Genetically Modified Soya in Food Aid Programmes

Elizabeth Bravo
Acción Ecológica

Genetically Modified Soya in Food Aid Programmes

Introduction

On the 10th of January, 2000, a ship called Frina reached the Ecuadorean coast with a shipment of genetically modified soya. This same shipment was due to be unloaded at the port of Guayaquil. The soya was entering the country as part of a food aid programme (the PL480 programme) from the USA. Fortunately the ship was unable to unload the consignment as expected, as an action was being conducted by air, sea and on land by a number of environmental and rural organisations campaigning against the importation of the donated soya.

Although the above may appear to be anecdotal, it is a story that is repeated throughout most countries of the so-called Third World. Each year, the US Government sends out thousands of millions of tonnes of genetically modified food to Third World countries in the form of food aid programmes.

Member countries of the OECD[1] are required to invest 0.7% of their budget to official aid for Third World development. Each country has its own policy relating to the management of this aid. The USA has food aid as one of the components for development.

Food aid provides a mechanism for the USA to dispose of its agricultural surplus, and an opportunity to find new markets for its products, as well as a way to have some degree of political influence in other countries.

Food aid is an important tool in market growth and it has helped to establish agricultural products that would not have been accepted by any other means. Through food aid programmes, the risk carried by US agricultural policies is managed – for example, the promotion campaigns for the large-scale use of genetically modified seeds, a policy which is rejected by a wide sector of consumers – and the risk is passed on to consumers who, because of necessity or lack of knowledge, receive "help" through these programmes.

---

[1] OECD, the Organisation for Economic Cooperation and Development. Its members are made up of the richest countries in the world and include the USA, Canada, the European Union, Japan, Australia.

Food aid programmes from the USA are[2]:

PL 480 Title I. Authorises the sale of North American agricultural products to developing countries, by means of long-term, financial concessions provided by the US Department of Agriculture's Commodity Credit Corporation (CCC). These products are sold in the market of the target country.

PL 480 Title II. Provides donations of emergency food aid for development projects. Donations are administered by North American voluntary organizations or agencies from multilateral organisations such as the United Nations World Food Programme.

PL 480 Title III. Aimed at countries suffering extreme poverty. These are countries in which annual per capita income is under US$ 635. This type of aid is normally administered by the US International Development Agency (AID).

Section 416 (b) of 1949. Donates agricultural surplus to developing countries and friendly countries.

Food for Education Program. Exports agricultural surplus to food aid projects in schools and pre-school institutions in the Third World. This is a USDA programme.

Food for Progress. Authorised in 1985 to stimulate and support the growth of privately-owned companies in target countries, and provides help to implement democratic and market reforms.

The Commodity Credit Corporation (CCC). is a financial institution belonging to the US Government, which was created in 1933 to protect and support farmers' incomes, the prices of agricultural produce, and to subsidise agricultural products destined for export from the USA. The CCC can buy, sell, provide loans, make payments and carry out other activities that aim to increase production, stabilise prices, assure there is adequate demand, and facilitate an efficient trade in agricultural products.

Among the beneficiaries of the food aid programs are the mediators who create costly international bureaucracies and who receive a high percentage of the aid. These include the companies in charge of produce commercialisation who also manage the international trade in grain, the shipping companies, and the producers from the USA.

[2] See http://www.fas.usda.gov

The World Food Programme (WFP)

This is a United Nations programme focusing on food distribution to countries in need. The main bulk of the aid comes from the USA, and for this reason it has a great deal of influence on the policies of the programme. For example, the programme director is always selected by the USA.

Donations consist of money, food, or non-food products. The money is used to buy food, to pay for transport costs and to pay for the WFP administration costs in each country. Administrative costs can be very high, but there is no specific information about these, as the programme is part of the United Nations and therefore is not subject to audits or accounting procedures.

The WFP has issued some guides relating to food aid and genetically modified food. These give assurance that donations conform to international standards and regulations, and only foods that have been approved in their country of origin as safe for human consumption are donated. However, it adds that neither the WFP, the WHO or the PMA have any scientific evidence that genetically modified food has a negative effect on human health and, for this reason, they will continue to accept donations of genetically modified food. If a contributing country does not want their money to be spent on genetically modified food, the WFP will respect their request.

