

## **BNA's International Trade Daily**

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# **U.S. Still Considering Bringing WTO Case Against EU Over Moratorium on GMO Imports**

By: Gary Yerkey

The United States is continuing to consider launching dispute settlement proceedings against the European Union at the World Trade Organization over its long-running moratorium on approvals of genetically modified organisms (GMOs), officials said May 6.

Sen. Charles E. Grassley (R-Iowa), chairman of the Senate Finance Committee, said that he had been told by senior Bush administration officials earlier in the day that the administration is consulting with other countries to assess their support for a WTO case.

He said that the group had agreed to meet with him again in two weeks to announce a "date certain" for launching WTO proceedings or other action.

"It's about time we fish or cut bait," Grassley said, noting that he sent a letter to U.S. Trade Representative Robert B. Zoellick April 28 reiterating his long-standing call for U.S. action at the WTO.

Grassley told Iowa farm broadcasters that he had met May 6 with about a dozen high-ranking administration officials, including Allen Johnson, chief agriculture negotiator at USTR, to press for immediate action at the WTO after failing to obtain an adequate response from the administration over his concerns.

A written statement issued by Grassley's office after the meeting said that Iowa farmers were being hurt by Europe's biotech policies.

"This situation is unacceptable," Grassley said. "As long as the United States refused to support its WTO rights, American farmers will continue to suffer."

The statement said that Grassley had urged the administration in the meeting on May 6, which included officials from the White House, State Department, Commerce Department, and Office of the U.S. Trade Representative, to demonstrate strong support for U.S. agricultural producers.

Congressional support for free trade agreements now being negotiated by the Bush administration depends to a large extent on whether the interests of U.S. agriculture were being taken into account, Grassley said.

An administration official--Richard White, director for sanitary and phytosanitary affairs at USTR--said May 6 that interagency discussions were continuing on the "merits of the case."

**"We believe [at USTR] that the moratorium is a violation of WTO and the EU's own laws," White said at a conference organized by the National Foreign Trade Council**

**(NFTC).** "The administration, leaders of Congress, and our agricultural community believe that the EU should lift the moratorium on biotech products. Our goal is to resolve this issue, and we are working with others to determine the most expeditious way to do so."

A European Commission official--Tony Van Der Haegen, minister-counselor for agriculture affairs at the Commission's office in Washington, D.C.—reiterated concerns expressed by other Commission officials in recent weeks over the prospect of the United States taking the case to the WTO, saying, among other things, that it could provoke a consumer boycott of U.S. food products in Europe.

Van Der Haegen said that the ailing European biotech industry would also suffer if the United States were to pursue action at the WTO, noting that many European scientists were already moving to the United States to take jobs in the relatively healthy U.S. biotech industry.

"This ['brain drain'] is really of concern to us," Van Der Haegen said. "A WTO case might be fatal for our industry."

He said that the EU was moving to lift the moratorium on GMO approvals, imposed in 1998, which other EU officials have said could occur as early as the middle of this year.

"[It might] not be worth going to the WTO anymore," Van Der Haegen said.

**Meanwhile, the NFTC, a leading U.S. business organization representing some 400 companies, released a study May 6 saying that the EU moratorium on GMO approvals was among a growing number of regulatory and other barriers to trade not based on sound science that were now being erected, particularly by the EU.**

**"The EU has invoked the precautionary principle, a nonscientific touchstone ....," the study said. "By doing so, it has effectively banned U.S. and other non-EU exports of products deemed hazardous, stifled scientific and industrial innovation and advancement and, in the process, has ignored a basic reality, namely that a certain amount of risk is unavoidable in every day life."**

**Among the products affected by the approach, the study said, were beef and poultry; fresh and processed fruits and nuts; food additives, vitamins, and nutrients; wines; foods derived through biotechnology; aeronautics; automobiles; consumer electronics; computers; chemicals and downstream uses including textiles,**

**plastics, and finished consumer goods; toiletries and cosmetics; and household and industrial biocidal products.**

William A. Reinsch, president of the NFTC, said **the study shows that the same basic principle--the supposed need to prove that a product or technology is completely risk-free--has been applied to create insurmountable hurdles to many different products.**

**"We're also seeing more and more attempts to dictate not how products perform but rather how they are made," Reinsch said. "Both these approaches are clearly violations of the WTO rules-based system."**

Van Der Haegen, of the European Commission, called the NFTC study "simplistic" and "exaggerated."

**The NFTC report--"Looking Behind the Curtain: The Growth of Trade Barriers that Ignore Sound Science"--has been posted on the organization's Web site at <http://www.nftc.org>.**