology education. Those individuals are:

- David McGuire, Director of Biotechnology
- Adam Briddell, Manager of Biotechnology Education
- David Chidester, Assistant for Biotech

From a policy perspective, the three positions are supported by the US Grains Council Biotechnology Advisory Team, composed of 10 (+/-) members, a mix of producer and industry representatives. This team also coordinates closely with the National Corn Growers Association Biotechnology Working Group.

The FY04 budget approved by the Foreign Agricultural Service for Biotech Education totals \$1,249,236 in the USGC program. This is the amount allocated in the UES for "WOW (worldwide) Biotech Education", but there are a number of individual country/region marketing plans in the UES that have biotech education programming elements, including Korea and Russia.

The FY04 UES approved by FAS for the Grains Council includes the following specific biotechnology-related projects:

- Participation in International Biotech Policy Forums .....\$75,000
- Improving Intra-Government Communication in Biotechnology Policymaking..\$75,000
- Biotechnology Policy Formulation .....\$256,640
- Educating Biotech Opinion Leaders in Key Countries .....deferred (ISI)
- International Opportunities to Advocate Ag Biotechnology .....deferred (ISI)
- Biosafety Protocol Implementation Education .....\$125,000
- Media Education Tour.....\$100,000
- Capacity Building Initiative.....\$15,000
- Video Streaming for Web Site.....\$75,000
- EU Containment/ Officers Mission.....\$60,000
- Rapid Response Fund.....\$42,674

Total USGC..... \$824,314

**American Soybean Association**

Neither ASA or the United Soybean Board (USB) have positions solely dedicated to biotechnology, though a number of the staff both in St. Louis and overseas have worked on the issue. The budget items below are from ASA's fiscal 2002 budget when their work was near its peak.

- EU Regulatory Monitoring.....\$112,000
  - FAO Protein Study.....\$40,000
    - *ASA was requested to provide formal input to FAO as the only farmer group attending; the money for this project came from USB.*
  - Country Specific information campaign (Iberian peninsula in FY2002) .....\$96,000
    - *Funded by MAP*
  - Cotton/Soy/Corn consultant to monitor and participate in Codex, FAO, BSP, and other international forums (ASA share).....\$50,250
  - Novel Feeds Program (USB funds).....\$149,000
    - *Sending farmer leaders overseas to explain and defend ag biotech to EU opinion leaders; ASA believes this was very effective.*
  - Design, production and distribution of brochures (MAP) .....\$217,000
  - Farmer/leader travel considered lobbying (ineligible for MAP).....\$75,000+
    - *This was funded in large part by biotech companies*
  - Middle East Biotech work (FMD) .....\$50,000
  - Latin America biotech conference (Section 108 funds) .....\$250,000
  - Latin America biotech acceptance (USB funds).....\$91,850
- Total ASA (FY02).....\$979,100

In addition to these expenditures, there were a number of speaking engagements before international and domestic audiences, where travel expenses were covered by the host group. While most of the "initial sales" presentations have ceased, there are still "maintenance" presentations given with the costs not shown above.

**Agriculture Commodity Coalition**

ACC is a coalition of agricultural organizations formed to work on biotechnology acceptance issues. The ACC is coordinated by the American Soybean Association. NAWG is a member but is not required to provide funds; the funding comes from sources such as the Council for Biotechnology Information.

- Food Industry Outreach.....\$74,000
- Producer Communications .....\$25,000
- Media Outreach.....\$7,500

Total ACC investment ..... \$106,500

**National Corn Growers Association**

NCGA has 3 employees (1.5 FTE) dedicated to biotechnology work on their staff. They have a Biotechnology Working Group led by producers, who had proposed the following projects for funding in fiscal 2004. The requests totaled \$221,000, but the BWG was allocated only \$173,000 and the reductions were not indicated on the information provided.

- Working Group meetings and constituent communication .....\$54,400
- Monitoring and reporting issues around Plant Made Pharmaceuticals (PMP) .....\$7,500
- Industry Outreach.....\$10,000
- Know Before You Grow .....\$30,000
- Insect Resistance Management .....\$5,000
- Domestic and International Outreach.....\$38,800
- Development of IP and Channeling Systems.....\$15,000
- Government Outreach .....\$20,400
- Herbicide Resistance.....\$5,000
- Labeling and Traceability Summit (held March 2004) .....\$35,000

Total NCGA investment ..... \$173,000





# National Association of Wheat Growers

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## “Road Forward” Implementation

February 5, 2006

The Boards of NAWG, WETEC and USW all approved a workplan for biotechnology acceptance issues, informally referred to as the *Road Forward* document. Under the plan, each organization was designated the lead on different proposed projects with the goal of working affirmatively toward commercialization of biotechnology in wheat. The Joint Biotechnology Committee has the responsibility of overseeing these activities and reporting to the three constituent boards on implementation, progress, and recommended adjustments.

The plan called on NAWG to lead the effort in the following areas:

Coordinating Foreign Producer Outreach .....	1
Arrange Safety & Quality Demonstration Events .....	2
Guide Development of IP and Segregation Systems .....	2
Establish Coalition for Outreach .....	2
Keep Washington DC Allies Informed.....	3
Develop and Distribute Producer Communications.....	3
Advocate for Appropriate Domestic Regulatory Actions.....	3
Conclusion .....	4

Following is a summary of activities conducted by NAWG under the plan.

### Coordinating Foreign Producer Outreach

**Objective:** *Work with non-US producers, particularly those in Canada, toward our preferred outcome of simultaneous commercialization for the first biotech wheat trait in the US and Canada, and to encourage producer advocacy in Europe and Australia in support of biotechnology in wheat. American wheat producers are the best spokespeople to garner the support of wheat farmers around the world.*

NAWG has ongoing discussions with the Grain Growers of Canada and the Ontario Wheat Board on biotechnology, most recently focused ways to cooperate on plans to commercialize the fusarium resistance trait under development by Syngenta. Signals for a coordinated North American release are significantly improved from the earlier situation with RoundUp Ready Wheat.

## Arrange Safety & Quality Demonstration Events

**Objective:** *Create a positive media event around the safety and promise of biotech in wheat.*  
**Note:** *We may be best served to lay the initial plans for such an event, but hold off on execution until events call for this as a response.*

Activity under this task has not been undertaken, and is premature at this point. However, one U.S. Senator has told us that if we bake the bread with biotech wheat, he'll eat it.

## Guide Development of IP and Segregation Systems

**Objective:** *Foster buyer confidence in a system that segregates wheat and allows for customer choice.*

NAWG's commercialization plan calls for segregation of what the consumer wants, not excluding what the customer doesn't want. The plan calls for market-developed segregation systems, rather than calling on technology providers or organizations to develop them. NAWG believes this will lead to a situation where the most efficient segregation decisions are made, and segregation will focus on those characteristics which have true downstream value in the market (and which the market will help pay for).

These are philosophical changes from the industry's approach to RoundUp Ready Wheat, and have been called by one wheat user group representative a "substantial improvement in NAWG's approach to segregation." They still adhere to the principles in the Position Statement about consumer choice, but allow for creation of a system where consumer demand will price and prioritize segregation alternatives.

## Establish Coalition for Outreach

**Objective:** *Form a broad-based coalition to develop and execute a strategic plan, and to help with shaping and carrying the messages. Consult with a broad range of interests from the very beginning in order to develop better decisions and solutions.*

NAWG developed a commercialization plan which was approved by its Board of Directors in February, 2005. NAWG shared a draft of this plan with the Joint Biotechnology Committee in February 2005. A key component of this plan is to form a coalition of food companies who would agree to accept the entire crop of biotech wheat for the first year or two of production. NAWG met with the Grocery Manufacturers Association and has a follow-up meeting with them in the works, and will likely also meet with the Food Processors Association to push this concept along. Despite there being no safety issues, one company will not take the perceived market risk on its own; our hope is that a coalition organized under one of their trade associations will agree.

NAWG has also maintained close contact with technology providers who have been, or have capacity to, develop biotech traits in wheat. NAWG is in regular contact with Monsanto and Syngenta, and NAWG representatives have toured test plots of the fusarium trait.

## Keep Washington DC Allies Informed

**Objective:** *Increase positive awareness about GM wheat activities among legislators and their staffs, regulators, and allied organizations.*

Within the last few months, NAWG has met with the North American Millers Association (NAMA), North American Export Grain Association (NAEGA), National Grain Trade Council (NGTC), Grocery Manufacturers Association (GMA), and USDA's Foreign Agriculture Service (at their request) to discuss the organization's plans and activities in biotechnology.

## Develop and Distribute Producer Communications

**Objective:** *Clearly communicate to producers the reasons for going forward with biotechnology, the considerations and actions by the national organizations, and the strategy to advance their interests.*

NAWG distributed in April 2004 an opinion piece making the case for why the wheat industry needs to proceed toward commercialization of biotechnology products. The document outlined wheat's lack of competitiveness domestically with other crops which *are* enhanced by biotechnology. The intended audience was U.S. wheat growers, and it was distributed to state associations for use in their publications. Material from the article was also used in NAWG presentations to state grower conventions in 2004.

NAWG is presently working cooperatively with the North American Millers Association to develop a communication piece on competitiveness problems in wheat. Potential help from biotechnology will be a significant part of the finished product.

## Advocate for Appropriate Domestic Regulatory Actions

**Objective:** *Engage in domestic regulatory discussions to provide for a robust yet flexible system that protects public health and the environment while encouraging the development and adoption of new technology.*

NAWG is active in the Agriculture Biotechnology Planning Committee (ABPC), an advocacy coalition, and its affiliated Biotechnology Information Committee (BIC), an information clearing house. NAWG CEO Daren Coppock chaired the predecessor of the BIC in 2004/05. ABPC is active on issues like adventitious presence policy, administrative coordination, premarket notification, supporting early food safety assessments, and other broad policy issues. Coalition members include commodity and farm organizations, technology providers, food processors and millers, and others. ABPC was instrumental in proposing an amendment to the Grain Standards Act that would pre-empt state referenda regulating production and transportation of biotechnology-enhanced crops; this amendment was not included in the 2005 Grain Standards reauthorization, but ABPC continues to seek legislative vehicles where it can be included.

## Conclusion

NAWG firmly believes that producers must do more to bring about biotechnology commercialization, and thus help secure their own economic sustainability. Biotechnology has a critical role to play in the future of the US wheat industry, and producers will be direct beneficiaries. Therefore, producers need to take a more active role to bring about its introduction.

Wheat growers have a narrow window of time to make a successful introduction, or risk becoming an "orphan crop" and supplanted domestically by drought-tolerant corn (expected on the market in 2011) and other crops. Introducing biotechnology into wheat has to be done right, but it has to be done.



