IGTC
International Grain Trade Coalition

Dear Sir/Madam,

IGTC response to the European Union's New Genomic Techniques (NGTs) consultation.

The International Grain Trade Coalition Association (IGTC) is a non-profit federation of associations formed to serve the greater good by promoting and facilitating the performance of the supply chain for grains, oilseeds, pulses and derived products. The IGTC's overarching objective is to achieve a market and regulatory environment supportive of trade that avoids disruptions in the international trade of grain, oilseeds, pulses and derived products. IGTC through the Plant Breeding Innovation Policy Team addresses the constantly evolving ideas and practices which enhance the field of plant breeding innovations.

Global trade plays a crucial role by providing for safe, efficient, resilient and reliable allocation of scarce, renewable and perishable resources like grain. The international trade of grains, oilseeds, pulses and other agribulks used in food, feed and for further processing plays a major role in feeding the world's growing population by moving goods from areas of surplus into areas of deficit. The grain trade is a key economic driver and a crucial component of world food security.

Grain has been traded in large volumes for centuries. Today, the international grain trade is well-developed and highly globalized, using sophisticated infrastructure to provide safe, high volume, affordable, competitive, timely, predictable, responsive, and resilient supply. Central to this is "fungible" supply, meaning that most grain is treated as interchangeable from multiple points in exporting countries to multiple points in importing countries for a variety of end uses.

Crop production methods have a significant impact on trade and marketing of agri-bulks and derived products. Innovations in plant breeding may allow for faster and more precise results, with significant potential to help overcome limitations of traditional breeding and enlarge the portfolio of available and traded products worldwide.

Plant breeding innovation, like the trade of the products it enhances, makes an important contribution to contemporary food security challenges such as the need to provide more food and energy for an ever-growing population in a sustainable fashion, using less land, water and resources in a changing climate.

In light of use and availability of new breeding technologies, the global grain trade faces new and expanded challenges largely related to meeting regulatory and customer requirements. For instance, while new plant varieties developed with the help of certain methods may be

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exempt from regulation in one country, they may be subject to regulation in another country or, as in most cases, there remains a significant level of uncertainty.

This regulatory uncertainty is of great concern for the agri-food supply chain. For the grain trade and the world's food, feed and processing industries in particular, it is a threat to reliable trade and adequate fungibility of plant products which are needed to provide for global food security and economic well-being. Regulatory decision making on product safety should be grounded in sound-science to promote transparency and regulatory alignment across national authorities.

Regulatory coherence

Worldwide regulatory coherence is of paramount importance to enable trade to continue efficiently and without facing hurdles. This principle is valuable and necessitates the highest attention: authorities across the globe are gradually taking their stance in relation to plant breeding innovations, including their scientific and regulatory classification.

A certain lack of compatibility among trading partners is already emerging, posing trade concerns due to the intrinsic characteristics of bulk commodity operations. Indeed, the trade in grains and oilseeds is tied inextricably to global sourcing to achieve a sustainable supply of these basic commodities.

Traceability Considerations for Grain – Providing for adequate a Fungiblity whilst meeting regulatory and customer needs

The overarching goal of the global grain marketing system is to provide a safe, reliable and resilient supply of grain that meets the full spectrum of individual buyer needs and intended uses. The same kind of grain will be purchased by many different users with unique end-use needs. Since users frequently require different quality specifications, the job of grain merchants and handlers is to match an individual user's needs with available supplies.

Buyers and sellers of grain may agree to any set of factors, characteristics, and conditions of shipment they desire, provided the conditions are achievable at an acceptable cost. While the grain trade successfully delivers on a wide range of customer needs, the overall efficiency and cost effectiveness of the system relies heavily on the uniformity of the vast majority of the grain being traded. Additional contract specifications are the exception, not the rule.

Fungibility is a key attribute of efficient supply chains that provide affordable food and other products to consumers. Fungibility is the ability to interchange grain, oilseeds and other agri-bulks that are produced in multiple locations, at multiple times, to optimize transportation, handling, and value preservation while meeting customer needs. Fungibility simplifies the trading process, ultimately helping to keep costs as low as possible for consumers.

Grain handlers will combine and commingle grain in bins, often with limited segregation based upon quality traits. The grain is then loaded into trucks, railcars or barges and transported to facilities where it is combined with more grain from other regions prior to export.

Many hundreds of crop varieties are introduced to farmers around the world, every year. Varieties that produce the same type of grain (e.g., yellow dent corn), are adapted in different ways to best serve the farmer's geography, climate, pest pressures and production practices (e.g., yellow dent corn hybrids with different days to maturity). The grain in a large vessel (holding the equivalent of 2000 truckloads) would have been grown by many farmers, in different regions, using different seed varieties.

The ability to blend grain from different farms and regions to achieve a uniform product is a key element of the grain handling system. Universal process changes that would reduce the grain system's efficiency in the pursuit of new segregation or traceability standards would generate higher costs for end users, and ultimately, consumers.

Complexities or inefficiencies introduced into the system would result in a reduction in welfare for both buyers and sellers throughout the value chain. While specific needs related to NGTs can be discussed between buyers and sellers, we would urge that government regulations ensure that the needs of the majority of buyers can be met within the current grain handling system.

A number of questions in the EU's NGT consultation refer to the traceability of NGT products, and transparency for operators and consumers. Although the specifics of how these areas may take effect are not discussed, there are both strengths and limitations in the global grain handling system that may be relevant for EU policy makers to consider.

Policies that would require information about each individual variety, hybrid or cultivar of a certain crop present in the grain supply, or in each container, rail car or vessel of grain, will reduce the ability to match production with demand, for instance providing for an acceptable substitute when adverse weather limits supply. Ultimately the reality of limits and constraints on production mean adequate fungibility must be preserved.

The reason grain value chains are not currently providing variety-level information of the type that would be needed for communication of the sustainability benefits of the specific NGT varieties used for most food products is closely tied to the necessity of variable degrees of substitutability of supply in local, national, regional and global sourcing of grain. The reliability and responsiveness provided by adequate fungibility in grain supplies is fundamental to providing for food security and environmentally sound production and marketing of grain.

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Flexible and voluntary policies would allow grain buyers and sellers to continue to discuss specific needs, including those related to NGTs, and how they can be met. The efficiencies of the global grain handling system must be preserved in support of global food security.

Witness this July 2022.

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[redacted]

Cc: [redacted]

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