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BIOTECHNOLOGY

WTO adopts final ruling in U.S.-EU biotech case

The World Trade Organization last week officially adopted the ruling by its dispute panel that the European Union had violated WTO rules by imposing an informal moratorium on approvals of biotech crops from 1998 to 2004.

The dispute panel had found in favor of a 2003 complaint against the EU by the United States, Canada and Argentina. It also criticized six member-states for banning biotech crops earlier approved by the EU (see *FCN* Oct. 9, Page 1).

The EU decided against postponing the decision through an appeal, contending that it had already remedied the situation through approval of several crop varieties since 2004. “As a result, most of the findings of the panel have become theoretical,” said EU trade negotiator Raimund Raith, according to the Associated Press. “There’s no basis for claiming that the [EU] is maintaining the moratorium.”

Raith asked the complaining countries for “a reasonable period of time” to work with six EU member-states on national legislation that maintains illegal biotech bans. He said Brussels had decided against

(see **WTO**, Page 6)

USDA

Risk-based inspection comments posted by FSIS

FSIS has posted a preliminary chunk of public comments on its risk-based inspection initiative, and not surprisingly, the devil is in the details — or sometimes the lack thereof.

FSIS is hoping to devise a “more robust” risk-based system that would allot more inspection resources to plants that produce the riskiest products and/or have the poorest control over their food safety systems. There has been much discussion over the idea, most recently at an October public meeting (see *Food Chemical News*, Oct. 16, page 23).

Most of the 20 or so comments so far — from industry, consumer groups and inspection personnel — support the basic idea of a more risk-based system, and a few suggested that a pilot program would be a good way to go.

But similar to the concerns raised at the public meeting, some commenters were bothered by FSIS’s lack of specificity on the project, particularly given the agency’s desire to implement it in 2007.

(see **RBI**, Page 31)

Since the commercialization of plant biotechnology a decade ago, corn production has benefited by an extra 39 billion pounds of yield, equivalent to 1.9 billion gallons of ethanol production, NCFAP said. These continued yield increases will be a key factor in meeting future demand as corn prices hit 10-year highs and corn used for ethanol production is predicted to jump 34% next year.

NCFAP said biotech crops helped farmers increase their income by \$2 billion last year, while reducing the amount of pesticides used by 69.7 million pounds on the 123 million acres planted with biotech-enhanced crops. In addition to herbicide-tolerant and insect-resistant corn, the report evaluated the impact of herbicide-tolerant soybeans, herbicide-tolerant and insect-resistant cotton, herbicide-tolerant canola and virus-resistant squash and papaya.

Sujatha Sankula, study author and NCFAP lead researcher, expects these income gains to grow in the second decade of biotech crop production. "In 2005, just more than a third of our country's corn acres were planted to biotech varieties," he said in a statement. "With over half the corn crop nationally benefiting from biotechnology-derived insect-resistant varieties in 2006, we expect the production and income increases to grow accordingly in the year ahead."

As cellulosic ethanol production comes online, farmers will be able to sell two crops from each field — a food crop and a biomass energy crop, NCFAP said, citing a Natural Resources Defense Council estimate that biofuel will add an additional \$5 billion to farm income each year by 2025.

"The study indicates we have been able to make significant advances in corn production through biotechnology-derived varieties," commented Jill Long Thompson, an Indiana farmer who serves as the center's CEO. "Energy independence is imperative for our nation's future. Utilizing renewable sources like corn for energy needs helps achieve these goals and supports our nation's farmers."

The latest NCFAP study is an annual update of a 2002 report that analyzes, quantifies and documents the agronomic, economic and environmental impacts of biotech crops on U.S. agriculture. The complete study, "Quantification of the Impacts on U.S. Agriculture of Biotechnology Derived Crops Planted in 2005," is available for download at www.ncfap.org

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WTO, continued from Page 1

appealing the WTO decision "despite many reservations," because the EU's new biotech approval regime is now up and running.

Congressional leaders press for action

The present and future chairmen of the House and Senate Agriculture committees earlier wrote U.S. Trade Representative Susan Schwab urging pressure on the EU to comply with the ruling.

"Winning the WTO case without achieving any positive changes in the approval process would greatly erode the credibility of the WTO in the eyes of U.S. agriculture," the lawmakers said in their Nov. 13 letter to Schwab. It was signed by Sen. Tom Harkin (D-Iowa) and Rep. Collin Peterson (D-Minn.), incoming chairmen of the Senate and House Agriculture Committees, respectively.

The letter was also signed by the current agriculture chairmen, Sen. Saxby Chambliss (R-Ga.) and Bob Goodlatte (R-Va.), as well as incoming Senate Finance Chairman Max Baucus (R-Mont.) and current House Ways and Means Chairman Bill Thomas (R-Calif.). The Senate Finance Committee and House Ways and Means Committee have jurisdiction over trade legislation.

"We are quite concerned about statements attributed to EU officials in response to the [WTO] panel's findings over the past several months," the lawmakers said. "These statements indicate that the EU has no intention of making substantive changes to its approval process. In fact, the EU maintains that the general moratorium has ended and that their 'new' biotech regulatory scheme is consistent with their WTO obligations. Unfortunately, these statements do not comport with reality or the dispute panel's findings."

The letter said it is "essential that the U.S. demand the EU's compliance with the disciplines of the WTO. We would encourage you to employ all measures at your disposal to encourage the EU to accept the findings. The EU has avoided for too long its WTO obligations by refusing to make any practical changes to the implementation of its regulatory scheme. The illegal discrimination against biotech products on non-scientific grounds must cease."

Reactions to letter vary

Reactions to the congressional letter varied widely. Mark Mansour, a partner in the Washington, D.C. law firm Foley & Lardner, interpreted the document as an effort to make sure the EU understands that Congress remains concerned about the slow pace of biotech approvals despite the upcoming changes in leadership in January. “No specific action was recommended,” he noted.

Charlotte Hebebrand, president of the International Food and Agricultural Trade Policy Council and a former official in the European Commission’s Washington delegation, also found the letter interesting for what it didn’t say. “You can’t say the EU hasn’t approved any new products since 2003, because they have,” she said. “The member-states are a different story. But some of those bans are obsolete — the crops are no longer grown.”

Hebebrand focused on the next-to-last paragraph in the letter, which states that “lack of action on the moratorium continues to foster additional technical barriers like labeling and traceability regulations that are causing feed suppliers and food companies to

source product away from U.S. producers and move facilities to other countries.”

The EU’s traceability and labeling rules are a separate issue entirely unrelated to the moratorium, Hebebrand stressed. The lawmakers could have said to Schwab, “We want you to go after traceability and labeling,” she told *Food Chemical News*, adding, “If they had wanted to be direct, they could have urged action against the member-state bans and traceability and labeling, but they didn’t do that.”

The IPC president noted that the LL601 rice contamination incident, which has led to EU restrictions on U.S. long-grain rice imports, “has complicated the issue quite a bit. That hasn’t helped.”

Canice Nolan, counselor for food safety, health and consumer affairs in the European Commission’s Washington delegation, noted that the WTO panel hadn’t criticized the EU’s biotech legislation, “whereas the letter seems to think it did. Even if there was a moratorium [in the past], things are actually moving now.”

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