Page 1

## Biotechnology: USW Plan of Work

We have been through several different written versions of our work plan in response to USW Board policy guidelines and directives which have evolved over the past 2 years.

1. Broadly categorized, USW's charge under the 'Road Forward' plan of work included:

- Prepare biotech communications material
- Assist in developing an IP segregation and certification program
- Monitor media discussions of biotech in order to provide positive contributions
- Use educational materials in USW activities, seminars
- Participate in the Int'l Grain trade Coalition and Biosafety Protocol discussions
- Continually evaluate export markets to identify possible customers
- Work towards an acceptable adventitious presence and labeling tolerances

At this point, in practice, our work plan has combined several of the previous main action items:

- USW has incorporated the issue of GM wheat in all relevant UES plans - in market assessments, constraint and responses (activities), as appropriate to each country or market.
  - Japan result example is attached - a more detailed review of the UES would be needed to view all world-wide GM activities
- Specific material (presentations and written insertions) are being regularly presented overseas in crop quality seminars, trade conferences and other public venues. The most often delivered message, at this transitional point, asks buyers not to lock themselves into a zero tolerance position, as that is a position that is difficult to retract from if GM product acceptance begins to take hold.

*David Grant*

**Page 2**

- Crop Quality seminar presentation example is attached ( Brian Sorensen, Asia, 2005)
- USW FO's have recently requested new GM publication and presentation material. Dawn Forsythe has solicited proposals from publishing firms to develop this material (Request for Proposals attached)
- Open and honest communication lines are being maintained with our customers on all fronts.
- USW continues to belong to the International Grain Trade Council (IGTC) and participates regularly in Biosafety Protocol policy discussions, meetings and conferences.
  - Vince Peterson is USW's representative to the IGTC. Dick Prior, USW/Cairo, represented and presented on behalf of the ICGT at an East African Biotechnology Conference in Kenya during the fall of 2005.
- USW has ongoing collaboration and information sharing both with USDA's Office of Biotechnology and with US embassy's and Ag counselors and attaché's overseas to coordinate our message and exposure.
- While of vital importance, we are not currently engaged in any discussion to assist and identify a primary domestic market for initial GM wheat production, nor or we actively discussing with the US grain trade the mechanics of the eventual needs for a handling system that segregates GM from non-GM production.

In general, we are moving ahead overseas to be proactive where we can on this issue.

- We're presenting a positive image of biotechnology overall, and the promise that it holds for human food, health and nutrition.
- We are emphasizing the loss in wheat land to alternative crops that has occurred in the last 10 years and the need for US producers to find economic alternatives to help them compete and allow wheat plantings to recover.
- We are emphasizing the need for caution so that our customers do not commit to public anti-GM wheat policies make their positions inextricable when consumer acceptance resistance begins to modify.

# U.S. WHEAT ASSOCIATES

## Market Assessment Worksheet

Country/Region: Japan

### Market Assessment

7. Biotech Wheat Update: In August 1999, MAFF announced that an advisory panel had endorsed its plan to designate 30 food products for mandatory labeling for GMO content effective April 2001. The rule stipulates labeling of food products made from GMO's and processed food made mainly from GMO's for consumer use. Violators of the rule, regardless of domestic manufacturers or importers, would be subject to new JAS penalties such as warnings or publication of their names. Meanwhile, Japan has increased the approvals of biotech products. Seventy three biotech products are approved by December 2005 and four other products including GM papayas are under review.

Starling incidents in 2000 brought about an unprecedented negative impact on the grain trade, the food industry and consumers in Japan and threaten future US grain exports to Japan. The grain traders as well as food processors nationwide seriously question and criticize US regulatory controls and the grain marketing system for not properly regulating the flow of unapproved biotech farm products. US corn exports to Japan were seriously damaged due to suspended business talks, cancellation of contracts and future uncertainties of resolving the critical issue between the two countries. The incident provides invaluable lessons for the US wheat industry.

Japanese millers, bakers and noodle processors innocently welcomed the news that a developer of biotech wheat decided to suspend its research and development on May 10, 2004. Serious discussion about biotech wheat has calmed down and the FDA's safety approval of the first biotech wheat for food use in July 2004 did not trigger any further debate among food industries in Japan. It seems that many wheat people in Japan do not want to rock the boat and wish this peaceful time would continue as long as possible. The Crop Quality Team in November 2005 raised the biotech issue by providing a short program to update the developments of biotech wheat especially focused on fusarium resistant wheat in the US and around the globe. MAFF responded promptly that even Japan is developing a biotech rice to reduce allergen causing hay fever; MAFF could not import any biotech wheat that flour millers would not use. Corn and soybean processors still have serious problems marketing biotech-derived products due to strong resistance and negative attitude by both of consumers and retail outlets. The millers believe that the potential economic impact to the industry would be devastating if biotech wheat is commercialized, which presents a serious challenge for USW to help prepare for possible future introduction of biotech varieties. Japan has remained intact on the issue.

## Long Term Strategy in this Market

Japan in recent years has been one of the largest buyers of US wheat. While dynamic growth in this market is unlikely, competition for market share is intense with Canada and Australia, and thus the US share is always vulnerable. Market development efforts have the potential to increase US market share marginally in Japan and to make the US the preferred supplier.

In order to preserve and perhaps increase market share both under the current system and in the event of the future import privatization, USW will:

- Work with MAFF and the PGEA industry to review the purchase specifications of US wheat occasionally so that physical quality is as attractive as possible for Japanese millers while adding minimal additional cost to MAFF.
- Share information and work together with MAFF and JFMA to seek realistic solutions for food safety issues such as allergens, pesticides, dockages and GM wheat.

## Past Performance and Evaluation Results

**Executive Summary:** Substantial progress has been made on removing large material from US wheat exports, a major complaint from MAFF and the millers in 2004 and early 2005. Continued progress has been made with the millers promoting US durum and it is expected that they take some share of US durum when the Simultaneous Buying and Selling system is introduced in April 2007. Also, USW has identified a group in Japan that has as one of its missions to encourage acceptance of GM products.

### Measurement of Performance (against 2004 UES targets):

Constraint 3 - Attitude toward US products

Baseline for 2002: Only one company developing GM wheat varieties has agreed to withhold release of varieties until they are accepted by major consuming countries. Millers insist that absolutely no presence of GM wheat varieties will be allowed in their purchases.

2005 Target: US companies developing GM wheat varieties will continue to withhold release of varieties until they are accepted by the FA. USW will identify credible individuals or groups in Japan who may be advocates for GM wheat. Realistic specifications will be established for food safety-related issues, especially pesticide residues.

2005 Progress: USW has begun communications with a group called "STAFF", Society for Techno-innovation of Agriculture, Forestry and Fisheries, with involvement by all the major food companies in Japan, including three of the major flour milling companies has been formed with the mission, among others, to "contribute to the development and dissemination of GM farm products.



**Review:**

**Constraint 3:** General food safety issues are not exclusively linked to GM wheat challenge. The adulteration and mislabeling by major food processors in Japan reduced consumers' confidence in food industry. The perception is that consumers are getting even more sensitive to food safety issues including GM products, allergens and pesticides. As a result of the new Food Safety Law, there has been heightened concern about pesticides and plans for much wider testing for residues. This generated concern about how well the US system could withstand the closer scrutiny of such extensive testing. USW was successfully able to relieve many of these concerns by explaining in detail how pesticides are controlled in the US to two teams, one from MAFF and one from the millers, that visited during 2004.

One of the USW's goals regarding GM was simply to identify a person or group that would advocate acceptance of GM. A group has been formed called Society for Techno-innovation of Agriculture, Forestry and Fisheries or STAFF (<http://web.staff.or.jp>). This group, made up of nearly all of the major food companies in Japan, has a number of missions, one of which is to "contribute to the development and dissemination of GM farm products." The existence of this group, mainly driven by Japanese interest in introducing GM varieties of their own, is a potential means by which USW can disseminate information about development of GM wheat varieties in a positive way in Japan.

USW was successful in encouraging the flour millers to revise the English translation of the position statement on GM. Instead of implying that millers shared the food safety concerns that were reflected in consumer surveys, the revised English translation now makes it clear that their intent not to use GM wheat reflects only consumers' concerns.

**Activity #3**

**A. Activity Code:** F06GX05003

**B. Activity Title:** Crop Quality Team.

**C. \$ Request:** \$13,480

**D. Activity Description:** A three-man US wheat industry team will travel to Japan for two days in November 2005 to report on the new crop production and quality outlook. Separate seminars will be presented to the MAFF, the flour millers, and the grain trade in Tokyo. At least one team member should be a qualified cereal chemist and one person should be familiar with the US supply, demand, logistics, farm chemical use and GM wheat issues. An additional seminar will be held at Osaka or Fukuoka to provide more opportunity to local flour millers to participate.

**E. Expected Result/TimeFrame:** About 100 milling company personnel, government officials and grain traders will obtain updated information regarding new crop production, quality outlook, and US supply capability to meet the MAFF specifications for high quality wheat to Japan for the coming year. An additional seminar at Osaka or Fukuoka will bring more attendants from local MAFF office and flour millers who could not come all the way to Tokyo and will provide more chances to make them understand the US system. Understanding available qualities will help reassure the MAFF that proposed contract specification changes are feasible and will help millers understand the origin of the changes in quality characteristics observed in imported wheat.



Page 5

Takeo Suzuki/TYO/USWheat  
01/31/2006 08:28 PM

To: Vincent Peterson/DC/USWheat@USWheat  
Subject: Re: GM issues

Vince - Please receive the attached.



New JFMA Position Statement .doc



Old.doc

It is important to advise to board members that there are some positive activities to proceed the development and dissemination of GM farm products even in a country like Japan. However, the overall situation here has remained intact. Consumers are very sensitive. Flour millers oppose to GM wheat import due to own business reasons that the market would be lost. Please also describe the reality in Japan to the board members.

## The JFMA Position Statement on Biotechnology

*Japan Flour Millers Assn*

### Statement Adopted by the Board Members (February 21, 2001)

1. Japanese consumers are highly suspicious and skeptical about the safety of GM farm products and are of the view that it may be ~~hazardous to~~ *affect* human health and environment.
2. Under the circumstances, flour millers strongly doubt that any bakery, noodle and confectionery products made of GM wheat or even conventional wheat that may contain GM wheat will be accepted in the Japanese market.
3. The flour milling industry will not use any raw ingredients that will be unacceptable to consumers.