The document adds that countries wishing to make changes in policy regarding the acceptance of donated food can contact the WFP for advice although, it continues, the WFP has no authority to provide legal advice on how to regulate on food imports.

The WFP should be informed when a change of regulation takes place, so that discussions can take place with the receiving country on how the change in policy might impact on food donations.

Soya in the USA

The USA is the main global producer of soya. 88% of the soya that is traded globally is destined for the production of oil. The by-products are made into a paste and used for forage. 25% of oil for human consumption traded on the world markets comes from soya.

The major exporters of soya and other grains are organized through the NAGEA (North American Grain Export Association). Their mission is to promote and develop the export of grain and oil-producing crops from the USA, because of this the organization has a great deal of influence in commercial policies outside the USA.

The world soya market is dominated by four companies. Three of these are from the USA: ADM, Bunge and Cargill. The fourth company, Louis Dreyffus, is French. These companies buy soya in order to sell oil and flour to animal fodder and to detergent and chemical manufacturers. These companies control 43% of Brazilian oil production and 80% of the European Union. The three North American companies also control 75% of the soya market in USA. This means that regardless of who produces the soya, these four companies are the only ones making profits out of the soya industry.

ADM can be found at every step of the soya production chain. The company processes all soya derived products. They also import and export soya, and they are the most important manufacturer of soya lecithin. ADM controls a worldwide network of silos and grain elevators. Bunge is the world´s largest soya oil processor. Cargill has its own control within the nutrition sector through operations in 23 countries and controls of 33% of soya exports from the USA.

These companies also take part in the food aid programmes. Through the government agency USAID, these companies receive contracts that are worth of hundreds of millions of dollars each year. ADM and Cargill may even administer up to a third of all the US food aid contracts.

Soya in food aid

At the present time, South America is the world´s biggest soya producer. A high proportion of the soya produced is genetically modified, which is why the biotechnology companies call it "The United Soya Republic". This geopolitical scenario was created by President Lula da Silva through his use of provisional measures to legalise genetically modified crops. This accelerated the legalisation of genetically modified soya in Paraguay, whose market is linked to the Brazilian market. Because of this, the main sources of soya from the international market are genetically modified.

This favours North American producers as they will no longer have to compete with conventional Brazilian soya in a market that does not want genetically modified crops, but this creates a surplus of soya on the world

market. There is a conflict of interests between soya producers in the USA who sell soya as a commodity, and the seed companies whose interests are to sell seeds to their competitors. This explains the increasing subsidies given to soya producers in the USA.

One way of providing subsidies is through food aid, which transforms soya into one of the preferred products for food aid programmes. The inclusion of soya in food aid is not a new development. The USA depended on imports of fats until World War 2, when the war impeded the import of goods. This brought about the expansion of the US soya industry. The number of processing plants for soya oil increased and the powerful American Soya Association (ASA) was created.

At the end of the war, there was a surplus in soya production. This surplus was used in US food aid programmes sponsored by the United Nations, particularly the World Food Aid Programme. Soya was exported as flour, but this was not enough to deal with the surplus within the soya sector.

At this point in time the American Soya Association- ASA began an intense lobbying campaign that culminated in a triumph when Congress removed the barriers for the margarine. The USA changed from being a net importer of oil to an exporter.

In 1954 the PL480 programme (known as "Food for Peace") was approved, and through this, the government provided subsidies to the private agricultural sector, although the funds were meant for agricultural products in developing markets. This was made possible through the FAS (Foreign Agricultural Services) an office specifically set up for this purpose within the Agricultural Department.

In 1956 the ASA and the FAS had already signed a contract to develop markets in Europe and Japan. The PL480 is still working to this day, and buys surplus agricultural production from the USA and exports it to the Third World through its different food aid programs or preferential loans.

