

THREE ESSAYS ON THE POTENTIAL ECONOMIC IMPACTS OF BIOTECH CROPS IN THE PRESENCE OF ASYNCHRONOUS REGULATORY APPROVAL

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ABSTRACT

Since their commercial introduction in 1996, genetically modified (GM) crops have been quickly adopted world wide, but some GM crops/varieties have not received regulatory approval for use in some importing countries, leading to asynchronicity in regulatory approvals. In this context, the international agricultural trade relied on analytical GMO testing which is a statistical process, along with identity preserved systems to segregate GM and non-GM crops. This led to a situation where measurement uncertainty became an important issue as it can lead to potential holdups at the point of import. In this background, the first essay examines the implications of measurement uncertainty associated with GMO testing on the behavior of importers and exporters in a game theoretic framework. In the second essay the market and welfare effects due to the trade disruptions from unapproved GM crops are analyzed. In the third essay the potential economic impacts from the introduction of a new GM soybean variety are analyzed. Based on the analysis, conclusions were drawn on the likelihood of various adoption scenarios, the possibility of trade disruptions, and the possibility of redistribution of innovation rents in the event of asynchronous regulatory approval of the new GM soybean variety.