



November 6, 2023

Panel for United States Automotive Rules of Origin (USA-MEX – 2023-31-01)

TMEC Secretariat

Mexican Section

Pachuca No. 189, 17th floor

Colonia Condesa, Demarcación Territorial

Cuauhtémoc

C.P. 06140, Mexico City

### **Request by a Non-Governmental Entity to Submit Written Views**

Dear Members of the Panel:

Farm Action hereby submits an application seeking leave to file written views that may assist the panel in evaluating the submissions and arguments of the disputing Parties in the dispute, “Mexico - Certain Measure concerning genetically modified corn” (USA-MEX – 2023-31-01).

Farm Action is a U.S.-based, farmer-led, non-profit 501(c)(3) research and advocacy organization dedicated to building fair competition in rural America. Farm Action is funded through private foundations and individual donors and has no relationship, direct or indirect, with either party involved in this dispute. Farm Action will receive no assistance in preparation of its application for leave or its submission.

Farm Action’s policies are guided by our network of independent farmers across the United States. Over the past several decades, U.S. policy has driven agriculture industry consolidation, resulting in the loss of hundreds of thousands of farms.<sup>1</sup> This has come at a great cost to our country’s rural communities: their wealth extracted by corporations, once-vibrant and thriving towns now face plummeting populations and skyrocketing levels of poverty.<sup>2</sup> Our work seeks to reverse these trends by confronting the corporate control of our food and farm system and creating opportunities for independent farms to prosper and succeed.

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<sup>1</sup> USDA ERS. (2023). “Farming and Farm Income.” Available at:  
<https://www.ers.usda.gov/data-products/ag-and-food-statistics-charting-the-essentials/farming-and-farm-income/#:~:text=In%20the%20most%20recent%20survey,million%20acres%20ten%20years%20earlier.>

<sup>2</sup> Stofferahn, Curtis W. (2006). Industrialized Farming and Its Relationship to Community Well-Being.

Farm Action represents a perspective that has been excluded from this dispute. Consolidation of our food and farm system has eroded farmers' market opportunities. The U.S. position in this dispute fails to consider the potential benefits a more diversified market offers U.S. farmers, should Mexico succeed in enacting its ban of GM corn in nixtamalization and flour: the Tortilla Corn Ban. Farm Action is concerned that the U.S. position in this dispute has put the interests of seed and agrochemical corporations ahead of U.S. farmers.

Mexico is the second largest importer of U.S. corn,<sup>3</sup> and Mexico's 2020 decree announcing the intention to phase out GM corn and glyphosate signaled a tremendous market opportunity for non-GM corn production in the U.S.

At that time, the United States Department of Agriculture (USDA) should have begun investing in supply chain infrastructure, technical assistance, and seed availability to ensure U.S. farmers were prepared to sell into this new market. U.S. farmers who produce non-GM corn have reported promising financial returns, including higher premiums<sup>4</sup> and improved net profits.<sup>5</sup> If the U.S. shifted 180,000 acres (0.2% of its corn acreage) of GM corn to non-GM, it would generate \$7.75 million in additional premiums for U.S. farmers and successfully meet Mexico's shifting needs.<sup>6</sup>

Instead, the U.S. government has adamantly opposed Mexico's decree, claiming that it is defending U.S. farmers. It is our belief, however, that this opposition primarily protects the major seed and agrochemical corporations who would have the most to lose if a substantial number of American corn farmers were to shift to non-GM production.

The group of corporations controlling the GM corn, glyphosate, and agrochemical markets is small but powerful: Four corporations control 65% of agrochemicals,<sup>7</sup> and just two control 70% of all GM corn seed in the United States.<sup>8</sup> Internal government documents demonstrate that seed and

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<sup>3</sup> United States Department of Agriculture Economic Research Service. U.S. Corn Exports in 2022. Available at: <https://fas.usda.gov/data/commodities/corn>. Accessed November 5, 2023.

<sup>4</sup> Hoorman, James. 2021. GMO Versus Non-GMO Crops. Ohio Country Journal. Available at: <https://ocj.com/2021/05/gmo-versus-non-gmo-crops/>. Accessed November 5, 2023.