The ASA continues to put pressure on the US Congress to raise the quotas for soya exports through food aid programs. They accompany official delegations in key international negotiations, such as discussions as to whether food aid programs should or should not follow the rules of conduct laid down by the WTO, and they are also present at discussions on a number of free trade treaties negotiated between the USA and various countries around the world.

Even though genetically modified soya is mainly used for animal feeds, oils and processed products, and is not consumed in its original state, the US Government does not see a problem in soya being part of food aid programmes. They state that if Americans consume genetically modified soya, there should not be a problem if it is consumed by those receiving the donation. Nonetheless, it needs to be made clear that soya given as food aid is consumed in a different way, particularly when it is given to the most vulnerable sectors within poor countries, such as malnourished children, people suffering from HIV, etc.

Annex I provides a summary of all the countries that have received food aid based on soya, or its derivatives in 2005. This shows that 61 countries and two territories have been the recipients of this type of food aid. The majority of these countries imported vegetable oils. Given that the source of the oil is not specified, this might have been soya, maize or any other oil-producing plant. This has been included in the table. A large majority of the countries received a mixture of milled corn and soya, and others received a mixture of milled soy and wheat. Strangely, only three countries imported soya grain: Pakistan, North Korea and Cambodia; these three are Asian countries from which the crop originated.

The impacts of Food Aid

Although not all products that enter a country through food aid programmes are donations (the majority are loans), they have ominous effects on local producers, who are forced to compete with the subsidized products that enter the market through the US food aid programmes.

The impacts on the receiving country include the displacement of local products, compliance with US policy, loss of local productivity, loss of sources of employment, dependence on imported food and changes in eating habits. For example, until 1960, Ecuador produced sufficient wheat to satisfy internal demand. However, after receiving food aid through the "Alliance for Progress" programme[3], it imports 97% of the wheat it consumes (Salgado, 2002).

There are frequently discussions on whether food aid benefits the balance of trade in receiving countries, both in the short and long-term, since the country stops importing these goods. However, the food aid drives national consumption patterns towards a new structure of consumption based on the imported primary materials; and this generates a lower

[3] This programme was created by John F. Kennedy in the 1960s.

investment in national agricultural production, and a higher rate of taxes on the increasing imports (Prudencio and Velasco, 1987)

Different eating habits are also adopted. The majority of donated food is in the form of processed products, and the capacity for processing in most of the receiving countries is based on imported raw materials; therefore national consumption is being driven towards products with a high content of imported raw materials. Every day more is imported, which implies a drain on financial resources, thereby leaving less to invest in national agriculture (Ramos, 2002).

Food aid programs complement other programmes, such as those driven by the Foreign Market Development Program (FMD). One of FMD´s objectives is to support its foreign partners to improve trials of North American products and to identify new markets for these. One of the main beneficiaries are the members of the ASA[4]. First, a requirement for soya is created by means of the food aid programs, and then local producers are taught how to process it. This is how new markets, based on dependence, are created.

An additional impact is that food aid has been inundated with genetically modified products. In the same way as the tobacco industry, companies trading with genetically modified food are now focusing on the countries of the South. More than two thirds of maize exported by USA goes to Asia and Africa, this same quantity used to be imported by Europe. And a high proportion of these exports (thousands of millions of tonnes) are made through food aid programmes.

Food aid and US international policy

The USA uses the food aid programmes to impose its external policies on receiving countries. This can be seen in countries that have been the focus of food aid during the last 40 years. During the war with Indochina in the 1970s, 70% of food aid went to Vietnam, Cambodia and Laos; during the 1980s food aid was focused on El Salvador (during their civil war), and on Egypt (as this country provided entry into the Middle East). Since then, countries that are implementing structural reforms leading to free markets have been favoured. During the 1990s aid has been directed towards Eastern Europe, to support the transition towards a market economy (Salgado, 2002).

---

[4] The American Soya Association received a fund of over 7 million dollars in 2004 from this programme alone.

In recent years, food aid has forced countries to accept International Monetary Fund and World Bank reforms, the effects of which are already being experienced in distant places the world over.

Once the North American war on Afghanistan had been initiated, the USA Congress approved a fund of $320 for food aid in this country and for Afghani refugees in neighbouring countries.