### Resolution Adopted at the JFMA Annual Meeting (August 28, 2001)

Concerning commercialization of GM wheat in the U.S., which is reportedly under the government review and approval process, we have adopted our official position as stated earlier that we will not use GM wheat as raw ingredient because consumers are highly suspicious and skeptical about the safety of GM wheat and are of the view that it may be ~~hazardous to~~ *affect* human health and environment.

We intend to take every opportunity in the future in conveying this message to government agencies and industry organizations in the U.S. and other major wheat producing countries.



## Request for Proposals

### I. Purpose

U.S. Wheat Associates (USW) is requesting proposals to develop communication materials introducing the benefits of biotechnology, and specifically transgenic wheat, to overseas markets.

### II. Background

USW is a non-profit association that develops export markets on behalf of U.S. wheat farmers. USW maintains 17 overseas offices, covering market development in 90 countries. USW's membership includes wheat commissions in the 18 states where over 80 percent of the country's wheat is produced.

There is no transgenic wheat commercialized in the United States. Introduction is likely in the next several years and, in the meantime, wheat importers regularly inquire about the status of GM wheat development. The sensitivities of buyers vary among countries and regions, but some have expressed reluctance to accept GM wheat because of the possible loss of product sales in their markets.

USW has three goals, in regards to biotechnology, that should form the basis of material development:

1. Market share for non-GM wheat will be preserved.
2. Sales of GM wheat will lead to expanded markets.
3. All customers will retain the ability to make wheat purchases on the basis of specific traits.

The USW position statement on biotechnology is attached to this RFP.

### III. Requirements

1. USW desires a brochure, a PowerPoint presentation, and a speech.
2. All materials must be translated into Chinese, Arabic, French and Spanish. Please indicate whether your company can do the translations, or whether USW would assume that responsibility.
3. The material should be consistent with USW's existing materials and corporate image.
4. The material must exhibit market and cultural sensitivity.
5. All graphics are to be provided to USW at the completion of the project for use in future materials and web applications.
6. The project will commence on July 1, 2006. All finished materials -- including translated materials -- must be provided to USW by September 15, 2006.

### IV. Evaluation of Proposal: Selection Factors

USW will independently review and evaluate each proposal. We will look for the most knowledgeable, credible, and creative approach to the project. Interested agencies should include, with their proposal, statements addressing the following:

- ◆ Credentials in material development. (Work samples are encouraged.)
- ◆ Knowledge of biotechnology, trade and agriculture.
- ◆ Experience with overseas markets or audiences.
- ◆ Estimated costs.



## **V. Instructions for Submitting Proposals**

Proposals should be submitted directly to:

Dawn Forsythe  
Director, Public Affairs  
U.S. Wheat Associates  
1620 I Street NW, Suite 801  
Washington, DC 20006

Fax: 202-785-1052

E-mail: [dforsythe@uswheat.org](mailto:dforsythe@uswheat.org)

All proposals are due February 1, 2006.

Thank you very much for your interest in USW.



# U.S. WHEAT ASSOCIATES

1620 I Street N.W. • Suite 801 • Washington, D.C. 20006

Tel: (202) 463-0999 Fax: (202) 785-1052

## Biotechnology

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### USW policy • USW position on biotechnology

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Biotechnological research holds great promise for the future, and the U.S. wheat industry recognizes these advancements. In preparation for the future commercialization of biotechnologically-derived wheat, we take the following positions:

1. The U.S. wheat industry commits itself absolutely to the principle that our customers' needs and preferences are the most important consideration. We support the ability of our wheat customers to make purchases on the basis of specific traits.
2. We will work with all segments of the industry to develop and assure that a viable identity preservation system and testing program is instituted prior to commercialization of products of biotechnology. We strongly urge technology providers to obtain international regulatory approval and to ensure customer acceptance prior to commercialization.
3. We urge the adoption of a nationally and internationally accepted definition of biotechnologically-derived products.\* We also urge international harmonization of scientific standards and trade rules.
4. We support voluntary labeling of food products, provided it is consistent with U.S. law and international trade agreements and is truthful and not misleading. We oppose government-mandated labeling of wheat products in both the U.S. and international markets based upon the presence or absence of biotechnologically-derived traits that do not differ significantly from their conventional counterpart.
5. We support the establishment of a reasonable threshold level for adventitious or accidental inclusion of biotechnologically-derived traits in bulk wheat or wheat food products in both U.S. and international markets.
6. We invite valued and interested customers to join with us in a working partnership to explore the emerging biotechnology industry.

**\*U.S. wheat industry definition of biotechnologically-derived (genetically modified) organisms:** Genetically modified organisms (commonly referred to as "transgenic") are organisms derived from somatic cell fusion or direct insertion of a gene construct, typically but not necessarily from a sexually-incompatible species, using recombinant DNA techniques and any genetic transformation technology (e.g., bacterial vectors, particle bombardment, electroporation).

[1, 2, 3, 6] Adopted by: USW Board of Directors on 6/27/00; NAWG Board of Directors on 10/17/00; WETEC Board of Directors on 6/25/00.

[4, 5] Adopted by: USW Board of Directors on 1/30/01; NAWG Board of Directors on 2/03/01; WETEC Board of Directors on 1/29/01.

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Author notes:

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Created by Dawn Forsythe/DC/USWheat on 04/30/2003 at 02:41 PM

## **The Road Forward- WETEC's Activities to Date**

### **Monitor and Engage in International Developments**

*Objective: Participate in activities that affect biotechnology regulations abroad, to foster practicality and uniformity and prevent bad policy that will hurt wheat trade.*

Significant developments have occurred in the international regulatory arena. The BioSafety Protocol, third country regulations (Europe, Brazil, and others), standard-setting bodies (Codex and others), and even the WTO have been addressing these issues with little involvement by the U.S. wheat industry. Interaction with foreign embassies in Washington will also be a key part of this activity.

Lead Org:.....	WETEC
Lead Staff:.....	
Coord:.....	BIO, USW
Start:.....	
Plan/budget in place .....	
Complete:.....	

It is time for more comprehensive effort in this area, not only to positively impact the regulatory environment, but also to help address the concerns of food companies and encourage their continued engagement. WETEC is proposed as the lead, with support from USW, BIO and other appropriate partners, and we welcome the continued involvement of individual tech companies and NAEGA. Overseas offices and specialists within the tech companies, CBI, CropLife, and others can provide maximize leverage.

The wheat industry will plan presentations to international regulators and diplomats who set standards and precedents for wheat trade.

### **WETEC ACTIVITIES**

WETEC works with biotech coalitions on the above plan.

Washington based **Agriculture Biotechnology Planning Committee, (ABPC)**

- APBC members are producer groups, tech providers, exporters and food manufactures.
- Plans and implements interactions with the Administration and Congress.
- Holds informational briefing sessions.
- Responds to Federal Register notices.
- Monitors WTO Dispute Settlement Cases such as the current case against the European moratorium on biotechnology approvals.
- Currently considering a WTO case against the EU on their labeling and traceability rules.
- APBC meets monthly with committees meeting as needed.
- APBC holds monthly sessions with the USDA FAS biotechnology team.
- WETEC servers on several APBC committees including:
  - Adventitious Presence Committee
  - Trade Policy Committee
  - Policy Working Group
  - Labeling and Traceability Case Working Group

WETEC has taken the lead in the coalition to get negotiators to address biotech issues in FTA negotiations.

WETEC's role has also included:

Drafting coalition letters

Hill visits

Meetings with USDA, Departments of State, Commerce and USTR

Participation in by the European Union

**International Grain Trade Coalition** – principal focus is the Bio-Safety Protocol.

- IGTC has no headquarters except the permanent secretary is in Canada.
- IGTC members include producer organizations, grain traders and grain trader associations and shippers representing the U.S., EU, Canada, Australia, Brazil, Mexico and China – see attached list.
- This may be the only time you find U.S. wheat organizations on the same side of the table as the Canadian Wheat Board and AWB – Australia.
- IGTC members' first goal was to make member governments aware of the potential impacts of the Bio Safety Protocol on trade.
- The second goal was to get the right agencies from the governments involved in the Bio Safety Protocol meetings.
- Now monitoring and working to mitigate the potential impacts of the Bio Safety Protocol on grain trade across international borders.

WETEC participates in the monthly conference calls and other meetings when possible. Most in person meetings are held outside of the U.S. WETEC lacks the resources to attend but when possible will participate via calling in.

WETEC has participated in meetings in Brussels, London and Canada. Jim McDonald participated in the Brussels and London meetings. Bruce Hammes attended the meeting in Canada.

WETEC had sponsored meetings with representatives from Washington Embassies for IGTC members.

*The International Grain Trade Coalition (IGTC) was formed in 2001. Today the IGTC represents 21 organizations involving more than 3000 members operating in more than 80 countries*

### **International Grain Trade Coalition Members and Contact Points**

**The Grain and Feed Trade Association (GAFTA):** GAFTA is the only worldwide trade association representing the interests of members, who trade in grains, feeding stuffs, pulses and rice internationally, with over 800 members in 80 countries. **Contact Point:** Pamela Kirby Johnson, Director General, GAFTA House, 6 Chapel Place, Rivington Street, London, EC2A 3SH, United Kingdom, Tel: 44 20 7814 9666, Fax: 44 20 7814 8383 Email: PamelaKirbyJohnson@gafta.com

**The North American Export Grain Association (NAEGA):** NAEGA is comprised of grain and oilseed exporters and interested parties whose purpose is to promote and sustain the development of commercial export grain and oilseed trade from the United States. NAEGA members include 35 private and publicly owned companies and cooperatives domiciled in the United States and Canada. **Contact Point:** Gary C. Martin, President and CEO, North American Export Grain Association, Incorporated, Suite 1003, 1250 Eye Street NW, Washington, D.C. 20005, Tel: 202 682 4030, Fax: 202 682 4033, Email: gcmartin@naega.org

**COCERAL:** COCERAL is the representation of the European trade in cereals, feedstuffs, oilseeds, olive oil, vegetable oil and agrosupply. It comprises the trade organizations in 15 EU member states, that for their part represent collectors, distributors, exporters, importers and storekeepers of the above-mentioned commodities. Furthermore COCERAL has associated members in Hungary, Poland and Switzerland. **Contact Point:** Klaus Schumacher, Past Chairman, or Chantal Fauth, Secretary General, COCERAL, 18 Square de Meeus, B 1050 Brussels, Belgium, Tel 02 502 08 08, Fax 02 502 60 30, Email: [secretariat@coceral.com](mailto:secretariat@coceral.com)

**Canada Grains Council (CGC):** CGC has a membership of about 30 organizations involved in Canada's grains, oilseeds, pulses and special crops industry including producers, handlers, transporters, processors, exporters, banks and provincial and federal governments and their agencies. **Contact Point:** Dale Adolphe, Chairman Biosafety Committee, or Patty Rosher, Member, Biosafety Committee or Dennis Stephens, Consultant, Canada Grains Council, 1215-220 Portage Avenue, Winnipeg, MB, R3C 0A5, Canada Tel 204 925 2133, Fax 204 925 2132, Email: [dstephens@canadagrainscouncil.ca](mailto:dstephens@canadagrainscouncil.ca)

**AWB Limited (Australian Wheat Board):** AWB Limited is Australia's major national grain marketing organization and is one of the world's largest wheat management and marketing companies. It is involved in the management and marketing of wheat (for which it is the nation's exclusive bulk exporter) as well as



Doggett at [doggett@dc.ncga.com](mailto:doggett@dc.ncga.com).

