Consumer Price Impacts of Potential Mexican Restrictions on GM Corn:

AN ECONOMIC ANALYSIS

EXECUTIVE SUMMARY

Mexico's proposed ban on genetically modified (GM) corn would adversely impact food security in North America and raise the prices for consumers, particularly in Mexico. An economic analysis of the policy impacts includes the following:

IMPACTS ON FOOD SECURITY: The announced policy would exacerbate current food insecurity by drastically raising prices for corn, basic foods and other critical products derived from corn in the Mexican economy.

- The average cost of corn would increase 19%.
- In the first year of the ban, non-GM corn prices would rise 48% to $8.14/bushel and Mexico would pay an additional $571 million for imported corn.
- Tortilla prices would rise 16% on average.
- Price increases in corn protein, fiber, oil and thousands of processed foods distributed by tens of thousands of Mexican food retailers would all incur price increases.
- Presently, roughly 10% of the Mexican population lacks access to adequate food. Under the policy ban, this level is expected to double or triple in the nine poorest Mexican states, mostly in the south.

INFLATION: The expected 19% increase in corn costs would inflate the cost of most foods and other goods utilized by Mexicans.

- Price of corn is the single largest indicator of access to food for Mexicans in the lowest income decile who spend roughly 52% of their funds on food.
- Mexican livestock production would contract, declining by an average of 1.2% annually.
- Poultry production in Mexico would fall 17% in total while hog production would contract 13%.
- Beef and dairy sectors would see their industries' output fall 9% and 8%, respectively.
- For Mexico's poorest populations, prices could rise to the point that eggs become a luxury item which could cause the first drop in egg demand since 2017.
- Administering the policy to prohibit GM corn imports would entail an additional $1.056 billion in costs related to grain segregation, identity preservation and genetic testing of imports, and would be passed along to Mexican consumers.

ECONOMY: Mexico's GDP would fall by $11.72 billion over 10 years, and economic output would be reduced by $19.39 billion. There would be an annual loss of 56,958 jobs, which would reduce labor income by $2.99 billion.

IMPACTS ON FOOD SAFETY: Three-quarters of processed foods utilize the starch, protein, fiber or oil from corn to make them safer, more nutritious, tasteful, more durable and more affordable. Processed foods also provide consumers with greater variety and increased food security.

Corn is heavily used in processed foods because it has a long shelf life and is relatively inexpensive. The GM corn ban could disrupt the supply of these ingredients essential to food processing, and thus reduce the availability or increase prices of processed foods.

This study was conducted in September 2022, by World Perspectives, Inc., on behalf of food and agriculture groups in Mexico and the United States, including Mexico's National Agriculture Council, the U.S. Grains Council, the National Association of State Departments of Agriculture, the National Corn Growers Association, Biotechnology Innovation Organization (BIO), CropLife America, the Corn Refiners Association, Mexican Association of Feeders of Bovine Cattle Ac., Local Agricultural Association of Matamoros, AC, Association of Suppliers of Agricultural Products Mexico, AC (Appamex), Mexican Association of Seeds, AC (Amsac), National Association of Manufacturers of Food for Animal Consumption, SC (Anfaca), National Chamber of Industrialized Corn (Canami), National Council of Manufacturers of Balanced Food and Animal Nutrition, AC (Conafab), Crop Protection Science and Technology, AC (Proccyt), National Swine Unification, Ac (Opormex), Mexican Union of Agrochemical Manufacturers And Formulators, AC (Umffaac), Mexican Association of Food Producers, Ac (Amepa).