Food aid has also been used to destabilise certain policies. In Ethiopia, food aid programmes were used to dismantle the land ownership system of the State, in order to establish a system of private property. In order to acomplish this, small farmers were destabilized, giving access for the large landowners to occupy the land and cultivate crops for export. Recent statements describe a plan to plant a million hectares of *Jatropha* to produce biodiesel. It is important to establish the role of food aid in this action, and to be aware that the destruction of food production in Ethiopia signifies the end of a traditional system that has fed the Ethiopian population for the past 5.000 years.

With the implementation of the Colombia Plan, the USA increased the level of "food aid" to Ecuador. Today this is no longer the case. Annexe II allows us to appreciate that Colombia features among the countries that received food aid in 2005, in spite of experiencing high economic growth in the past few years. This is because Colombia is very closely allied to the external policies of the USA.

In the original framework of food aid distribution for 2005 it is clear that the country that received the most help was Sudan. This country has been living through a civil war for many years, and what is really at stake is the important oil reserves in the south of the country. Sudan has declared that they do not want genetically modified food as part of the aid package, and this has unleashed the annoyance of the USA. Food aid is particularly directed towards the population of South Africa that has links to the elite Arab populations of Northern Africa and who make a display of their political power. The USA has imposed sanctions on this country, but is hoping to negotiate with the groups in power in the south when the conflict in Sudan is resolved.

Genetically modified soya for the nutrition of infants.

In 2000, an important donation of soya oil and soya paste arrived in Ecuador and was sold in the national market by the World Food Aid Programme. The produce from the sale was used in a food aid programme

for infants and pregnant women on low incomes, particularly those from indigenous communities. The Programme anticipated the distribution of a soya-based formula, in spite of this being contraindicated for infants, due to its high levels of phyto-oestrogens.

Technical guidelines for this programme stated that only national soya should be used. In spite of this, imported soya from the USA was used, in the form of Nutrisoy as, according to some of the programme experts from the program, Nutrisoy had the adequate fat content for the "receiving" population.

On the 20th of February 2001, a judicial inspection of samples from the soya used in this program was carried out. After the appropriate genetic analysis had been carried out[5] it was revealed that 55% of the soya within the formula was genetically modified.

Results revealed that genetically modified soya had entered Ecuador in two different ways through the food aid programme: as oil and paste (as demonstrated by other results obtained in January 2000). This soya had been turned into money by being sold on the national market, and with the money obtained from this, genetically modified soya had been bought from the USA to distribute to children from socially disadvantaged backgrounds. Because these children have weaker immune systems, they are more exposed to the risks posed by genetically modified food. This "help" was provided to a country where negotiations were being conducted for the installation of a US military base on Ecuadorean territory to control drug trafficking in the region.

Because of protests from the whole population, all the State Departments who had any kind of responsibility within these progammes ordered that the product should be withdrawn. Later, the National Congress set up the "Food Security Legislation", which prohibits the use of genetically modified formulas or foods for infants. The legislation also established that food aid programs should be composed of food produced in the receiver country. These principles were implemented into a new Code for Health.

Soya solidarity in Argentina

An example of food aid incorporating soya can be seen in the "Soya Solidarity" programme. It is not part of the US aid programmes, it belongs to another important producer: Argentina.

[5] The analysis was carried out by Genetic ID, USA.

The programme was driven by the large soya producers and counted on the sponsorship of companies like CHEVRON (the oil company) as a response to the economic crisis suffered by the country at the beginning of this decade. The campaign proposed that each soya producer donated one out of every thousand tonnes produced, and that the transport and oil companies should collaborate in its distribution. This soya was donated to food kitchens, orphanages, hospitals, and community programmes. It reached approximately one million people, and the Catholic Church was a key player in its implementation.

The children who were the "beneficiaries" of this programme were consuming genetically modified soya containing very high levels of glyphosate and other pesticides. In a report by Joensen *et al* (2005), it was found that the children did not like eating the soya, as it was not part of their cultural diet, but also because it gave them stomach problems.