**APPAMEX:** The Mexican Association of Providers of Agricultural Products represents organizations involved in the trade of imported and exported agricultural commodities in Mexico. **Contact Point:** Ricardo Calderon, Director, Durango 245 Desp. 203, Col. Roma, 06700 Mexico D.F, phone (5255) 5533-4339, fax (5255) 5525-2776 Email [appamex@prodigy.net.mx](mailto:appamex@prodigy.net.mx)

**US Wheat Associates:** US Wheat Associates is the market development arm of the US wheat industry. **Contact Point:** Vince Peterson, US Wheat Associates, Suite 801, 1620 I Street, N.W., Washington, D.C. 20006-4005, Email: [vpeterson@uswheat.org](mailto:vpeterson@uswheat.org)

**Centro de Exportadores de Cereales (Chamber of Grain Exporters of the Argentinean Republic:** The Chamber was formed in 1944 and includes the 12 largest grain exporters, marketing approximately 30 million tonnes per year. **Contact Point:** Ciro Echesortu, President, or Gabriel Gilges, General Manager, or Alberto Rodriguez, Bouchard 454 7<sup>th</sup> floor, C1106ABF, Buenos Aires, Argentina, phone 54 11 4311 1697, fax: 54 11 4311 7767, Email: [Cerex@datamarkets.com.ar](mailto:Cerex@datamarkets.com.ar) or Hugo Krajnc: Email: [Hugo\\_Krajnc@Cargill.com](mailto:Hugo_Krajnc@Cargill.com)

**Wheat Export Trade Education Committee:** WETEC is responsible for carrying out activities that advance and help formulate the trade policies of the U.S. wheat industry. **Contact Point:** Barbara Spangler, Executive Director, 415 Second Street, N.E., Suite 300, Washington, D.C. 20002. Tel 202-547-2004, Fax 202-546-2638, e-mail: [Spangler@USWheat.org](mailto:Spangler@USWheat.org).

**US Grains Council:** The U.S. Grains Council builds global markets and serves international customers for U.S. grains through a unique partnership of U.S. producers, agribusiness and the public sector. **Contact Point:** Gretchen Flanley, Director of Biotechnology, 1400 K Street NW, Suite 1200 Washington, DC 20005, phone: (202) 789-0789, fax: (202) 326-0660, Email: [GFlanley@grains.org](mailto:GFlanley@grains.org); Web site: <http://www.grains.org>

**Russian Grain Union: Contact Point:** Arkady Zlochevsky, President: 107139, Îñéââ, Îġëèèîâ ïăġâóëîê, 1/11, îðñ 576, 821: ôâë: (095) 207-8256, 207-8285, 207-8345, 207-5279 ôâëñ: (095) 207-8379, 207-5344; E-mail: [rgumsk@dol.ru](mailto:rgumsk@dol.ru)

**National Association of Grain Exporters (Associação Nacional dos Exportadores de Cereais; Phone: 55-11-3812-7803 or 55-11-3814-5449; e-mail: [anec@uol.com.br](mailto:anec@uol.com.br)):** The National Association of Grain Exporters (ANEC) was founded on June 22, 1965 with the aim of boosting the development of activities related to the production and export of grains, as well as advancing its members' interests in their dealings with public and private institutions. The association is a nationwide organization headquartered in São Palo. ANEC is a worldwide entity known for its contracts (47, 71, 81) for soybeans, soybean meal and soybean oil, respectively, which are used throughout international



# Trade Facts

Office of the United States Trade Representative  
January 2006

[www.ustr.gov](http://www.ustr.gov)

## **Agricultural Biotechnology: Safe, Effective and Unfairly Blocked By EU**

### **EU Moratorium on Biotechnology Not Based on Science**

Since the late 1990's, the EU has pursued policies that undermine the development and use of agricultural biotechnology.

Beginning in October 1998, the EU adopted a moratorium on all approvals of new varieties of biotech crops. Because new biotech varieties are continually introduced, and because crop varieties are commingled on export, the EU moratorium had the effect of barring many U.S. agricultural products, including most U.S. corn, from EU markets.

The EU moratorium was based on political concerns, and was not grounded on any health or safety risks related to biotechnology. To the contrary, there is no internationally recognized science that demonstrates any safety issues associated with the use and/or consumption of approved biotech products.

Under WTO rules, when WTO members establish approval processes, they take on obligations to operate those approval processes in a manner that is based on science and not subject to unnecessary delays.

The United States believes that the EU adoption of a biotech moratorium unwarranted by valid scientific concerns is plainly inconsistent with these fundamental WTO obligations.

For years, the United States refrained from bringing a WTO case, because the EU continually assured us that the moratorium would soon be lifted. But the EU was not able to overcome its internal political pressures and lift the moratorium.

Finally, in August 2003, the United States – joined by Argentina and Canada – challenged in the WTO the EU's moratorium on approving biotech varieties for sale or use in the EU. The United States and our partners took the case to ask that our farm products are given a fair, rules-based scientific review.

The WTO case alleges that the EU's moratorium violates WTO rules by blocking U.S. exports without a valid scientific basis and imposes undue delay on approvals.

The United States believes it has shown that the EU's moratorium is based on political expediency, rather than on health or safety concerns. Indeed, the EU's own scientific authorities consistently find biotech varieties to be safe. According to the EU's regulatory process, these varieties should have been approved for sale and use in the EU, but the EU has failed to approve them.

**Agricultural Biotechnology:**  
***Safe, Effective and Unfairly Blocked By EU***

- Agricultural biotechnology also provides environmental benefits. Adoption of biotech varieties has significantly reduced insecticide and herbicide use, and has allowed many farmers to adopt “no till” farming practices, thereby reducing soil erosion and water use. Scientists continue to develop crops that resist drought and disease.
- Poor farmers in developing countries are growing more biotech crops every year. More than 8.25 million farmers around the globe use biotech seeds. 90 percent of those were resource-poor farmers living in developing countries.
- The UN Food and Agriculture Organization and the World Health Organization both note biotech’s value in creating sustainable development and providing reliable and safe food sources, especially for poor countries. Better yields generate better incomes – another benefit to the nearly 7.4 million poor farmers in developing countries who grow biotech crops.



# Federal Biotechnology Regulatory Oversight

Duane Simpson  
Vice President of Government Affairs  
Kansas Agribusiness Retailers Association

For more information:  
<http://usbiotechreg.nbio.gov/>

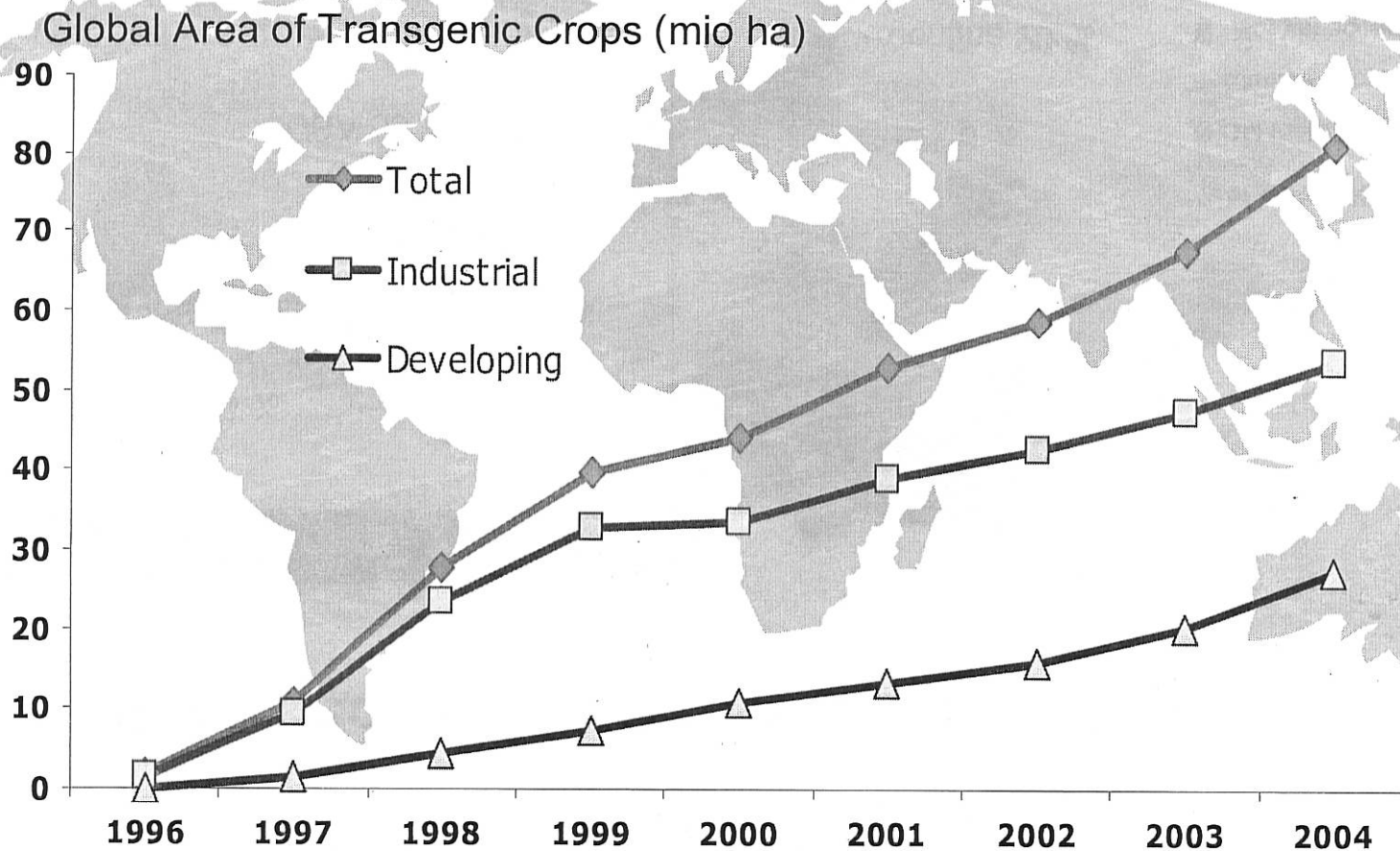
# Regulatory Discussion

- Summary of Biotechnology and its growth
- United States Federal Regulatory Process
  - USDA – U.S. Department of Agriculture
  - EPA – Environmental Protection Agency
  - FDA – Food & Drug Administration
- Evolution and Future of the Regulatory System



