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Seed for 2000: GMO or No?

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Cornhusker Economics

Cooperative Extension

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
University of Nebraska – Lincoln

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Market Report	Yr Ago	4 Wks Ago	11/5/99
<u>Livestock and Products,</u>			
<u>Average Prices for Week Ending</u>			
Slaughter Steers, Ch. 204, 1100-1300 lb			
Omaha, cwt.	\$59.50	\$68.09	\$69.43
Feeder Steers, Med. Frame, 600-650 lb			
Dodge City, KS, cwt.	69.50	83.50	83.49
Feeder Steers, Med. Frame 600-650 lb, Nebraska Auction Wght. Avg.	*	89.28	87.31
Carcass Price, Ch. 1-3, 550-700 lb			
Cent. US, Equiv. Index Value, cwt.	97.77	107.94	108.04
Hogs, US 1-2, 220-230 lb			
Sioux Falls, SD, cwt.	20.08	32.75	31.50
Feeder Pigs, US 1-2, 40-45 lb			
Sioux Falls, SD, hd.	*	*	25.46
Vacuum Packed Pork Loins, Wholesale, 13-19 lb, 1/4" Trim, Cent. US, cwt.	81.30	102.20	95.50
Slaughter Lambs, Ch. & Pr., 115-125 lb			
Sioux Falls, SD, cwt.	58.40	*	70.00
Carcass Lambs, Ch. & Pr., 1-4, 55-65 lb FOB Midwest, cwt.	135.00	157.00	157.00
<u>Crops,</u>			
<u>Cash Truck Prices for Date Shown</u>			
Wheat, No. 1, H.W.			
Omaha, bu.	3.32	2.65	2.90
Corn, No. 2, Yellow			
Omaha, bu.	1.90	1.59	1.69
Soybeans, No. 1, Yellow			
Omaha, bu.	5.43	4.46	4.38
Grain Sorghum, No. 2, Yellow			
Kansas City, cwt.	3.33	2.66	2.74
Oats, No. 2, Heavy			
Sioux City, IA, bu.	*	1.09	1.15
<u>Hay,</u>			
<u>First Day of Week Pile Prices</u>			
Alfalfa, Sm. Square, RFV 150 or better			
Platte Valley, ton.	*	92.50	90.00
Alfalfa, Lg. Round, Good			
Northeast Nebraska, ton.	60.00	32.50	32.50
Prairie, Sm. Square, Good			
Northeast Nebraska, ton.	70.00	*	*
* No market.			

Public response to genetically modified organisms, GMOs, has prompted concern about the market for GMOs and non-GMOs. Proponents argue that GMOs are safe and consumers and producers will benefit from GMOs. However, all technology has some risk. The risks that opposition groups are concerned about are wide ranging. There is concern that gene transfer itself is undesirable and could have some unintended effects on the genetic material. Others have environmental concerns. Some of the opposition to herbicide-ready soybeans, for example, derives from a concern that additional herbicide may be used with GMOs. Similarly, Bt corn may have some negative effects on beneficial insects. There are counter arguments put forward by proponents, for example, that if Bt corn weren't available, insecticides would cause more damage to beneficial insects than will Bt corn, and that the risk of a gene insertion having negative results has to be weighed against the benefits of greater food production.

The primary negative response to GMOs has been in the export market. U. S. exports represent over 15% of the U.S. corn crop and approximately one-third of the soybean crop based on 1998 estimates. There is clearly a potential market for GMOs; on the other hand, more than one-half of the U. S. corn crop and more than one-third of the U.S. soybean crop is used for livestock feed. It seems highly unlikely the U.S. market would go entirely non-GMO to satisfy the non-GMO market. However, the grain trade is increasingly accommodating specialty grain and it would be expected to segregate non-GMOs if it is profitable to do so.

For the individual producer, important marketing questions are:



1. Will there be a local market for both GMOs and non-GMOs?
2. Will there be a price premium and contracts offered for non-GMOs?
3. What will the standards be to qualify as non-GMO?
4. What will be the production, handling and testing requirements to meet the non-GMO standards? Representing a crop as non-GMO also raises some legal questions.

The planting of GMOs in 1999, about one-third of the U.S. corn crop and over one-half of the soybean crop, indicates a perceived production advantage to GMOs. Although there is evidence of some sacrifice currently in yield potential with GMOs due to 1) the gene insertion, 2) herbicide injury with herbicide-ready crops, and 3) a lag in producing GMOs from the best genetic material, there are clearly situations where GMOs are superior. For example, GMO's can have an advantage where weed problems are difficult to control with conventional herbicides or where corn borer infestation levels are too low to cover the cost of treatment. However, where weed pressures are less and weeds are manageable with low cost conventional herbicides, non-GMO can be more profitable.

Given the uncertainty in the market, producers could benefit from making last minute changes in their seed. The disadvantage of putting off making a decision is that the preferred seed may have all been sold. The most cautious strategy would seem to be to watch for opportunities to contract non-GMO production at a premium. Identify fields that will be easiest to isolate from GMO planting and harvest, and that would be expected to benefit the least from GMO planting. Order non-GMO seed for those fields in a timely fashion while the preferred seed is still available. Similarly, identify fields that will benefit the most from GMO planting and that will be least likely to contaminate non-GMO planting. For example, some fields may have weed problems where a herbicide-ready soybean will provide the most effective control. In the case of Bt corn, the last planted fields will be most susceptible to second brood corn borer which is the most difficult to control with chemical treatment. Promptly order preferred GMO seed for production that will be fed to livestock and that has an assured market as GMO. Non-GMO seed could be ordered for the rest. As the planting season approaches, a switch could be made to GMO seed

where it is expected to be most profitable and when it is clearer that a market will be available. Check with your seed supplier on any problems that might arise in changing your order.

For more information on this topic, consider attending the American Soybean Association sponsored town hall meeting "Planting Decisions 2000" to be held at ARDC, Mead, on November 16, 8:30 - 11:30 a.m. Also, for a discussion of both corn and soybeans, see the University of Nebraska sponsored video conference "Ordering Seed for Year 2000: GMO or NO?" on November 29, 2 - 3:30 p.m. Check with your local Extension office for more details.

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