<sup>5</sup> Fulton, Kevin. 2022. Regenerative Farming Makes Sense...And More Importantly, Dollars. *Progressive Farmer*. Available at: <https://www.dtnpf.com/agriculture/web/ag/columns/letters-to-the-editor/article/2022/11/16/regenerative-farming-makes-sense>.

<sup>6</sup> Mexico currently imports 15M metric tons (~590 million bushels) of corn from the U.S. per year (see: <https://fas.usda.gov/regions/mexico>). Over the past five years, white corn has accounted for 3.6% to 7% of total U.S. annual corn exports to Mexico (see: <https://www.oklahomafarmreport.com/okfr/2023/07/28/mexico-an-important-trade-destination-for-u-s-corn/#:~:text=To%20reiterate%20this%20point%3A%20the,exports%20to%20Mexico%20each%20month!>). Assuming ~ 5.3% of the 600,000 million bushels imported will be white corn, then we need to shift sufficient acreage to produce 31 million bushels of corn. The average acre of corn in the U.S. yields 177 bushels per acre (see: <https://www.nass.usda.gov/Newsroom/2022/01-12-2022.php>). Thus, we must shift ~180,000 acres from GM corn to non-GM white corn. In 2023, the U.S. planted 94 million acres in corn (see: <https://www.nass.usda.gov/Newsroom/2023/06-30-2023.php#:~:text=WASHINGTON%2C%20June%2030%2C%202023%20E2%80%93,the%20Acreage%20report%20released%20today>.) This equates to a 0.2% shift in corn acreage to meet Mexico's decrees. At an average per/bushel premium of \$0.25 for corn (see: <https://www.dtnpf.com/agriculture/web/ag/columns/letters-to-the-editor/article/2022/11/16/regenerative-farming-makes-sense>), this equates to \$7.75 million in additional premiums for U.S. farmers.

<sup>7</sup> Hendrickson, Mary, Philip Howard, Emily Miller, and Douglas Constance. 2020. The Food System: Concentration and Its Impacts. Available at: [https://farmaction.us/wp-content/uploads/2021/05/Hendrickson-et-al.-2020.-Concentration-and-Its-Impacts\\_FINAL\\_Addended.pdf](https://farmaction.us/wp-content/uploads/2021/05/Hendrickson-et-al.-2020.-Concentration-and-Its-Impacts_FINAL_Addended.pdf)

<sup>8</sup> Maisashvili, Aleksandre, Henry Bryant, J. Marc Raulston, George Knapek, Joe Outlaw & James Richard. 2016. Seed prices, proposed mergers and acquisitions among biotech firms. *Choices*, 31(4), 1-11. Available at: [https://www.choicesmagazine.org/UserFiles/file/cmsarticle\\_540.pdf](https://www.choicesmagazine.org/UserFiles/file/cmsarticle_540.pdf). Accessed November 5, 2023.

agrochemical giant Bayer (which owns Monsanto) pressured Mexico into dropping its glyphosate ban.<sup>9</sup> A transition of 180,000 acres to non-GM corn would loosen seed corporations' control over those acres and impact their market. More troublingly for them, this transition would open the door to a much larger issue: should Mexico decide to ban all GM corn — including yellow feed corn — much more acreage would be planted in non-GM corn, imperiling their market position.

Farm Action has been working to educate the public in this matter. We have also advocated to the USDA and Congress for policy changes that redirect our resources in support of U.S. farmers, instead of funneling them into a short-sighted and misdirected opposition to Mexico's GM corn ban. Farm Action communicated these concerns in a letter<sup>10</sup> sent to U.S. Secretary of Agriculture Tom Vilsack on December 22, 2023.

We would greatly appreciate the opportunity to submit a leave to file so that we can ensure the interests of independent farmers across the United States are represented in this trade dispute.

Sincerely,



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<sup>9</sup> Gillam, Carey. 2021. Revealed: Monsanto owner and US officials pressured Mexico to drop glyphosate ban. *The Guardian*. Available at: <https://www.theguardian.com/business/2021/feb/16/revealed-monsanto-mexico-us-glyphosate-ban>.

<sup>10</sup> Press Release: Farm Action Letter to USDA: Mexico's GM Corn Ban is a Market Opportunity for U.S. Farmers. December 20, 2022. Available at: <https://farmaction.us/2022/12/20/farm-action-letter-to-usda-mexicos-gm-corn-ban-is-a-market-opportunity-for-u-s-farmers/>