# AgBiotech in the World: An on-going Success Story

3-3

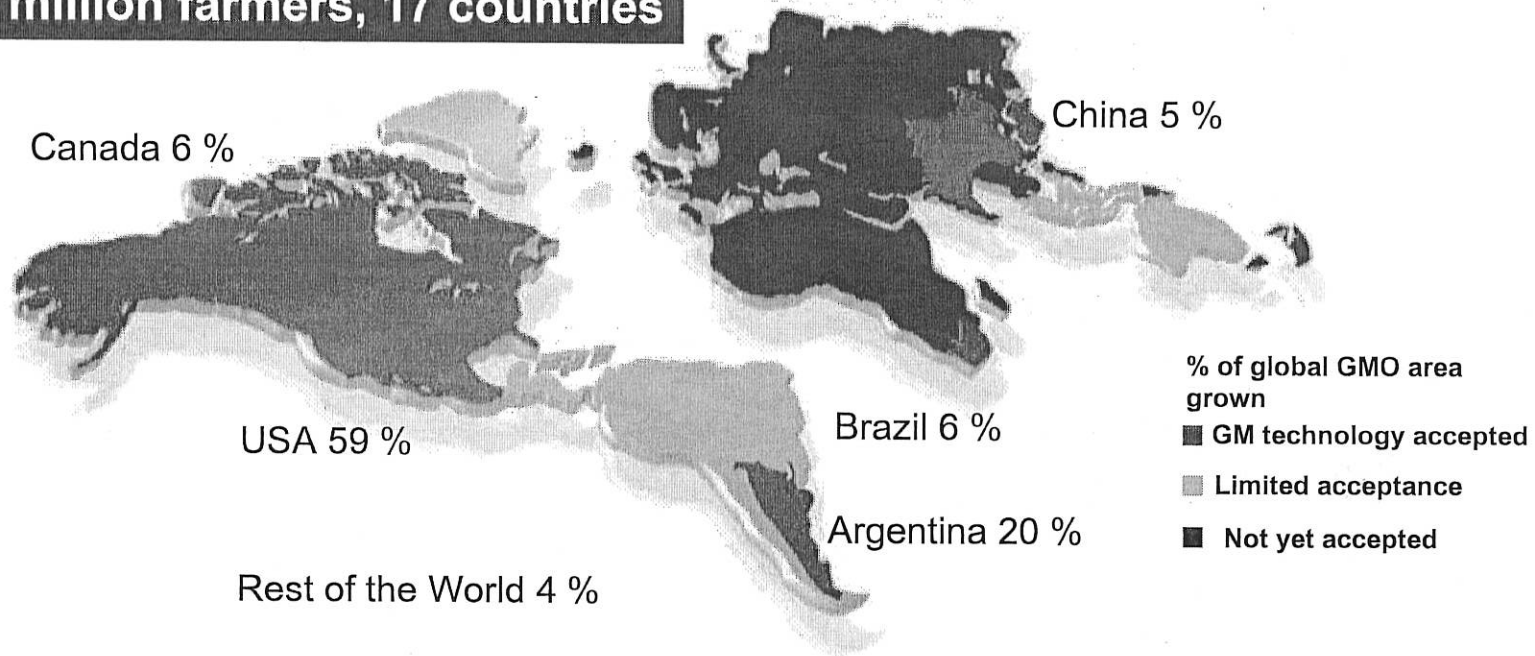


Source: Clive James,  
ISAAA

# Major Markets have Embraced Plant Biotechnology

81 million hectares grown in 2004 : + 20% over 2003

8.25 million farmers, 17 countries



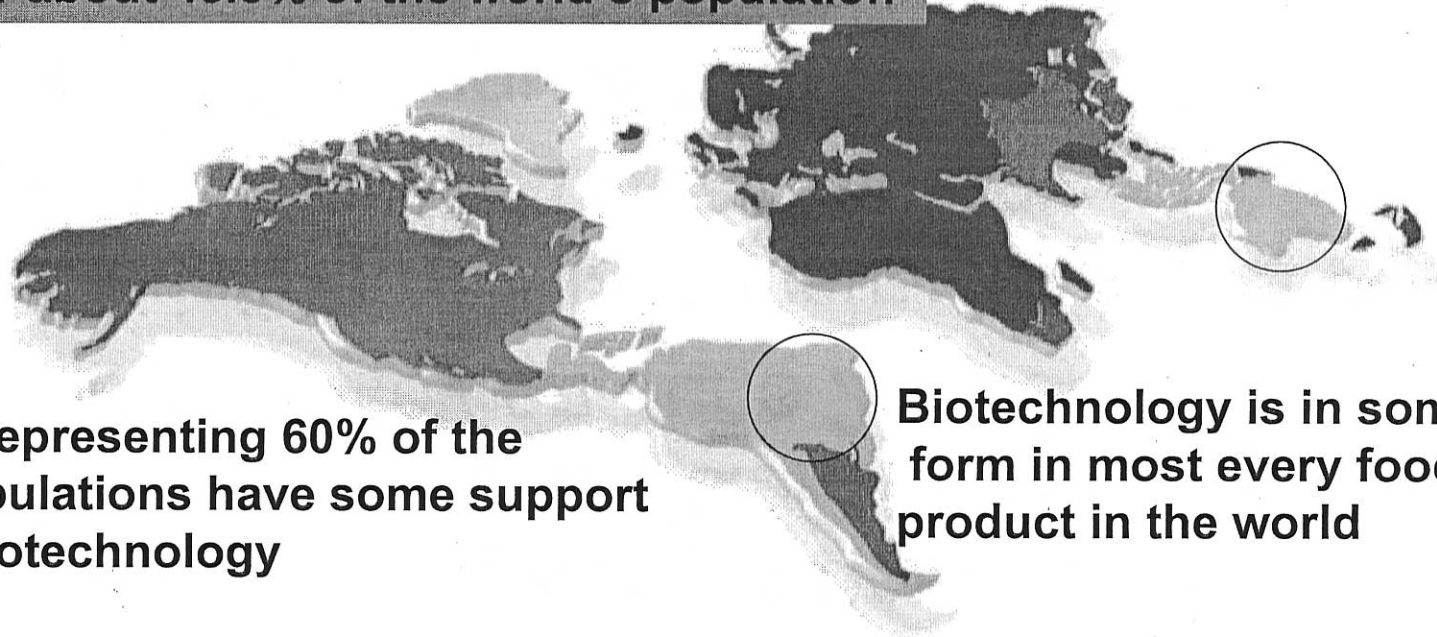
based on: Clive James ISAAA  
(International Service for the Acquisition of Agri-biotech Applications)

# Acceptance by Region

3-5

**2.5 Billion or about 40% of the total population**

**2.8 Billion or about 43.5% of the world's population**



**The areas representing 60% of the world's populations have some support for Plant Biotechnology**

**Biotechnology is in some form in most every food product in the world**

**1.07 Billion or a little under 16.5% of the world's population**

# Regulating Biotechnology in the USA

3-6

The US regulatory system a “coordinated framework”

- Coordinated Framework announced to the public by the Office of Science and Technology Policy on June 26, 1986.
- Utilizes existing regulatory structure and laws and applies them to biotechnology.
- Three agencies regulate the commercialization of biotechnology products:
  - USDA: U.S. Department of Agriculture
  - EPA: Environmental Protection Agency
  - FDA: Food & Drug Administration

# Regulating Biotechnology in the USA

3-7

The US regulatory system a “coordinated framework”

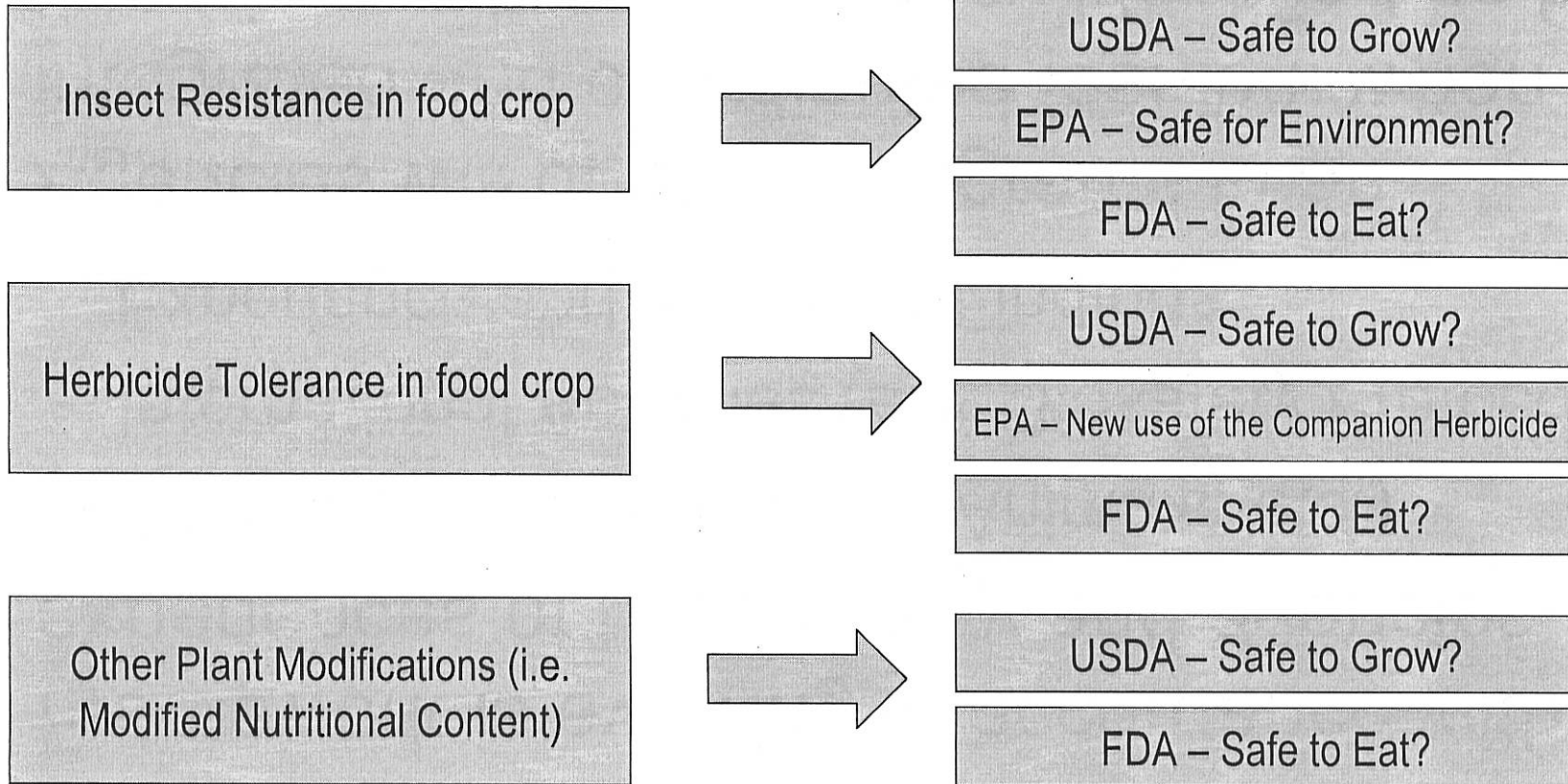
- Framework is evolving in accordance with experiences of the industry and agencies
  - New Technologies (PMP, Animals, etc.)
  - International Activities (e.g. Biosafety Protocol)
  - Experience and Scientific Findings
- Agencies will operate programs in an integrated and coordinated fashion: when there is overlap one agency identified as lead agency



