



GM Free Food Production - a Golden Opportunity for the Bay

Presentation by John Bostock and Bruno Chambers, Pure Hawke's Bay

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I would like to commend the Hastings District Council for initiating this process to thoroughly explore the 10 year GE free food producer proposition.

Pure Hawke's Bay is a group producers representing a wide range of horticultural and agricultural production from this region. These people are not only producers but also employers giving jobs to thousands of Hawke's Bay people. The three of us here today are representing this broad base of production, this is not about our own businesses alone but is for all of Hawke's Bay.

My name for those who don't know is John Bostock and my company is one of the larger horticultural companies in this region turning over in excess of \$100 million for Hawke's Bay. The company grows and markets under both organic and conventional systems.

Also presenting today Bruno Chambers, well known Havelock North identity and 5th generation sheep and beef farmer and John Buck, who is responsible for putting Hawke's Bay wines on the map with the iconic Coleraine wines and development of Te Mata Winery into one of New Zealand's most famous wine brands.

So what is the proposition:

We are simply asking the Hastings District council to adopt rules within the District Plan to secure the region's current status as a GM free food producer. This means preventing any release or trial outdoors of biologically viable GM material for a period of 10 years. We are not talking about experiments in the lab nor medicines nor pharmaceuticals and not about ingredients such as edible oils

in food manufacturing.

What we are talking about is the open release of GE food and feed crops into our environment. We have a vision of Hawke's Bay as one of the purest production zones of the world. This is a branding and positioning proposition to place us at the pinnacle of premium food production. This is unashamedly about what is best for us in Hawke's Bay's economy.

We are not going to discuss the technical and complicated pros and cons of genetic modification. Pure Hawke's Bay is not against science, in fact we embrace smart and market focussed science. For example we are relaxed about DNA finger printing or marker genes to assist conventional breeding programs. We are simply saying to you that GE Free is by far the best for Hawke's Bay and its economy. Hawke's Bay can prosper from this. We aren't ever going to be able to feed the world in the commodity trade. This is about Hawke's Bay and high end markets.

Regional GM Free food zones are well established as a means of market positioning. Some of the world's most renowned food producing regions are GM Free: Tuscany, Bordeaux.....

We know you councillors are working assiduously to improve Hawke's Bay's wellbeing. The GE free proposition is the lowest cost best returning proposition you have ever been given. By branding and positioning ourselves as the Tuscany or Bordeaux of the South Pacific we can gain premiums for our apples, wine and all our products.

As, Andrew Van Workum, general manager of Mr. Apple the largest apple grower in NZ said, "We can't afford to be good, we have to be excellent by having the cleanest and purest brand in the world"

Why on earth would Hawke's Bay want to get involved in this technology when it doesn't earn a premium **but actually sells for a discount?**

Animal feed is an example where the products of GE are widely traded around the world at a discount.

For example, Australian GE canola reported in the Australian weekly times 11th of October 2012 is selling for \$30.00 per MT below conventional Canola despite a global shortage of grains at the moment as a result of the USA drought. In an extraordinary move, Monsanto has stepped in to prop up the price.

So even when animal feed is in short supply, GE animal feed sells at a discount.

More importantly, look at how Australian states with official GM Free policies are faring. Tasmania and South Australia have determined not to grow GM crops and in the last two years their canola growers have got premiums for their GM free canola due to strong demand from Europe and Japan.

Tasmania secured one of the best prices for its GM Free canola this year, scoring a much prized contract to Japan.

The largest independent grain broker says that conventional canola was attracting a premium because it speaks all languages and can go anywhere."

According to that report, there were only a couple of traders bidding for GM canola, while there were dozens bidding for conventional grains."

Let me give you an example of what happens when it all goes wrong. This was a Canadian experience and a very costly one for the growers.

In 2009 flax seed exports from Canada to Europe collapsed after traces of a GM flax variety were discovered in shipments.

Europe – which at the time accounted for around 80% of Canada's flax seed exports – immediately halted imports. A significant number of growers lost 100% of their crop sales in 2009.

Three years later, after huge efforts to weed out the GM flax, contamination levels are still around 4%.

The Canadian flax seed industry is slowly getting back on its feet, but has not recovered its former European market share by any means. Last year Canada exported less than 7% of its crop to Europe.

As one Canadian grower said " why are plant breeders wasting time and money developing varieties that nobody wants. This should never have happened."

And so the benefits accrue to New Zealand. The Japanese flax market has opened up to New Zealand GM free flax seed, as a result of Canada's inability to supply, and the kiwi growers are now supplying GM free flax seed to Canada to help restore the industry there.

The lesson here is simple. It is very easy to lose a market, and very difficult to reclaim it.

Back here in Hawke's Bay, we are not commodity producers trying to feed the planet. Quite the reverse, we have some of the best and most expensive horticultural and agricultural land in the world. We need to sell for the highest possible price. GM products have not delivered premiums and are unlikely to

do so in the future in fact quite the reverse GM reduces the pool of willing customers and hence prices. I sell, as another example, Waxy maize to Korea at a significant premium to USA GM waxy maize.

The farmers and growers supporting the GE Free proposition see the next ten years as a window of opportunity to capture the benefits of being GM free in food production.

We don't believe any of the GMOs currently available are relevant or advantageous to Hawke's Bay's agricultural economy thus far. And to our knowledge, there is nothing in the GM R+D pipeline that would:

- outweigh the value of GM free to the region's producers, and
- be ready for release within the GM Free period we are proposing.

