

Compensation Tax Fund Will Hurt Farmers and Undermine Coexistence

January 20, 2011

SUMMARY

Coexistence in agriculture has been pushed to the forefront with policymakers, farmers and agriculture groups by the current “dialogue” in the context of an environmental impact statement for glyphosate tolerant alfalfa.

Despite the fact that current practices have successfully allowed for coexistence among farmers, the **National Organic Coalition is calling for a “compensation fund” that would require developers of agricultural biotechnology products to “pay” into a program** that would benefit organic farmers if/when crops are allegedly and/or inadvertently comingled with biotech varieties.

This proposal is the antithesis of coexistence and will increase the cost of innovation and productivity – the foundation of U.S. agriculture.

BACKGROUND

For decades, farmers have been practicing coexistence – successfully growing biotech, conventional commodity, identity-preserved and organic crops in close proximity to each other.

BIO believes that biotech (grown on 154 million acres of U.S. lands), organic (grown on 2.5 million acres of U.S. lands) and conventional cropping systems all have important roles to play in providing healthful foods and in helping farmers meet the needs of diverse agricultural markets.

This Proposal Discriminates Against 99 Percent of U.S. Farmers and Their Technology Providers

Organic farms account for less than one percent of total farms in the United States, making this compensation tax fund, in principle, an additional and unfair financial burden **on more than 99 percent of all U.S. farms and their technology providers.**

- Public researchers, including the USDA have developed agricultural biotechnology products (e.g. papaya and plum), so these institutions will also be required to pay into the compensation fund.
- Of greatest concern are the added costs that would result in U.S. farmers being at a competitive disadvantage to farmers in other countries, such as Brazil, Argentina and China, where biotech crops are widely grown.

A Compensation Fund Defies the Very Essence of “Coexistence”

A compensation program would set coexistence back. This approach doesn't promote any form or level of cooperation or coexistence among the market participants. It institutionalizes conflict among growers and production practices.

- This program is designed to place restrictive conditions on one market participant to benefit another, and **is essentially a tax on technology providers**, who may ultimately need to pass on some or all of this cost to farmers.
- The proposal is neither fair nor rational as it shifts 100 percent of the responsibility from organic operators who benefit from market premiums, to technology providers and farmers who do not.
 - It is the responsibility of organic growers – not their neighbors – to meet the specifications that they agree to in their contracts to justify market premiums paid by their customers, and then to invest that premium to sustain future growth.
 - In any working agricultural production system, incidental commingling of trace amounts of seed, grain or food product with another occurs. This is a reality of plant biology, seed production and the distribution of commodity crops, and occurred before the development of biotech products.

Such a Proposal Undermines the Existing Science-Based Regulatory System

The compensation fund proposed by the National Organic Coalition is inconsistent with the U.S. government’s science based regulatory policy for products derived from agricultural biotechnology. For nearly three decades, the existing science-based regulatory system has assured the safety of genetically engineered products:

“I need to state clearly and emphatically – I have no doubt about the safety of the products our regulatory system at USDA has approved over the last two plus decades and that it will continue to approve in the months and years ahead.”

[-U.S. Agriculture Secretary Tom Vilsack in testimony before the House Agriculture Committee, January 20, 2011](#)

- Most disturbing, the compensation tax fund, as proposed, would establish a **“pay-to-play” approach** to USDA’s regulatory approval of ag biotech crops, by making approval decisions “contingent” on the biotechnology industry funding a compensation mechanism.
- **“Paying” for regulatory authorization** in the United States also would set a precedent for other countries to follow suit. While this may be the objective of the proposal, it may ultimately increase food costs in food-insecure countries.

A Compensation Fund Is Not Needed

- Individual operators already have access to private insurance and legal recourse if actual damages occur and claims can be appropriately substantiated.
- **Not one organically certified farm has lost its USDA certification** due to the presence of unintended plant DNA (from either conventional or biotech varieties) since the beginning of the Federal National Organic Program.
- Social and economic considerations are market issues and the responsibility of market participants. If sellers of organic foods decide to enter into contracts for biotech free or non-detect levels of biotech product, it is the responsibility of the seller to meet those contractual standards.

- **Inadvertent comingling of biotech crops and organic crops does not constitute a safety problem.**
 - Gene transfer has and always will occur in sexually compatible crops and varieties (e.g. yellow and white corn). The only difference today is that the presence of unintended genes can be detected with molecular biology techniques. “Zero” presence of unintended genes is scientifically neither necessary nor attainable in the biological system of crop production.
- The existing U.S. regulatory system has a twenty-five year track record of thorough and science-based review of agricultural biotechnology products prior to their commercialization. This system has brought significant benefits to farmers, consumers and the environment without any evidence of adverse effects on health, safety or the environment.

A Compensation Tax Fund Would Not Reduce Litigation

- An organic compensation program would not reduce litigation, since some **organic advocates have said they will continue to sue**, despite whatever policies USDA implements regarding alfalfa or coexistence.
 - Instead, support for such a program would suggest that an authorized product is harmful or unsafe and fuel additional legal challenges, which is wholly inappropriate.
- The Supreme Court has ruled in the alfalfa litigation that USDA is the competent authority to make decisions on the regulation of GE alfalfa, and not the courts.
- To avoid future litigation, USDA must – and is making meaningful progress to – meet the requirements of the National Environmental Policy Act and other applicable statutes when documenting its decision on deregulation of agricultural biotechnology products.

Implementing This Proposal Would Have a Negative Impact on the U.S. Economy

- Agriculture is among the few U.S. industries experiencing sustained economic growth and a positive trade balance.
- A compensation tax program would hurt the U.S. economy by further reducing investment in research and development of biotechnology – particularly among public researchers and small business enterprises – moving research jobs outside of the United States, and potentially driving up food prices.