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Paraguay

Biotechnology

Paraguayan Framework Agreement in Support of Royalty Collection System

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Report Highlights:

Farmers in Paraguay have agreed to pay royalties to Monsanto for its genetically modified soybeans for the 2004/2005 crop year. This agreement could serve as a model for farmers in neighboring countries.

Includes PSD Changes: No
Includes Trade Matrix: No
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Background

Paraguay is the fourth largest soy exporter in the world and produces about 2 percent of the global soybean production. It is expected to produce 4 million tons in the 2004/2005 crop year. The United States is the largest soy producer in the world, followed by Brazil and Argentina. The Paraguayan Government (GOP) approved (in October 2004) four soybean varieties which contain the Monsanto's Roudup Ready genes (for planting and marketing).

Framework Agreement Signed in Support of Royalty Collection System

Paraguayan farmers agreed (on March 2nd) to pay royalties to Monsanto Co. for the use of its genetically modified soybeans for the 2004/2005 crop year.

Paraguayan farmers, as well as those in Brazil and Argentina, have used Roundup Ready soybean seeds for years without paying royalties. They will now pay \$2.82 per sack of seed which is enough seed to plant one hectare.

The agreement signed between Paraguayan farm lobby groups and Monsanto's Paraguayan branch, will be implemented sometime in March. The system will also assess royalties at grain delivery points, but a portion of those royalties will go to domestic crop research and germplasm improvement.

The system used to reimburse technology inventors is similar to the grain-based program that was implemented in southern Brazil this year. In Paraguay, this system was designed by a commission that included members of grower associations, grain handlers, technology providers, and seed companies.

As part of its commitment to Paraguayan agriculture, Monsanto plans to fund research and development projects agreed to by the government and agricultural providers that compare different technologies and germplasm across a range of growing regions throughout the country.

Brazilian farmers in the southern part of the country are paying royalties to Monsanto to use its soybean, while negotiations with farmers in Argentina are ongoing.