Conclusion

Whilst genetically modified foods are produced anywhere in the world, there will also be a market available for their sale through the food aid programs targeted from the USA towards the poorest countries in the world. As long as consumers from rich countries, such as Europe, Eastern Asia, and to some extent, the USA, are only interested in assuring that only their food, and even their animal feed is not genetically modified, and the GM problem is not seen as a global issue, the nations of the Andean regions, Central America, Southern Sahara, and occupied countries such as Iraq and Afganistan will be forced to take this food and incorporate it into food aid programmes for the most vulnerable populations.

Food aid that is out of context and disconnected from the realities and needs of a population generates negative social, economic, political and cultural impacts for local agricultural production and the environment, it causes erosion and loss of biodiversity, loss of traditional knowledge and food sovereignty. It undermines the management of individuals and the community, it is responsible for the rural exodus and unemployment, and promotes drastic changes in production models and traditional habits of consumption, thereby damaging the food sovereignty of the receiving country, and causing the destruction of production systems by creating a culture of dependence.

These programmes have also demonstrated that they are an effective way of introducing genetically modified foods and other foods which are rejected in their country of origin.

References

1. Acción Ecológica (2000). Alimentos Transgénicos ¿El plato fuerte de la ayuda alimentaria?, *en: Alerta Verde No. 97.*
2. Acuerdo entre el Gobierno de los Estados Unidos de América y el Gobierno del Ecuador para la donación de productos agrícolas bajo el programa Section 416(b). Agosto de 2000.
3. Bravo, E. (2002). Transgénicos en el programa PANN 2000, *en: Transgénicos y Ayuda Alimentaria. Memorias del II Encuentro Latinoamericano sobre Transgénicos*. Bravo, E. (ed.) Quito.
4. Bravo, E. (2005). Soya: Instrumento de control de la agricultura y la alimentación. RALLT. Acción Ecológica.
5. Defensoría del Pueblo. Acta de inspección de la Dirección Nacional de Derechos del Consumidor y los Usuarios de la Defensoría del Pueblo. Febrero de 2001.
6. Edwards, S. (2002). Ayuda Alimentaria ¿Aliviar El Hambre o destruir el Sistema de Tenencia de la tierra en Etiopía?, *en: Transgénicos y Ayuda Alimentaria. Memorias del II Encuentro Latinoamericano sobre Transgénicos.* Bravo, E. (ed.) Quito.
7. Gallardo, L. (2002). La donación de pasta de soya - El primer caso de resistencia a los transgénicos en el Ecuador, *en: Transgénicos y Ayuda Alimentaria. Memorias del II Encuentro Latinoamericano sobre Transgénicos.* Bravo, E. (ed.) Quito.
8. Genetic ID. (2001). GMO Analysis Report. Mi Papilla. Mayo.
9. International Crisis Group. (2002). God, Oil & Country. Changing the Logic of War in Sudan. ICG Africa Report N0. 39.
10. Joensen, L. *et al*. (2005). Argentina. A case study on the impacts of the genetically engineered soya. Gaia. London.
11. Palacios, S., Correa J. P. (2001). Carta dirigida al Defensor del Pueblo del Ecuador. Mayo.
12. Prudencio, J. (1994). Alimentarse en Bolivia.
13. Prudencio, J. Velasco, M. (1987). Mujer y donaciones de alimentos. CERES-PMA. La Paz
14. Ramos, María Luisa (2002). La ayuda alimentaria y la política estadounidense en Bolivia, *en: Transgénicos y Ayuda Alimentaria. Memorias del II Encuentro Latinoamericano sobre Transgénicos.* Bravo, E. (ed.) Quito.
15. Salgado, W. (2002). Ayuda Alimentaria o Ayuda a las Exportaciones. Ecología Política No. 22. ICARIA Editorial. Barcelona.
16. http://agriculture.house.gov/glossary/commodity_credit_corporatio_ccc.htm
17. http://www.fas.usda.gov/food.aid
18. http://www.soyasolidaria.org
19. http://www.soygrowers.com/history
20. http://www.soyonlineservice.co.nz
21. http://www.wfp.org