

**Genetically Modified Wheat Still
Risky One Year after Monsanto Shelves Plan
Update Says European and Asian Consumers Still Not Round-up Ready**

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BILLINGS, MONT. – Prospects for introducing genetically modified (GM) wheat in the U.S. haven't improved since Monsanto shelved its research and development plans one year ago, according to Dr. Robert Wisner, a leading grain market economist.

Introduction of genetically modified wheat in the U.S. still risks the loss of one-fourth to one-half of U.S. hard red spring and durum wheat export markets and up to a one-third drop in price, according to the latest update of an October 2003 report, Market Risks of Genetically Modified Wheat, released today by the Western Organization of Resource Councils (WORC). Dr. Wisner is the University Professor of Economics at Iowa State University.

“One year after Monsanto's decision, consumers in Europe and Asia remain resistant to GM crops,” said Todd Leake, a wheat grower from Grand Forks, N.D., and WORC spokesperson. “Introducing GM wheat would open the door for our competitors to take more of the export market and depress prices paid to U.S. wheat growers.”

The report covers policy changes, trends, and other developments that may affect market risk, including:

- Some European Union (EU) policies on GM crops and food are changing, but so far, consumer attitudes have not.
- Ten central and eastern European nations joined the EU, increasing the number of countries with food labeling programs. Labeling allows consumers in these countries to show their preferences about GM food to food companies, wheat producers and to the seed industry.
- Syngenta is developing fusarium-resistant GM wheat, but may not release it for six years or more. Consumers overseas may be as resistant to Syngenta's GM wheat as to Monsanto's.

Monsanto developed GM hard red spring wheat to resist the commonly used Round-Up® herbicide. The company indefinitely postponed release of its GM wheat in May 2004, compelled by the market resistance documented by Dr. Wisner's original report. In that report, Dr. Wisner found:

- A large majority of foreign consumers and wheat buyers do not want GM wheat. At least 37 countries had mandatory labeling programs for food with GM ingredients as of October 2003.
- Commercialization of GM wheat in the U.S. now or in the next few years would create a high risk of loss of one-third to one-half of U.S. hard red spring and durum wheat exports.

- The European market for U.S. hard red spring and durum wheat likely would be lost completely.
- Hard red spring and durum wheat prices could fall by one-third, to feed wheat levels.
- Increased government program payments would only partially offset lower wheat prices.
- Plummeting prices would lead to lost wheat acreage, loss of revenue to farm-related and rural non-farm businesses, and falling local and state tax revenues.
- Market risks for GM wheat are substantially greater than for GM corn and soybeans. Unlike wheat, most corn and soybeans are fed to livestock or processed into oils and sweeteners. The U.S. share of world exports is much smaller for wheat than corn or soybeans, and domestic demand for corn (unlike wheat) is growing rapidly. The issue is consumer acceptance. Consumers are the driving force in countries where food labeling allows choice. Governmental approval does not guarantee consumer acceptance.

WORC is a regional network representing farmers and ranchers in Colorado, Idaho, Montana, North Dakota, Oregon, South Dakota, and Wyoming.