

# Market Rejection of GM Foods: the US experience

**“We’ve stumbled so badly in Europe that certainly that battle is lost for five to 10 years”**

Senior Vice President of Research Plant Genetics and Biotechnology, Dow Agrosciences<sup>1</sup>

Consumer resistance to GM foods is real and is strongest in some of New Zealand’s key export markets.

The US, the largest GM food adopter and exporter, has become the case study for other agricultural nations on the penalties incurred through GM production.

As legislative and market restrictions on GM foods have grown, the US has lost market share. This is for both its GM and non-GM production as a direct result of market perceptions about GM products or trace contamination in conventional lines.

## In the market place

Consumer resistance appears to be highest in the European Union. A 2001 Eurobarometer survey, the official European Union poll, found that 71% of Europeans do not want to eat GM foods.<sup>2</sup>

The EU is currently formulating new legislation with respect to GMOs to address consumer confidence.

In the marketplace, companies are placing stricter restrictions on GM content of imports from the US as they eliminate GM foods from their products.

■ In the **UK** the major supermarket chains have removed GM ingredients from their house brands (see

box). Most are seeking to eliminate animal products from animals raised on GM feed. It is reported that “the UK will continue to be a very difficult market for biotech foods in the foreseeable future.”<sup>3</sup>

■ In the **Netherlands**, most GM food ingredients have been eliminated from consumer foods and full acceptance of GM foods is estimated to be several years away.<sup>4</sup>

■ European supermarket chain, **Carrefour**, the world’s third largest retailer, made a 5-year commitment to GM free own-brands, and to the phasing out of GM animal feed.<sup>5</sup>

■ International food processors supplying to Europe such as **Unilever, Nestlé, Danone, Gerber, Heinz, Kraft, M&M, Seagram, Quaker** have eliminated GM ingredients from their products.

Meanwhile, the demand for **GM Free animal feed** is growing. In 2001, demand jumped from zero to 20–25% of the EU market share. If the upward trend continues, the USDA predicts US soybean sales to the EU will be affected.<sup>7</sup>

**UK supermarkets go GM Free in house brands**

**Tesco  
Sainsbury  
Safeway  
Marks and Spencer  
Waitrose  
Asda/Walmart  
Spar  
Iceland  
CWS-Co-op  
Somerfield**

**The Grocery Manufacturers Association of America, with annual sales of \$460 billion, is also clear on the need to remain GM free to sell to Europe:**

“We do not anticipate developing nor marketing novel foods from genetically modified organisms in Europe in the near or foreseeable future due to lack of consumer acceptance of these products presently in the European marketplace”<sup>6</sup>

<sup>1</sup> “European Markets Lost for Now” 21.1.2000. [http://www.agriculture.purdue.edu/aganswers/2000/1-21%20GM\\_Markets.html](http://www.agriculture.purdue.edu/aganswers/2000/1-21%20GM_Markets.html)

<sup>2</sup> Eurobarometer 55.2, December 2001. <http://europa.eu.int/comm/dg10/epo/eb.html>.

<sup>3</sup> Agriculture Canada (September 2001) UK: Agri-Food Country Profile: Statistical Update.

<sup>4</sup> USDA GAIN Report #NL1062 (2001) The Netherlands Livestock and Products Annual.

<sup>5</sup> [http://www.carrefour.com/docs/carrefour\\_rapport\\_en.pdf](http://www.carrefour.com/docs/carrefour_rapport_en.pdf)

<sup>6</sup> GMA (December 21 2001) Traceability & Labeling Provisions of Proposed Regulations on Genetically Modified – Food & Feed and Traceability & Labeling.

<sup>7</sup> USDA (May 2001): Certified Non-Biotech Soybean Meal Expands in the EU.

