



Press Release

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Major economic consequences from the moratorium on genetically modified crops

A study within the social research program of the Flanders Interuniversity Institute for Biotechnology (VIB) indicates that Europe has missed out on hundreds of millions of euro through the ban on genetically modified (or transgene) crops (GMCs). The researchers, Matty Demont and Prof. Eric Tollens, base their findings on two case studies. From their investigations, they have concluded that the present situation – in which transgene sugar beets are barred – is not economically rational. Their study of the current cultivation of transgene corn in Spain shows that it clearly yields a profit for the Spanish farmers.

The brochure 'Genetically modified crops: economic impact on the European Union and the world' summarizes the study's results. You can download this brochure via the website www.vib.be (only available in Dutch).

Agricultural innovations cannot be separated from their institutional, socio-economic, and political context. This is true as well for genetically modified crops, which have been cultivated commercially since 1996. In 2002, these crops were being grown on nearly 60 million hectares (an area about the size of France), primarily in the USA, Canada, Argentina, China, and South Africa. In the European Union, genetically modified corn has been grown in Spain, but only on a limited scale (25,000 hectares). **Matty Demont** and **Eric Tollens**, researchers at the Catholic University of Leuven, investigated what economic advantages and/or disadvantages Europe and other countries have been missing through the *de facto moratorium* on GMCs.

In order to estimate the consequences of the ban on transgene sugar beets in the period from 1996 to 2000, the researchers used a simulation model that takes various factors into account, such as agricultural policy, the cultivation data of sugar beet, and the technology subsidy for transgene crops. This study revealed that, by not choosing to grow transgene sugar beets, the Belgian sugar beet growers have missed out on approximately €15 million during this five-year period, and that worldwide up to €1 billion could have been earned by cultivating these sugar beets. Of course, Demont and Tollens also investigated the potential disadvantages of producing these GMCs: the study showed that the anticipated disadvantages are less significant than the calculated advantages.

For the study of the genetically modified corn in Spain, the researchers relied on known facts. Cultivation of the corn – which is able to cope with a certain kind of insect (the sunflower stem weevil) – is working out well for the Spanish farmers. All told, over the 25,000 hectares of cultivation surface area, they gain €1.7 million annually. Their profit is attributable to higher yield and lower cost from reduced use of pesticide. The biotech industry also reaps an annual profit of €0.5 million. So, for this application, 75% of the profits go to the farmers and 25% goes to the biotech industry.

Demont and Tollens conducted this study as part of VIB's social research program. Within the terms of the first management agreement with the government of Flanders, VIB received an assignment to develop a large social research program, with the aim of studying relevant social questions in areas that will become more and more important in the future. The 7 projects that were selected for the program ran for 2 to 4 years, all of them having started in the course of 1999. This part of VIB's activities has not been retained in the second VIB management agreement, but reports are still coming out of these projects.



Note to the Editor:

VIB, the Flanders Interuniversity Institute for Biotechnology, is a research institute where 800 scientists conduct gene technological research in a number of life-science domains, such as human health care and plant systems biology. Through a joint venture with four Flemish universities (Ghent University, the Catholic University of Leuven, the University of Antwerp, and the Free University of Brussels) and a solid funding program for strategic basic research, VIB unites the forces of nine university science departments in a single institute. VIB also manages an extensive patent portfolio and distributes scientifically substantiated information about all aspects of biotechnology to a broad public.

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