# Regulating Biotechnology in the United States

3-8

The US system is a “Coordinated Framework”



# Regulating Biotechnology in the United States

## Classes of Regulated Biotechnology Traits

3-9

### **Trait is not insecticidal**

Example: Herbicide tolerance

Trait is not used to repel, kill, destroy or otherwise combat a plant or animal pest. In this case the herbicide does this activity

### **Trait IS insecticidal**

Example: Bt technology

Trait is directly used to counter a specific plant or animal pest.

### **Trait alters the function of the plant in some other way**

Examples: PMPs, Altered oil content, Drought tolerant, increased nitrogen efficiency

Trait is designed to produce some other desired outcome either dealing with the plant product OR by enhancing a particular plant characteristic (i.e. tolerance to cold)

# USDA - APHIS

United States Department of Agriculture - Animal and Plant Health  
Inspection Services



3-10

- Protecting US agriculture from pests and diseases under the following law
  - Federal Plant Pest Act - 7 CFR 340
    - sections 340.3 for notification (import, field trials)
    - sections 340.4 for permit (import, field trials)
    - sections 340.6 for petition (non-regulated status)
- 7 CFR 340 is being revised to better regulate non-food use crops
- Changes in stages, some effective now

# USDA – APHIS – Guidance/Rules

United States Department of Agriculture - Animal and Plant Health  
Inspection Services (continued)



3-11

- USDA has provided other guidance and rules as well:
  - “Genetically Engineered Organisms and products; Simplification for Requirements and Procedures for Genetically Engineered Organisms,” *Federal Register* May 2, 1997 62(85): 23945-23958
  - “Genetically Engineered Organisms and Products; Notification Procedures for the Introduction of Certain Regulated Articles; and petition for Non-regulated Status,” *Federal Register*, June 16, 1987, 52(115)
  - “Introduction of Organisms and Products Altered or Produced Through Genetic Engineering Which Are Plant Pests or Which There is Reason to Believe Are Plant Pests,” *Federal Register*, June 16, 1987, 52(115)
  - “Introductions of Plants Genetically Engineered to Produced Industrial Compounds” *Federal Register*, May 4, 2005, 70(85)

# EPA

Environmental Protection Agency



3-12

- Protecting the Environment under the National Environmental Protection Act (NEPA)
- Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA)
  - 40 CFR 152 & 174: Plant-incorporated protectants (PIPs) are pesticidal substances produced by plants and the genetic material necessary for the plant to produce the substance;
- Federal Food, Drug, and Cosmetic Act (FFDCA)
  - 40 CFR Part 174: Exemption from tolerance under FFDCA for residues of nucleic acids of PIPs.
  - 40 CFR Part 174: Exemption from tolerance under FFDCA for residues derived through conventional breeding of sexually compatible plants of PIPs.



# EPA – Guidance/Rules

Environmental Protection Agency (continued)



3-13

- Guidance Rules:
  - EPA’s regulation of Biotechnology for Use in Pest Management (June 2003)
  - “Plant-Incorporated Protectants; Final Rules and Proposed Rule,” *Federal Register* July 19, 2001, 66(139): 37772-37817
- Scientific Panels: EPA consults the public on novel technologies through a panel process
- Biotechnology Regulatory Action Documents: Formal EPA opinions on technologies which are referenced by industry

# EPA

Environmental Protection Agency (continued)



3-14

- Toxic Substances Control Act (TSCA)
  - Utilized for the regulatory oversight of genetically modified microbes
- Guidance/Rules:
  - “Microbial Products of Biotechnology; Final Regulation Under TSCA,” *Federal Register* April 11, 2001, 62(70): 17910-17958

# FDA

Food and Drug Administration



3-15

- Federal Food, Drug, and Cosmetics Act (FFDCA)
  - Foods derived from new plant varieties derived through recombinant DNA technology.
- Statement of policy: foods derived from new plant varieties derived through recombinant DNA technology, Federal Register. May 29 1992. FR57:22984-23006.
- Consultation with FDA following the decision tree for new varieties of crops.

# FDA - Consultation

Food and Drug Administration (continued)

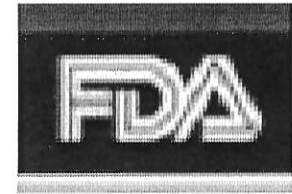


3-16

- FDA (Center for Veterinary Medicine and Center for Food Safety and Nutrition) treats substances intentionally added to food through genetic engineering as food additives only if they are significantly different in structure, function, or amount than substances currently found in food
- No products that have not gone through assessment
- Voluntary\* premarket consultation conducted by all companies
  - Food and Feed Safety Assessment
  - Consultation letter stating 'No Concern'
- *\*The voluntary consultation process is under FDA review and may be made mandatory.*

# FDA – Guidance/Rules

Food and Drug Administration (continued)



3-17

- FDA Guidance/Rules:

- “Premarket Notice Concerning Bioengineered Foods,” *Federal Register* January 18, 2001, 66(12): 4706-4738
- Guidance for Industry, Voluntary Labeling Indicating Whether Foods Have or Have Not Been Developed Using Bioengineering, Draft Guidance (January 2001)
- Guidance for Industry: Use of Antibiotic Resistance Marker Genes in Transgenic Plants (September 4, 1998)
- Guidance on Consultation Procedures Foods Derived from New Plant Varieties (October 1997)
- “Statement on Policy: foods Derived from New Plant Varieties: Notice,” *Federal Register* May 29, 1992 57(104): 22984-23001

# FDA - Guidance/Rules

Food and Drug Administration (continued)



3-18

- “Draft Guidance for Industry: Recommendation for the Early Food Safety Evaluation of New Non-Pesticidal Proteins Produced by New Plant Varieties Intended for Food Use; Availability” *Federal Register* November 24, 2004, 69(226)
- “Guidance for Industry: Drugs, Biologics, and Medical Devices Derived from Bioengineered Plants for Use in Humans and Animals” *Federal Register*, September 12, 2002, 67(177)



# State's Roll in Biotechnology Regulation



3-19

- Many state regulators are asked to provide information on the local level and enforce regulations in their states
- State inspections are in many cases executed by state officials
- State officials in relevant regulatory agencies are asked to review permits and notifications for field trials and movement of regulated events in their state

# Regulation of Biotechnology in Many Areas

Import, export, and domestic use

- Biotechnology cannot endanger human health (FQPA)
- Biotechnology cannot endanger current agricultural systems (PPA)
- Biotechnology cannot endanger the environment (NEPA)
- Unapproved events cannot enter commercial channels (FFDCA)
- Imports of foodstuffs for sale with unapproved events are prohibited (FFDCA)
- Exported foodstuffs are safe for consumption. All crop production products have undergone scientific review, and are consistent with our treaty obligations (WTO)

**HOW DOES THIS TRANSLATE  
INTO ACTION?**

# The safety of biotech products is established through the following approach



- **Gene(s)**

- Source(s)
- Molecular characterization
- Insert / copy number / gene integrity

- **Protein(s)**

- History of safe use and consumption
- Function / specificity / mode of action
- Levels
- Toxicology / allergenicity testing

## **Crop Characteristics**

- Morphology
- Yield

## **Food/Feed**

### **Composition**

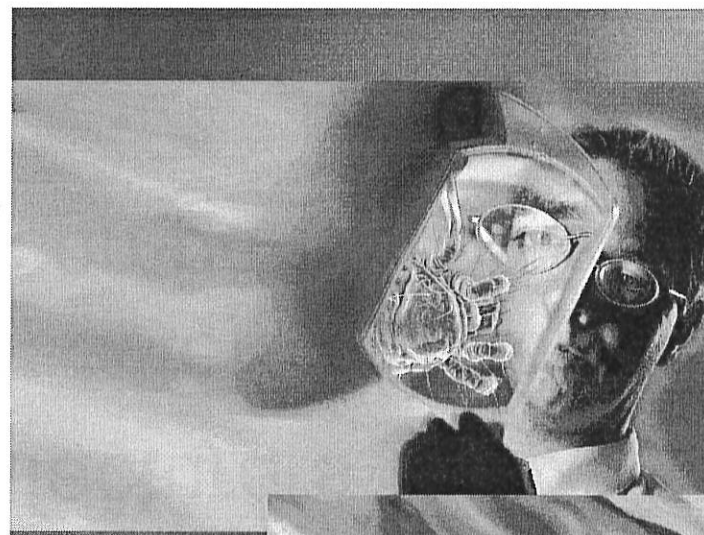
- Proximate analysis
- Key nutrients
- Key anti-nutrients

## **Environmental Safety**

# Expert Functions

- **Analytical Lab**

- Molecular Characterization
- Protein Characterization



- **Toxicology**

- Allergenicity Assessment
- Toxicology Assessment



- **Ecological Toxicology**

- Crop Characterization
- Environmental Assessment
- Non-Target Organisms Assessment

# Compliance with Regulations

3-24

- Permits and notifications for the movement or release of regulated biotechnology is enforced by the various governmental agencies, state inspectors, and manufacturers
- State and Federal inspectors conduct compliance audits of company field sites



