

## Viewing cable 08BUENOSAIRES1153, MONSANTO ARGENTINA PRESIDENT ON SEED ROYALTY ISSUE

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SUBJECT: MONSANTO ARGENTINA PRESIDENT ON SEED ROYALTY ISSUE

¶1. (SBU) Summary: Juan Ferreira, outgoing president of Monsanto Argentina, met with the Ambassador to say farewell prior to his new assignment to Europe and to thank the Ambassador for his support for Monsanto in dealing with the GOA. Ferreira noted a decision by the GOA to impose additional duties on Monsanto's pesticide imports from production plants in Brazil (the GOA is claiming that the Brazilian content is not sufficient qualify for Mercosur duty-free treatment) and Monsanto's strategy of focusing on ensuring adequate IPR protection for new GMO seed technologies that it hopes to introduce to the Argentine market in the future. Ferreira also discussed development of new agricultural technologies and the impact they will have on production in Argentina. Subsequently, Ambassador was able to support Monsanto's agreement with Chaco province to work with local cotton farmers on using biotechnology to improve production. End Summary.

¶2. (SBU) Ferreira requested the meeting with the Ambassador on July 22 to discuss Monsanto's domestic operations and to thank the Ambassador for the support and advise he has provided for Monsanto in its dealings with the GOA. Ferreira stated Monsanto has frequently been the target of the Argentine government and noted

that the most recent incident was the decision of the GOA to charge additional duties on Monsanto pesticide imports from its production plants in Brazil. The GOA is alleging that the Brazilian content is insufficient to qualify for duty-free treatment under Mercosur internal free trade rules. Ferriera stated that Monsanto is quite certain that it is complying with Argentine and Mercosur requirements and will be appealing the decision.

¶3. (SBU) Ferriera reviewed the ongoing dispute over payment of royalties for seeds using Monsanto's technology, including Round Up Ready seed varieties. He explained that Monsanto is continuing its revised strategy of focusing on the future and ensuring IPR protection for new technologies that it will be introducing in the future. Monsanto would like to see in Argentina a similar system to the royalty collection system now in place in Paraguay and Brazil. In both countries, producers are paying for the seed technology they are using and part of the money is being used to develop new technologies specific to those countries.

¶4. (SBU) Monsanto did not have high-profile discussions with the GOA on the royalty issue during the extended farm strike, but it has maintained contacts with farm organizations and provincial governors to build support for a system to ensure that suppliers are paid for introducing new technologies to improve production in Argentina. In response to the Ambassador's question about technologies that will be available if Monsanto can resolve the issue of royalties, Ferriera explained that new soybean seed varieties will allow Argentine producers to increase yields by 10 to 15 percent. Monsanto also has available technology for significantly improving yields for cotton varieties.

¶5. (SBU) Ferriera said that Monsanto was having good discussions with cotton producers expanding use of Bt cotton in Chaco province in the north of Argentina and helped to expand cooperation there. On August 12, Monsanto signed a cooperation agreement with the governor of Chaco province. Ambassador was able to support this effort in an op-ed carried August 13 in Chaco's leading daily and in conversations with the governor on this same day. Governor Capitanich was very enthusiastic about working with Monsanto to improve and expand local cotton production.

¶6. (SBU) COMMENT: The weak Argentine rules on IPR enforcement for seed varieties remain a significant impediment for U.S. companies that wish to introduce new seed technology in Argentina. The current emphasis of Monsanto on highlighting new yield-enhancing technologies that could be made available is an approach we support, as they work to build support for improvements in IPR protection in genetically modified seed stock. The Embassy agriculture section is currently working with Monsanto to organize the visit of a group of Argentine journalists to the U.S. to learn about new technologies and the importance of IPR protection. Ambassador will meet the journalists August 15. END COMMENT.

WAYNE