

## Member Update

**Title:** Meeting notes from IGTC Strategy Session

**Update No.:** 35 of 10

**Date of Issue:** 26 November 2010

### Distribution

- GTA Members – primary contact list. Please circulate to all appropriate internal parties

### 1 Purpose of this notice

To brief members on the major outcomes of Strategy Session of the International Grain Trade Coalition (IGTC) held in Washington from 3 to 5 November 2010 and attended by Geoff Honey, GTA CEO.

### 2 Background to the IGTC

As a major grain exporting country and as an aid to international grain trade facilitation, it is critical that there is a forum in place for importers and exporters to exchange viewpoints and to harmonise their commercial processes. The International Grain Trade Coalition is a forum for such interaction, with GTA becoming a member in 2006.

The International Grain Trade Coalition (IGTC) is an unincorporated coalition of 22 national and international non-profit trade associations and councils involving more than 8000 members whose purpose is to convene significant expertise and representation to provide advice to governments from a global perspective on the commercial requirements and economics of the world's food, feed and processing industries, including but not limited to implementation of the Cartagena Protocol on Biosafety.

IGTC supports stakeholders in the global trade in grains, oilseeds, pulses and their products via a dedicated focus on activities affecting the global regulatory environment.

### 3 Major issues

#### Europe/discontinued GM events and distressed cargoes.

The "Technical Solution" to discontinued lines of GM events. This is the subject of a Notice to Trade distributed on 13 November 2010 by GTA to all members. The Notice to Trade was developed by the International Grain Trade Coalition and relates to the change in status for specific GM events that have been discontinued, i.e. the seed has been withdrawn from commercial sale as planting seed. The EU has changed the status of use for these discontinued lines from food, feed and processing to feed only. The issue is that if a trace amount of one of these GM events is found in a food shipment then it is highly likely the cargo will be rejected.

GTA will approach the Australian Government and make these issues known as they could have significant impact on trade. Although these events have not been grown in Australia, if there were trace amounts of any of them in a ship transporting an Australian cargo to Europe there is the potential for a problem. Also, many other countries take their lead from the policies of the EU and hence where a policy has a detrimental effect on trade then it needs to be challenged.

Cocerol, the EU grain trade association was looking for support from other organisations/countries due to the potential impact on trade with Europe.

Further information – *Member Update No 34 of 10 IGTC Notice to Trade No. 9*

#### Commercialisation of new GM events

There are still concerns over commercialisation of new GM events, where a technology company could release planting seed for commercial production without obtaining approvals for that event in major export markets

for that grain. This associated with the lack of an industry data base that details all events that have been approved is proving a real issue for US and Canadian trade organisations and their members.

### **Biosafety Protocol (BSP) negotiations**

The fifth meeting of the Conference of the Parties serving as the meeting of the Parties (COP/MOP 5) was held from 11 to 15 October 2010 in Japan. A number of delegates from IGTC were present, particularly those from countries that either import or export GM grain.

GTA released an industry briefing paper on 9 November 2009 on the impacts that the BSP could have on the grain trade titled "*Protocol on Biosafety (BSP) - to ratify or not? A grain trade perspective*". This document is at [http://www.graintrade.org.au/news/industry\\_briefing\\_documents](http://www.graintrade.org.au/news/industry_briefing_documents). The BSP has an environmental focus and all previous meetings had been opened by the host countries environment agencies. The Japanese meeting were hosted by the agriculture agencies which is a focus shift from pure environmental considerations to one that recognises that trade implications also need to be considered.

The major issues that relate specifically to the grain trade covered at COP/MOP 5 and their outcomes include:

- **Documentation requirements (Article 18.2 (a))**

This is a major issue for the grain trade. If the BSP were to stipulate that a cargo "contains" GM events, it would be incredibly burdensome from an administrative and financial aspect as all cargoes would have to be tested for all potential GM events. This is a major issue in countries with a number of legacy events, i.e. events which have been withdrawn from commercial production but which would still be in present through the supply chain. Fortunately, the trade inhibiting issues of this article are becoming apparent and a decision on this issue has been delayed until the next meeting in 2 years. Until then if documentation needs to be qualified, "may contain" language is acceptable.

- **Standards (Article 18.3)**

This is an issue that is still to be clarified as to the meaning of the words "standards". The trade is of the view that current grain standards and handling protocols are more than sufficient to be able to move GM grain. Industry do not need to have to contend with further legislative requirements or new standards/protocols.

- **Liability & Redress (Article 27)**

This issue was the subject of extensive meetings in Malaysia prior to COP/MOP 5 in Japan. Various alternatives were debated and the trade were concerned that a regime would be introduced that could implicate them where a GM event at some time in the future could be shown to be harmful to either human health or the environment. The trade maintained that the industry is moving a legally produced commodity from a country of surplus to a country of deficit. Also, the trade has no involvement in the risk analysis of the commodity as this is managed by the exporting countries regulatory agencies. The major issues relating to L & R were agreed and are considered favourable to the trade.

Where the trade have followed all protocols and shown all due care, then trade exposure to liability and redress issues will be minimal. However, if a cargo was imported for feed and was deliberately used as seed, for instance, then the importer / exporter will face the legal consequences.

Summing up – COP/MOP 5 was favourable for the grain trade.

### **Sustainability and the European Union**

The EU have drafted policies that feedstock for biofuels can not come from commodity grown on land with a high biodiversity value as at 1 January 2008, i.e. red rainforest. Australian and Canada in particular have been caught in this mire and more to the point, the EU requirements are not at all clear. As a measure to take the lead on this issue, GTA in conjunction with the Australian Oilseeds Federation and the Australian Grain Exporters Association, have introduced a Biodiversity Declaration; refer *Member Update No 32 of 10 EU Grain Biodiversity Declaration*.

### **Future of IGTC**

Currently, IGTC is an unincorporated entity with no legal basis and Dennis Stephens from the Canada Grain Council provides the secretariat on an honorary basis. IGTC will review this situation at their next meeting and consider a submission from Dennis Stephens. A Communications Strategy for IGTC has been developed by Geoff Honey from GTA.