# Government Inspections

- EPA, USDA, and FDA ensure that regulatory requirements are being met through inspections
- These inspections impact many areas of our business such as
  - laboratory audits (for EPA lab conduct standards)
  - field inspections (for EPA & USDA isolation measures and confinement of regulated articles)
  - Documentation review (for FDA & EPA documentation standards; USDA field audits)

# Industry Cooperation

- Biotechnology companies work with each other in the industry to help develop policy and materials to ensure proper interpretation of the regulations, and share experience to enhance compliance
- Education materials are developed in a collaborative effort to train others which utilize the technology (e.g. academics)
- Hold conferences and seminars to train cooperators and the general public (e.g. BIO conference)

# The Future of the US Regulatory System

# Evolving Regulatory System

- The regulatory system is flexible and changes as technologies and needs evolve
- The three US agencies are transparent and will change its regulations, with the help of the public comment process, as needed
- Changes in the regulations will be initiated by developing technologies, and the concerns of the marketplace
- Public comments are requested and encouraged from regulatory agencies (from states too)

# Current Regulatory Evolution in the US

3-29

- USDA: Current evaluation of 7 CFR 340 with a focus on non-crop uses (e.g. PMPs); de-regulation of crops will be replaced with permitting and approval system
- International: Various international treaties and venues which restrict and regulate biotechnology (e.g. BSP)
- EPA: Future regulations of new products under TSCA
- FDA: Considering making consultations on products mandatory

# Current Developments and Issues

3-30

- USDA OIG Audit Report: Audit conducted for period prior to 2002. Many changes have occurred since that time
- Local Bans on Biotechnology: Attempts by activist community to restrict or prohibit the use of products derived from biotechnology
- International Trade Restrictions: Discussions in forums such as the BSP are unnecessarily restricting trade and development
- Consumer Acceptance: Consumers in some countries (EU) “concerned” with effects of biotechnology. Mostly political from different activist groups



# Is State Regulation Necessary?

3-31

- States already are consulted by the regulatory agencies in regards to regulated articles released in their respective states
- Federal regulation creates a consistent regulatory system in which the public of the US is protected from any potential risks, and allows industry to conduct business in a cost effective manner
- Local considerations (e.g. endangered species) are taken into account in regulatory process

# Effects of Additional State Regulation

3-32

- Creates different rules for different parts of the country which diverts business to more favorable regulatory environments
- Creates additional cost to industry, and therefore to consumers
- Stifles innovation & creation of new technology (e.g. EU)
- Creates barriers to trade between states, and increases costs of basic goods

# In Summary

- The federal system is coordinated between three federal regulatory entities and the states to ensure product safety for all Americans
- Local application of federal laws is executed by both federal and state regulators
- Industry has a vested interest in maintaining compliance to prevent any negative effects of research to markets, and works with federal and state governments, as well as within industry to create a consistent environment to conduct business and research

JOSHUA SVATY  
REPRESENTATIVE, 108TH DISTRICT  
DICKINSON, ELLSWORTH  
AND SALINE COUNTIES

STATE OF KANSAS



TOPEKA

HOUSE OF  
REPRESENTATIVES

COMMITTEE ASSIGNMENTS

MEMBER: ENVIRONMENT  
UTILITIES

RANKING DEMOCRAT: AGRICULTURE  
UTILITIES  
ENVIRONMENT  
PUBLIC SAFETY BUDGET  
OVERSIGHT

Testimony  
House Agriculture Committee  
HB 2717  
February 8, 2006

Chairman Johnson, members of the committee – I would like to thank you for the opportunity to testify in support of House Bill 2717, a bill requiring notification of transgenic wheat varieties to the Secretary of Agriculture.

This bill is similar to a bill introduced last year that would have required approval of transgenic wheat varieties by the Secretary of Agriculture. 2717 deals with the same subject, but only asks that the Secretary of Agriculture be notified of any new varieties, and that notification be printed in the Register so that it is public information.

The genesis of this bill stems from a concern for foreign markets. We have all seen the ability of the Japanese market to react swiftly to even the slightest concern that our beef could be tainted with BSE. The chief concern of state policy ought to be encouraging markets by ensuring that we provide the safest and most reliable products that those markets want. If the Japanese market or any other world market is concerned with genetically modified wheat varieties, introduction of those varieties in Kansas could potentially create market problems. We all hope this is not the case. However, as is the case with BSE, timing often plays a huge role in how foreign markets perceive safety issues.

This bill only asks that introduction of any new transgenic varieties becomes part of the public record. This would allow farmers and citizens in the state to know if these varieties are about to be introduced, allowing the private citizens to be prepared in their own marketing decisions. I look forward to any questions the committee may have.

## TESTIMONY FOR HB 2717

My name is Jennifer Mathes. My husband and I farm in Southeast Kansas. I am involved on the local level as a school board member, I have been a Farm Bureau member for the last 16 years and currently serve as the Labette County Farm Bureau President. A few years ago, I served on Governor Graves 21<sup>st</sup> Century Task Force on Agriculture. I grew up in Johnson County graduating from Shawnee Mission East High school. I came to the farm as a wife but quickly adapted to farm life and an advocate for agriculture.

Before I begin, we are a progressive farm that utilizes GPS and are not afraid to trying cutting edge farming practices. Let it also be noted that we also use biotechnology on our farm. It is a tool that I have available for me to use. This finally brings us to the bill at hand HB 2717. Why am I speaking to you today? I do have a passion for agriculture. Being on the 21<sup>st</sup> Century Task Force has made me think and be proactive vs. reactive to issues that will affect agriculture in the future. I brought this to the attention of the Senate Ag committee 2 years ago. This is a trade issue. This discussion should be limited toward that type of testimony. It is not an issue if biotech GMO wheat is right or wrong. The bills premise is to protect Kansas' Ag economy. I have found statement after statement from countries that we export to that state they do not want this product. They are not ready for it. If GMO wheat is released, we have the potential to shut out markets. That is something that would be detrimental to farmers in Kansas. The Wheat Growers have a document called Principles of Commercialization. It is a document that calls for all biotech wheat varieties to pass a 10-12 item litmus test which includes issues of segregation and acceptance from foreign buyers. This is only a request. That is all it is. Concerning biotechnology, FB policy states in AG-11 "We support the maintenance of U.S. export markets by securing foreign regulatory acceptance of biotech products. Manufactures of agricultural products enhanced through biotechnology should assume major responsibility for this acceptance, as well as making farmers aware of markets where the products are not accepted. We support addressing GMO wheat as a trade issue. We understand that the untimely release of GMO wheat varieties could cause economic problems for farmers." That's what this bill does...prevent the "untimely release of GMO wheat that could cause economic problems for farmers. It is not an anti GMO bill. It is good policy that protects one of Kansas' major exported products.

I'm sure that you will hear from Mr. Simpson that this bill will prevent the release of GMO wheat. This is not true. They just need to provide written notification. I am sure that you will hear from the Department of Agriculture that the fiscal note would be too high. I have a hard time believing that filing a document and publishing it in the Kansas Register would cost thousands and thousands of dollars.

I hope that this committee deals with this issue with common sense. It is simply an insurance policy for the state that a company has "thought through" this process. What we desire is to eliminate an untimely release of GMO wheat that could cause economic problems for farmers in the state.

Thank you for your time.

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House Agriculture Committee  
February 8, 2006  
Attachment 5



## RESPONSE TO HB 2717

Rep. Johnson and Ag committee members-

I wanted to thank you for the opportunity to testify last week on HB 2717. I believe that there needs to be some clarification to testimony given last week.

There is a very real concern about transgenic wheat sales. If this were not so, why did three wheat groups get together and unify on this issue to come up with the Principles of Commercialization? I hope that you all have read this document as I believe that what is asked for in that document is more stringent than what is being asked for in HB 2717. Although Mr. Harrelson's testimony did not reflect it, as I stated Kansas Farm Bureau also has a resolution (put there 2 years ago) with the position that KFB will address the GMO wheat issue as a trade issue. Remember, KFB is a grassroots organization. This resolution came from the grassroots and was voted upon by the voting delegates who represent nearly 40,000 farmers across this state. There was a concern there too.

The question was asked by Mr. Simpson, "Why are you singling out wheat? Why not corn and beans?" MY response would have been that we have learned from our mistakes. Starlink still rings a bell with most and the EU has NOT lifted the ban as of yet because of fiascoes. We also have other markets for corn and beans. Wheat is primarily a food market product. Once the "genie" is out of the bottle, in this case it can not get back in. We are just merely going at this in a systematic way. Have we "damaged" our reputation here in Kansas by even having this bill? I do not believe that for a minute. A quick search on line will show you that we are not the only State in the Union that has initiated some sort of GMO wheat bill. North Dakota, Colorado, and Missouri to name a few. A bit more digging will reveal the others.

I believe that it is prudent for the State of Kansas to look out for and protect the ag economy. This is why I testified on this bill. Again, I am not a lawyer. Some very good points and concerns were made about the bill. I believe that these can be addressed. The intention of this bill is to protect the ag economy. Can you put a price on that? I know that the fiscal note on the bill was ridiculous, but surely you all can come up with a way to put a layer of protection for Kansas wheat farmers. When the technology can satisfy the Principles of Commercialization, no one is going to have a problem with it. Again, transgenic wheat is a tool that is necessary for some to utilize, and we do not want to stand in the way of progress.

I am thinking out loud now, but could you gut and go the bill and insert the Principles of Commercialization in there, or make them into a resolution. HCR- Hereby, the State of Kansas has adopted the Principles of Commercialization concerning transgenic wheat. blah, blah, blah. That wouldn't take a fiscal note at all I wouldn't think? That would address the issue and not condemn the product. I would think you would have support on both sides. You would just be insuring yourselves that you have done everything that you know possible to protect that market.

Again, I thank you for your time and consideration of this problem.

Jennifer Mathes  
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620-226-3378



**KANSAS HOUSE COMMITTEE ON AGRICULTURE**  
**FEBRUARY 8, 2006**  
**TESTIMONY ON HOUSE BILL 2717**  
**PAUL JOHNSON – KANSAS CATHOLIC CONFERENCE**

Thank you for this opportunity to testify in favor of House Bill 2717. My name is Paul Johnson and I lobby on family farm issues for the Kansas Catholic Conference.

HB 2717 requires a written notification to the Kansas Secretary of Agriculture before transgenic wheat seed may be offered for sale in Kansas. This will include information regarding handling protocols to ensure that the transgenic wheat variety does not enter foreign countries that have not approved transgenic wheat for use.