Today you might be told about GM drought resistant grasses being developed in New Zealand. However there will be no commercial release for a minimum of ten years for any of these prospects therefore it is outside the time frame we are proposing hence we have no downside with this proposition. Trials can be done in other countries we don't have to pollute Hawkes Bay. Further there are many conventionally selected drought resistant grasses showing equal if not better characteristics without the market baggage of GE.

Generally GMO development has been much slower than expected.

In 2002 the commercial release of grasses was anticipated to happen prior to 2012.

We understand that it will take at least 10-12 years from the time a GM grass or clover is trialed here, until it is widely available, commercially. So that takes us beyond our 10 year timeframe.

Well, we certainly do not wish to trial the grasses in Hawke's Bay. GM grasses will cross pollinate and spread rapidly. So make no mistake, once it is out, there is no going back.

We rely on our perception as a clean and green country producing quality food, probably more so than any other country in the world. So why should Hawke's Bay farmers or any in New Zealand for that matter want to be early adopters of a technology that would seriously harm our branding and reputation. It would be an irreversible step backwards. This is about looking after our region, the economy and all the stakeholders in it.

Pastoral Genomics suggests a \$1.6 billion lift in GDP from the grasses but this is based on totally unrealistic assumptions. For example he assumes no discount

on the prices of any of our farming products, or recognition that some markets will be lost to us.

Whereas a report done by Simon Terry, who will be speaking later today suggests that if we were to suffer a premium loss of 10% on our dairy lamb and beef exports, we would lose a lot more than \$1.6 billion.

Lets be clear though,- a 10% reduction in price could easily translate to 100% reduction in the net profit to the farmers.

GM feed has been a sleeper issue, yet a large quantity of the GM crops actually go to animal feed. However now there is a new trend towards transparency in high end markets.

The French and German governments have developed voluntary labelling schemes for products where GM animal feed has not been used. These are being taken up by the high end products in supermarkets such as Carrefour.

The point is: which isle do we want Hawke's Bay meats to be in?

Other private standards, set by Waitrose Tescoes and McDonalds, are very clear that no GM animal feed is to be used.

And here in Hawke's Bay there are various farmers who supply meat companies that require a declaration stating that no GM feed has been supplied to the animals being offered.

Pure Hawke's Bay is primarily concerned with the issue of GM crops and produce grown out in the field. But, we expect there will be increasing concern from our markets regarding imported stock feed.

Also today you might hear in some detail about a new type of GM, called cisgenics with an attempt to persuade you. You might be told that cisgenics is the acceptable face of GE. However the problem is, the market doesn't differentiate and will not care if it is *cis* or *trans*. The fact is cisgenics - no matter how it is presented - is still genetic modification. This is not an argument about science but about positioning Hawke's Bay to prosper.

As you are all aware, this year, we commissioned a Colmar Brunton poll to find out what the people of Hawke's Bay think. An overwhelming margin do not want GE food production in this region's fields.. The most telling of all for you to think about was 500 people in Hawke's Bay were asked the question; "District Councils have the ability to keep HB grown food crops GE Free. Do you think your council should ensure HB remains a GE free food producing region" -- 85% said yes.

You might also be told the world is getting used to GM and growing more tolerant. However this is not true, Pure Hawke's Bay growers are in the market every day and premium paying consumers in many countries have little tolerance for GM ingredients.

When it comes to GM content, regulatory standards and consumer acceptance are two different matters. The laws of countries we export to, might allow 1 or 5% contamination but the market – food processors and buyers – often have much stricter standards.

This was clearly demonstrated in 2003 when Gisborne-based Sunrise Coast suffered a contamination incident when supplying to the Japanese market. While the official tolerance level in Japan is 5%, the company suffered losses estimated at nearly \$500,000 when a Japanese pizza maker routinely tested for GM content and detected 0.05% GM contamination in one of the company's products. Food scares, and public sensitivity to what they are eating are on the increase, and we as producers are very aware of this. Let us not forget---the consumer is always right.

Consumers are demanding to know what is in their food more and more. In Europe food labelling laws are the most prescriptive in the world. Some of you will be aware of Proposition 37 in California underway now. This is a referendum on food labelling which if successful will make GM labelling mandatory. Recent polls show proposition 37 will win. This will be a massive opportunity for HB as California tends to lead the way in USA. Premium paying consumers want to know what is in their food and which are the food producing regions they can trust. It is no coincidence the GM lobby is fighting hard against proposition 37. This begs the question if consumers were unconcerned about GM ingredients why would the GM lobby fight so hard against proposition 37?

The trend is clear and Hawke's Bay needs to be on the right side of this argument. We want to take a pragmatic, smart and market led stance.

By adopting this pragmatic approach we are preserving our options for the future, because once we release GM crops and plants into our environment, we can never go back. On the other hand in the unlikely event GM foods became important for us to adopt in the distant future, we are free to relax any rules put in place beyond the 10 years.

There are a lot of question marks as to whether GMOs are safe or not, or will be accepted in the future by our customers. Ours is a middle of the road approach. It doesn't rule anything out for the future and keeps our options alive. GM is not the only high tech plant breeding strategy available. Farmers

and growers will still have access to cutting edge science such as marker assisted breeding techniques. So lets be world leaders in practicing common sense.

So what can we do?... We are lucky Far North and Whangarei District Councils now supported by Auckland are doing a section 32 analysis into the technical regulation required. This work is due to be completed by the end of December 2012 . We will be able to use this work to incorporate into our 10 year plan to protect and leverage off our GM Free food producer status.

We need your help to put the rules in place so we can credibly claim Hawke's Bay is **uniquely pure and GE Free**. So we can all benefit from the branding, positioning and premiums that will undoubtedly flow.