## The US Department of Agriculture reports the following:

- US corn exports to the European Union vanished due to market resistance in European countries.<sup>8</sup> The National Corn Growers Association, which represents the majority of US corn growers, estimates that this market loss amounts to around \$1 billion in exports.<sup>9</sup>
- Animal feed exports to **Sweden** have been “non-existent” since 1996, as farmers seek to avoid GM feeds. Consumer rejection of GMOs in the country has become a “major [...] impediment to US sales”.<sup>10</sup>
- There is little prospect of US grains sales to **Germany** due to consumer resistance to GMOs.<sup>11</sup>
- **France** is now sourcing its soy imports from Brazil because of the GM content of US exports.<sup>12</sup>
- No GMO-derived food products are selling in **Belgium and Luxembourg** due to market resistance.<sup>13</sup>
- **Danish** consumers’ rejection of GMOs is blocking US sales. Importers are sourcing non-GM soybean from Canada.<sup>14</sup>
- US grain exports to **Spain** are the lowest in decades due to restrictions on GMOs.<sup>15</sup>
- Soybean oil consumption in **Portugal** has decreased as a result of consumer concerns about GM. Corn sales are suspended due to GM issues.<sup>16</sup>
- Soy exports to **Norway** ceased as a result of the US’s status as a GM soy producer.<sup>17</sup>

<sup>8</sup> USDA (29/11/01) International Agricultural Trade Report.

<sup>9</sup> National Corn Growers Association Letter to President Bush, January 23 2003.

<sup>10</sup> USDA (2002) GAIN Report #SW2002 Sweden Oilseeds and Products Annual; #SW2015 Sweden Exporter Guide Annual 2002.

<sup>11</sup> USDA (2002) GAIN Report #GM2004 Germany Grain and Feed Annual.

<sup>12</sup> USDA (2002) GAIN Report #FR2018 Oilseeds and Products Oilseeds Update.

<sup>13</sup> USDA (2002) GAIN Report #BE2041 Belgium-Luxembourg Retail Food Sector Report.

<sup>14</sup> GAIN Report #DA2022 Denmark Exporter Guide Annual 2002; GAIN Report #DA2011 Denmark Oilseeds and Products Annual 2002.

<sup>15</sup> USDA (2002) GAIN Report #SP2047 Spain: Grain and Feed Market Update.

<sup>16</sup> GAIN Reports #P02011 (2002) and #P02004 (2002).

<sup>17</sup> US Trade Representative Country Report 2002.

<sup>18</sup> US Wheat Associates Survey October 2002.

<sup>19</sup> US Wheat Associated Press Release: “European and American Millers Tell U.S. Wheat Associates Board to Go Slow on GM Wheat”, August 28, 2002.

<sup>20</sup> Agbiotech Reporter, May 2001.

<sup>21</sup> Julia Moore, Woodrow Wilson International Center. Cited in Newsweek, The Fear of Food, p. 45, January 27 2003.

## What’s in store?

■ Major wheat importers’ response to proposals to introduce **GM wheat** is perhaps the clearest evidence of current market sentiment. Buyers are warning US producers that this could jeopardize all US wheat exports. This is because even trace contamination would be rejected and they do not have confidence in coexistence strategies.

— **100% of Japanese buyers** surveyed by the main US wheat trader indicated that regardless of government approval, contracts will stipulate no trace contamination. The Japanese food agency said Japan might have to source wheat from US competitors if GM wheat were introduced to the US.<sup>18</sup> **80% of Thai and 78% of south East Asian buyers** surveyed responded similarly.

— **UK flour miller Rank Hovis**, which supplies a third of UK bakeries, informed US growers: “I cannot tell you how to run your business – but if you do grow genetically modified – or enhanced – wheat, we will not be able to buy any of your wheat – neither the GM nor the conventional”.<sup>19</sup>

— **CEO of the Italian miller, Grand Molini** explained that GM may have benefits in the future, “but so far, our 380 million customers are opposed to it.”

■ Proposed **European Union legislation** on traceability and the labeling of GMOs in foods and feed currently under consideration is expected to restrict market access for US agricultural exports yet further. The major trade associations for US agricultural export commodities project the trade losses to run into billions of dollars once the legislation is in place.<sup>20</sup>

■ **Consumer resistance to GMOs** is not expected to change in the near future. Market analysts estimate that it will be 5–10 years before attitudes could change.<sup>21</sup>



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