Hopefully this is the start of a broader discussion of transgenic wheat in Kansas. Now that KSU Research & Extension has offered genetically modified varieties of soybeans, are there efforts at KSU to develop transgenic wheat? Will there be a public debate over this research before varieties are offered? Kansas has had a small but growing organic wheat market for 25 years. What impact might transgenic wheat have on this market? The organic food market has been growing at double-digit rates for now over 10 years. Consumer demand is particularly strong. Will KSU offer organic wheat varieties?

The fiasco of StarLink corn and the problems with separating that should be a wake up call to potential problems. As to federal oversight, USDA's Office of Inspector General stated that the Animal and Plant Health Inspection Service 'lacks basic information about the field test sites it approves and is responsible for monitoring, including where and how the crops are being grown and what becomes of them at the end of the field test.'(pg i) I would certainly recommend the whole report that came out in December of 2005. (USDA/OIG-A/50601-8-Te)

The Kansas Catholic Conference along with the Kansas Rural Center and the Sustainable Agriculture Coalition support a system of agriculture that is sustainable in the long-run by relying on diverse crop rotations, increased use of perennial species and the integration of livestock in pasture-based systems. In the gold rush towards patenting seeds and raising private dollars for the universities, a diversity of public plant varieties for wheat, small grains such as oats and barley and minor crops such as fruits and vegetables must be adequately funded with our public resources.

House Bill 2717 is necessary legislation that deserves the full support of this committee. Thank you for the opportunity to support this bill and offer comments on broader plant breeding issues. The issue paper on REINVIGORATING PUBLIC PLANT & ANIMAL BREEDING FOR A SUSTAINABLE FUTURE is at [www.msawg.org](http://www.msawg.org).



*PUBLIC POLICY STATEMENT*

HOUSE COMMITTEE ON AGRICULTURE

RE: HB 2717 – an act; relating to sale of transgenic wheat seed;  
notification requirements

**February 8, 2006**  
**Topeka, Kansas**

**Testimony provided by:**  
**Brad Harrelson**  
**State Policy Director**  
**KFB Governmental Relations**

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Chairman Johnson, and members of the House Committee on Agriculture, thank you for the opportunity to appear today and offer testimony on SB 387. I am Brad Harrelson, State Policy Director—Governmental Relations for Kansas Farm Bureau. KFB is the state's largest general farm organization representing more than 40,000 farm and ranch families through our 105 county Farm Bureau Associations.

The possibilities of developing genetically modified species are seemingly endless. Producers can help ensure that their crops are not eaten by insects or damaged by diseases, weather, weeds, and herbicides. GMO technology offers greater productivity, lower environmental risks, and the possibility of unprecedented health and nutritional benefits from foods. KFB hopes to build a clearer understanding of GMO issues and provide growers and consumers the research-based information that will allow them to make better decisions.

Our policy supports the responsible research, peer-review, market acceptance and production of seed/crops enhanced through biotechnology. We believe the rigorous approval process required by EPA, and FDA is appropriate. We further believe, upon successful completion of this review, responsible, market driven introduction of

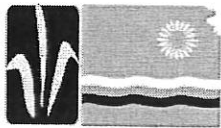
transgenic wheat should be allowed to occur, provided it does not unduly disrupt the production or marketing of non-GMO wheat.

On its face, we don't oppose reasonable notification requirements or sharing of information regarding transgenic wheat. We do however, oppose unnecessary barriers that provide no public benefit, unwarranted burdens that add significant cost, limitations based solely on conjecture or uninformed public opinion, or obstructions that unfairly discriminate against transgenic wheat.

It is our understanding that the current body of law provides significant protections for the integrity of, and the ability to sell seed in this state. We fail to understand what else is to be gained by the additional requirement suggested in HB 2717. We further question what impact on already limited resources within the Kansas Department of Agriculture will be necessary to administer this proposed requirement. Until it can be demonstrated that existing procedures are inadequate, we must assume the motivation behind this bill is to place needless obstacles in the path of improved technology. For this reason Kansas Farm Bureau cannot support the measures contained in HB 2717.

In summary, thank you for your consideration, and we respectfully urge your rejection of HB 2717 and not recommend it for passage. We stand ready to assist as you consider this important measure. Thank you.

# KANSAS AGRIBUSINESS RETAILERS ASSOCIATION



**KARA is  
"Committed to  
Professional  
Development  
and Business  
Viability for  
the Retail Crop  
Production  
Industry"**

Statement of the  
Kansas Agribusiness Retailers Association

Presented to the  
House Agriculture Committee

In Opposition to  
House Bill 2717

Representative Dan Johnson, Chairman

February 8, 2006

Presented by:

Duane Simpson  
Vice President of Government Relations

Kansas Agribusiness Retailers Association  
(785) 234-0463

House Agriculture Committee  
February 8, 2006  
Attachment 8

Chairman Johnson and Members of the House Agriculture Committee, I am Duane Simpson appearing on behalf of the Kansas Agribusiness Retailers Association (KARA). KARA's membership includes over 700 agribusiness firms that are primarily retail facilities that supply fertilizers, crop protection chemicals, seed, petroleum products and agronomic expertise to Kansas farmers. KARA's membership base also includes ag-chemical and equipment manufacturing firms, distribution firms and various other businesses associated with the retail crop production industry. I appear today in opposition to HB 2717.

HB 2717 would require genetically modified wheat seed to be treated different than any other genetically modified seed. Despite the strong federal and international oversight of the biotech industry, this bill would set apart wheat seed for additional regulation. Although the bill does not require approval by the Secretary of Agriculture, it would require extensive reporting beyond what any state in the nation requires. The Department of Agriculture would be forced to increase their staff in order to handle the voluminous information required by this bill. In addition to the cost of compliance, this bill would require the release of millions of dollars worth of proprietary information to the public, including their competitors.

This bill is a solution in search of a problem. It appears that the motive is to make sure genetically modified wheat is not "secretly" introduced into the state. That fear is unfounded because federal regulations already require extensive work with state agencies prior to release of a new genetically modified seed. Much of what this bill requires is currently done under federal law. However, the requirement to release copies of all studies for public review would leave Kansas farmers in the position of potentially not being able to purchase a product that will improve their yields because the patent holder does not wish to reveal their research to their competition.

In addition, we're concerned with the scope of this bill. Why is this bill only limited to wheat? Is it because genetically engineered wheat is not currently marketed? Is this an attempt to get the proverbial camel's nose under the tent because biotech wheat is easier to scare the general public about? After all, roundup ready soybeans and BT corn have been in existence for quite some time, but drought resistant wheat does not have constituency among the farm community ... yet.

Kansas claims to want to be a leader in biotechnology. The Kansas Economic Growth Act and the creation of the Kansas Bioscience Authority are attempts to make Kansas more competitive in biotechnology. Kansas is well positioned to take advantage of that legislation because of Kansas State University and ag biotech research facilities in our state and region. The mere introduction of legislation like HB 2717 undermines Kansas' reputation with the companies that produce these products. Kansas is quickly becoming seen as hostile to biotechnology and wheat biotechnology in particular. Holding hearings on this bill has further damaged the state's reputation. Companies that make decisions on what to research and where to do the research are easily and



understandably uncomfortable making investments worth hundreds of millions of dollars in a state, or a product for a state, that attempts to throw up unnecessary and costly roadblocks.

As you saw in the previous presentation, the concerns of safety, cross-contamination and marketability are already addressed through federal regulation and international regulation. If every state were to enact different rules for the handling of biotech materials, the cost of research and development would escalate exponentially without any added benefit to the public. The last thing Kansas wants to do is put our wheat farmers at a competitive disadvantage with the rest of the world by limiting their ability to grow new varieties. The last thing Kansas wants to do is consider legislation that discourages research into wheat. The last thing Kansas wants to do is consider legislation that encourages research to be done in other states. HB 2717 does all of those things without providing any benefit to the state. For that reason, KARA stands opposed to any further consideration of this legislation and we ask the committee to kill this bill once and for all.





**KANSAS ASSOCIATION OF WHEAT GROWERS**

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2630 Claflin Rd • Manhattan, KS 66502 • (785) 587-0007 • FAX (785) 539-8946

**TESTIMONY**

**Regarding HB 2717**

Submitted to Agriculture Committee, Kansas House of Representatives  
February 8, 2006

Chairman Johnson and honorable committee members, on behalf of the Kansas Association of Wheat Growers, I rise in opposition to House Bill 2717.

This legislation will limit our Kansas wheat industry in three primary areas:

- Federal regulatory approval
- Production tool for producers
- Scientific advancement

To begin with HB 2717 duplicates federal government regulatory approval processes for transgenic organisms including wheat. Although there were initial mishaps with biotech crop introductions, federal regulators now have an integrated, proven system of scientific analysis on the development and commercialization of transgenic crops including soybeans, corn, canola and a host of fruits and vegetables. These federal systems are recognized by the developers of this technology and incorporated throughout the research and commercialization processes.

Furthermore, the administration of this legislation would add undue burden on our already

stret KDA who through partnerships maintain a close connection with their federal counterparts.

Secondly this legislation will hold back producers in our nation's largest wheat producing state from utilizing a modern tool of crop production. As you may well be aware, acreage throughout the state is shifting to rotational cropping systems. Wheat acres are declining and being replaced with other crops such as corn and soybeans that are able to utilize transgenic traits.

Finally the inability to utilize biotechnology in wheat research further discourages talented wheat scientists like our friends at KSU from pursuing transgenic advances in their research. We must stop the trend of wheat researchers and their expertise from moving into research on other crops.

In conclusion the Kansas Association of Wheat Growers urges this committee to defeat House Bill 2717 in order to maintain a consistent federal system of regulation, enable Kansas wheat producers to utilize a modern production tool, and maintain a high level of expertise in wheat research.

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**STATEMENT OF KANSAS SEED INDUSTRY ASSOCIATION**

**TO THE HOUSE AGRICULTURE COMMITTEE**

**REPRESENTATIVE DAN JOHNSON, CHAIR**

**REGARDING H.B. 2717**

**FEBRUARY 8, 2006**

Chairman Johnson and Members of the Committee, I am Chris Wilson, Director of Governmental Affairs for the Kansas Seed Industry Association (KSIA). KSIA's members are companies involved in the production, processing and marketing of seed in Kansas.

KSIA is opposed to H.B. 2717 because the industry does not want to see wheat regulated in a different manner than other crops. Biotechnology wheat should be regulated in the same manner as other biotech crops.

Currently, biotechnology wheat seed is being tested in Kansas, and promises to offer significant advantages to wheat growers. That testing is being done pursuant to the existing regulatory system. No transgenic wheat seed is available for sale at this time.

We would ask the Committee to not pass H.B. 2717 and to assure that regulation of biotechnology wheat is consistent with other biotechnology crops in Kansas and the U.S.