UPDATE 2-EU buyers stop US soy imports after GMO corn found

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* EU buyers voluntarily stop imports of U.S. soy
* Shipments found with GMO varieties MON-88017, MIR-604
* Contaminated shipments were rejected, recalled
* Incidents reported in Spain, Germany

MADRID/WASHINGTON, Aug 6 - European Union buyers have voluntarily moved to stop imports of U.S. soy after shipments were found containing traces of genetically modified corn, a spokesman for the EU in Washington said on Thursday.

European trade sources said U.S. soybean meal shipments to Spain and Germany were found with traces of GMO corn, which is prohibited in the European Union.

"The industry has itself decided to stop all imports of U.S. soy, as of now," Mattias Sundholm told Reuters.

Sundholm could not confirm the quantity or location of the shipments, but said they were found to contain the corn varieties MON-88017 and MIR-604.

Officials from the U.S. Agriculture Department and trade associations have not replied to requests for information.

The incident has raised concerns about bottlenecks in supply of a key feed ingredient for European livestock, which is already pricey.

"The main problem is that EU regulations don't allow marginal amounts, traces of GMOs not authorised by the EU," a spokesman for the Spanish Association of Cereal and Products Importers said.

"That puts us all in an uncertain, risky trade situation, and that is most serious for the entire European Community - trade, livestock production and the economy."

Sources said 50,000 tonnes of contaminated U.S. soybean meal had been unloaded and detained at Tarragona, Spain's largest port. Port officials were not available to comment.

"It still needs to be dispatched and we await a meeting by the European Commission, probably in September, because nothing will happen in August," a port source said.

"The meeting will have to be urgent, because they have had similar problems in Germany."

The EU was the fourth-largest market last year for U.S. soymeal exports, totaling 475,900 tonnes. Shipments so far this marketing year, which began last October, are 374,300 tonnes.

A Spanish agriculture ministry official confirmed authorities had blocked a shipment of soybean meal, but could provide no further details.

One source said another cargo of soybean meal in the Spanish port of La Coruna awaited tests for genetically modified organisms, but port officials were unable to comment.

Spain's feed industry consumes some 5 million tonnes of protein-rich soybean meal a year, all of it imported, and mostly from the United States, Brazil or Argentina.
Soybean meal was quoted at 318-334 euros ($457.3-480.3) a tonne, ex-store, in Tarragona GRAES01.>

A trade source estimated Spanish ports had enough soymeal in stock to supply the animal feed industry for about a month, and said prices could be affected.

A port source said that Spain could not rely on supplies of soy from Argentina and Brazil alone.

"Argentina will no longer have soya as of October, Brazil is in a similar situation, and with China buying 2 million tonnes, soya will become a luxury good," he said.

A report from Spain's Meroleda grain exchange said news of China buying large amounts of soybean meal had added to jitters over a poor harvest.

"With a market looking at tight carryover stocks like the sword of Damocles, this purchase is the bullish icing on the cake," it said.

Source: Reuters

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