

Viewing cable 06BRATISLAVA375, NEW GMO LAW LOOKS GOOD, SO FAR

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Reference ID	Created	Released	Classification	Origin
06BRATISLAVA375	2006-05-11 09:08	2011-08-30 01:44	UNCLASSIFIED	Embassy Bratislava

VZCZCXYZ0021
RR RUEHWEB

DE RUEHSL #0375/01 1310908
ZNR UUUUU ZZH
R 110908Z MAY 06
FM AMEMBASSY BRATISLAVA
TO SECSTATE WASHDC 9821

UNCLAS BRATISLAVA 000375

SIPDIS

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E.O. 12958: N/A
TAGS: [EAGR](#) [ECON](#) [ETRD](#) [SENV](#) [TBIO](#) [TSPL](#)
SUBJECT: NEW GMO LAW LOOKS GOOD, SO FAR

¶1. (U) Summary: Slovakia adopted new "co-existence" legislation for genetically modified organisms in April 2004, and is now in the process of drawing up regulations to enforce the new law. The law will enable the Ministry of Agriculture to establish conditions for growing genetically modified crops, which would permit commercial planting in the near future. Monsanto, which is currently testing its GM corn in Slovak test fields, hopes to be able to use this law as a springboard for commercial production of genetically modified crops in 2007. Pioneer Hybrid, which is not yet in the test field stage, hopes to enter the local GM market shortly thereafter. The new law is vaguely worded at many points, however, which leaves open the possibility that GOS regulators may issue guidelines that significantly restrict GM production. In any case, the potential market for genetically modified agricultural production in Slovakia appears to be limited in the near future.

The Law

¶2. (U) On March 16, the National Assembly passed, by a margin of 86-18 with 23 abstentions, new co-existence legislation for genetically modified organisms. The legislation was published in April, and officially takes effect on June 1. The new law updates the existing GM law of 2002, which established standards for assessing the safety of new GMO products but did not set up a regulatory framework for

planting. Without regulatory guidance under the 2002 law, planting GMOs had not been expressly illegal but was non-viable in practice. The new law authorizes the Ministries of Agriculture (and, to a much lesser extent, Environment) to establish specific conditions for growing genetically modified plants, including isolation distances, liquidation, cleaning standards, separate storage facilities, and other technical standards, using European Union recommendations as a benchmark. On some of these issues, the legislation clearly outlines technical standards, but in most cases there is no binding guidance, leaving the Ministry of Agriculture considerable leeway to set up regulatory procedures. Most major regulations are not expected to be finalized until after the June 17 elections, which makes it even more difficult to analyze the impact of the new law. (Note: The ruling coalition parties and Smer, the leading opposing party, all supported the legislation. GMOs are not a campaign issue.)

Reactions

¶3. (SBU) GM-producing seed and chemical companies support the new law in general, but express reservations about the implementation process. Local Monsanto representative Milusa Kusendova expressed to Emboff concern about the co-existence language, which requires the Minister of Agriculture to inform the public of all sites where genetically modified crops are grown. Ms. Kusendova believes this may be interpreted in such a way that the exact locations of agricultural fields will be publicly available, which may cause a security concern for farmers and the company. This year Monsanto is planting its first test fields for its MON810 version of BT corn -- three total, 10 hectares apiece, two near the Hungarian border in Komarno, and one in Eastern Slovakia. Ms. Kusendova has concerns about the Ministry of Agriculture regulators in general and would be more comfortable if Ministry of Environment Director of Biosafety Igor Ferencik had been given a greater role in the process.

¶4. (SBU) Both Monsanto and Pioneer Hybrid also were concerned about the set aside distances that may be proposed by the Ministry of Agriculture. They point to the Czech Republic's GM corn proposals -- 70 meter set asides from conventional crops, and 200 meter from organic -- as a cumbersome but reasonable compromise position. They feel, however, that there is considerable risk that Slovakia will adopt rules comparable to Hungary's draft position of 400 meter set asides from all crops. Set asides of that length would effectively make GM corn production impossible on most Slovak fields. Each company rep perceives that influence from Slovakia's anti-GMO neighbors Austria and Hungary is quite strong. Jozef Frco, the Pioneer representative, pointed out to Emboff that the Ministers of Agriculture and Environment are both members of the Hungarian party, SMK, and listen carefully to the opinions of their cousins to the south.

¶5. (U) Public reaction from GM opponents has been relatively mute. Greenpeace, with a rapidly growing membership in Slovakia, had been actively lobbying the government to

disallow commercial planting, but was not especially visible in protest of the new law. Apart from its basic philosophical objection to the new law, Greenpeace has criticized legislators for giving the Ministry of Agriculture too much leeway to establish set-aside distances without reasonable guidance and oversight -- a mirror image of the complaint made by Monsanto and Pioneer.

¶6. (SBU) Farmers and processors remain either unconvinced or uncommitted. Genetically modified crops have not yet been approved for human consumption in Slovakia, and, even if approved, food processors will remain wary of purchasing GM crops. Amylum Boleraz, Slovakia's largest processor of corn with over 220,000 tons of annual production, stated in April that it will not purchase any GMO-corn because it does not want to threaten consumer confidence in its sugar, children's nutritional, and pharmaceutical products. Farmers appear to be somewhat more open. On May 4, Ambassador Vallee visited several prominent farmers and asked them their views on genetically modified organisms. The general consensus was that they would be open to planting GM crops if they would indeed lead to lower pesticide usage and higher profit margins, and they believed that in the future they would be growing GM crops. At the same time, they seemed more resigned to the concept than enthused about it, and in no hurry to make the switch anytime soon.

Potential GM Market

¶7. (U) Farmers have several reasons for withholding judgment, among them an uncertainty about the potential market for their product. Since food processors will not be accepting GM crops anytime soon, the emerging biofuels industry appears to be the most logical place for much of Slovakia's 700,000 hectares of grain production. This is especially true since oil refiners are now required to include a 5% biofuel component in their fuels. In response, two major biofuel plants are in construction, including a plant in the western town of Leopoldov, owned by the Slovnaft subsidiary Enviral. When it opens in 2007, the plant will become the largest consumer of grains in Slovakia, processing the equivalent of 35% of Slovakia's corn crop. The company has expressed that GM crops are appropriate for biofuel production, and few observers expect any regulatory roadblocks to producing GM crops for biofuels. Slovnaft has already committed itself to securing 60% of production for its Leopoldov plant from Hungary, however, with a significant percentage also coming from the Czech Republic, leaving limited space open for local production.

¶8. (U) The market appears small from the GM distributor's perspective as well. Mr. Frco expressed doubt that food processors will be accepting GM anytime soon. The majority of Slovakia's 240,000 hectares of corn production is used for human consumption, whereas the majority of Slovakia's overall grain production is used for animal feed, biofuels, and other uses. This suggests that BT corn is not a particularly good fit for Slovakia's market needs at the moment. Seen from the

company's perspective, Slovakia is more important as a potentially positive model for GMO regulation in Europe than as a market for GMOs.

VALLEE