

PRESS RELEASE
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NO REASON FOR U.S. ALARM OVER MEXICO'S GM-CORN BAN

Industry-sponsored study overestimates the costs of Mexico's proposed phaseout of GM corn imports

Minneapolis—From January 9-10, Mexico and the United States will meet at a presidential summit to negotiate the timeline and scope of Mexico's ban on the cultivation of GM corn and mandated phaseout of GM corn imports and importation and use of the herbicide glyphosate. Feeding U.S. concerns ahead of the summit, World Perspectives, Inc. (WPI) in September released an economic modeling study that claims to show catastrophic impacts of the looming GM corn ban on U.S. and Canadian farmers and on Mexico's own food security. According to [new analysis](#) by economic researcher Timothy A. Wise, negotiators should discount the WPI findings, which inject an unrealistic set of assumptions apparently designed to generate large estimates of economic damage and rising hunger in Mexico.

In the policy brief, IATP Senior Advisor Wise points out that most reports on the WPI study failed to disclose that the original modeling was commissioned by CropLife International, the agrochemical industry trade association. That [March 2022 study was updated](#) in September to reflect market turbulence caused by the Russia-Ukraine war. While press accounts ascribed the new study to a "coalition of leading food and agriculture industry stakeholders in both Mexico and the United States," in fact, those "stakeholders" include CropLife and other agribusiness interests in the U.S. and Mexico. All have a strong economic interest in opposing Mexico's proposed restrictions on GM corn.

Wise's examination of the methodology and assumptions in the industry-sponsored modeling reveal that the researchers overestimate the costs of the ban in both the U.S. and Mexico by:

- treating the January 2024 GM corn ban as sudden, though Mexican President Andrés Manuel López Obrador first reported the move in a December 2020 presidential decree;
- treating the ban's deadline and scope as inflexible, even though the Mexican government has announced it will not ban feed corn imports, which represent the vast majority of U.S. exports, in January 2024 but will phase in any restrictions;
- underestimating U.S. producers' ability and willingness to respond to increasing demand for non-GM corn; many have expressed an interest in producing more non-GM corn;
- ignoring the Mexican government's funded effort to decrease import dependence by increasing its own corn production; those efforts are well underway and beginning to bear fruit;
- overestimating the yield advantages of GM over non-GM corn; seed industry sources confirm that yields are comparable;
- imputing high costs associated with segregating non-GM from GM corn in international supply chains; WPI offers no basis for such exorbitant estimates.

"Taken together," Wise concludes, "these flawed assumptions in WPI's industry-sponsored assessment of Mexico's GM corn restrictions act as growth hormones injected into a complex economic model to generate inflated estimates of high costs and lost output in the U.S. and severe food insecurity in Mexico."

He notes that WPI's huge up-front costs in the first years following the ban would be dramatically lower if markets are permitted to adjust to rising demand for non-GM corn from Mexico. With the Mexican government extending the deadline until 2025 or later for feed corn, there is little reason to believe that the long-term costs, after markets have adjusted, would be at all significant, a finding confirmed in a little-reported alternative scenario modeled by WPI.

"With the WPI study," Wise says, "CropLife and its agribusiness allies in the U.S. and Mexico seek to introduce uncertainty into North American corn markets, clearly hoping to disrupt what could easily be the relatively smooth and inexpensive emergence of a thriving non-GM corn sector in this country, a development that would please many U.S. consumers."

The U.S. government only adds to the market uncertainty with its threats to sue Mexico under the USMCA trade agreement. They do not have a case, according to a [detailed analysis of the Agricultural Biotechnology section of the agreement](#). In fact, the text of the Agricultural Biotechnology section is explicit: "This Section does not require a Party to mandate an authorization for a product of agricultural biotechnology to be on the market." [Art. 3.14.2]

The cataclysmic economic disruptions predicted by WPI rest on false and self-serving assumptions. As [IATP has argued](#), most economic costs can be easily avoided if Mexico's sovereign rights to determine its own standards for public health and the environment are respected and markets get the clear signals they need to adjust to the new demand for non-GM corn.

Notes to the editor:

Timothy A. Wise is a senior advisor at the Institute for Agriculture and Trade Policy and a Senior Research Fellow at Tufts University's Global Development and Environment Institute. His 2019 book, [Eating Tomorrow](#) (New Press), contains a full chapter on the controversies over GM corn in Mexico.