GM Food Production Would Damage Brand NZ

By Simon Terry

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The debate over the release of GM organisms is too often set up around a false choice that could cost food exporters dearly.

This treats the growing of GM food as part of a job lot labelled "progress in biotechnology". Anything less than the whole package is anti-science or even "anti-democratic" we are told by some lobbyists.

New Zealand depends crucially on applied biological science, or biotechnology as it is often termed. Research in this field is vital to the nation's interests and gene science is an integral part of biotechnology. Production of GM food is not.

Under present market conditions, growing GM foods would put at risk the earnings of food exporters through the damage it would do to the country's clean green brand.

It would also needlessly compromise public support for other areas of biotechnology that the public tend to know far less about but would see as being part of the package GM food is sold under.

The growing of GM food can and should be treated differently to other GM applications because of the economic risks it presents. GM food is not a product consumers are simply disinterested in. It is so poorly regarded in the marketplace at present that it has the capacity to tarnish other food products from a GM producing country merely by association.

Market research undertaken for government by the National Research Bureau provided an insight into the extent of this effect when consumers in the UK, US and Australia were surveyed. When asked whether they would buy New Zealand fruit and dairy products that were not themselves GM, between 20% and 30% said they would cease to purchase, irrespective of price, if New Zealand was at that time growing related GM products.

This is significant brand contamination, whatever caveat is put on such survey results. Production of GM foods can be expected to meaningfully impact on New Zealand's country brand. GM food is simply not seen as "Clean and Green" or "100% Pure". For a nation that ships so much of its exports as commodities, branding is key.

So the stakes are not that a few farmers go broke experimenting with a product the market does not want. The risk is that the price premiums all food exporters have built in through association with the nation's country brand are reduced. In the worst cases, certain producers could lose market access.

This is also the evolving view in Australia, as reflected in the following from a report by the Western Australia Parliament. "The commercialisation of a single GM grain crop may tarnish WA's overall reputation of being a 'clean and green' non-GM producer and thus have implications for the marketability of other WA agricultural products."

In response to recent federal approval for the first GM food crop to be grown in Australia, the five states where canola is grown have all moved to effectively close their borders to GM canola. New South Wales, Western Australia and Tasmania each put in place multi-year moratoria on all GM food production. South Australia and Victoria adopted more targeted blocking moves.

Significantly, the federal regulator considered only health and environment issues when approving GM canola for planting. However, each of the state governments rapidly put up barriers to it on the basis of marketing concerns.

Australia is thus preserving its market reputation as a producer of only GM Free food. There is a robust economic case for New Zealand doing the same for the next five years.

Current GM crops are designed for North American conditions and Federated Farmers does not believe these will be attractive to New Zealand growers. GM crops that could interest local farmers are five years or more from commercialisation.

Some argue that very few players have declared their intentions to grow GM food, so it is unlikely to be a big issue. However, as the Western Australia Parliament concluded, even one GM food release could throw a shadow over all other food producers. Also, there is no way of knowing in advance who will apply and any system must be robust to strategic marketing initiatives by offshore GM seed developers that are aimed at legalising products worldwide rather than actually farming them.

Some argue that as very few players have declared their intentions to grow GM food, commercial development is unlikely in the near future. However, there is no way of knowing in advance what applications will be made, particularly for seed multiplication, and these will not be limited to domestic firms. Any system must also be robust to strategic marketing initiatives by offshore GM seed developers that are aimed at legalising and distributing products worldwide rather than farming them on an ongoing basis.

So why not leave the Government regulator, ERMA, to sort each application case by case? Firstly because ERMA is an environmental risk manager, not a body set up to make major national strategy calls involving marketing and economics.

Perhaps more importantly, leaving ERMA to adjudicate means exporters can not continue, let alone extend, marketing campaigns based on New Zealand being a GM Free Food Producer. At any time, an ERMA approval could wipe away the basis for that marketing claim.

This means New Zealand would lose the upside potential that NRB also clearly recorded would be associated with New Zealand being seen as a GM Free Producer. It reported that 47% of consumers in the three major markets surveyed would be more inclined to buy a New Zealand food product were no GM organisms released in New Zealand, while only 2% would be less inclined. Most of those more inclined would also pay a price premium!

Against this one-way bet, Life Sciences Network chairman, William Rolleston, says "To deny some growers, farmers, any exporters the opportunity to develop those markets [for GM food] and give choice to European consumers is anti-democratic".

Actually, even if some New Zealand farmers were to gain approval to grow GM food, the chances of it finding space on a European supermarket shelf are fading fast. The clear majority of European consumers that do not want to eat GM food have provoked governments into extensive labeling regulations for GM and retailers into becoming the customers' gatekeeper.

The latter effect is so strong that Tony Blair has been heavily lobbied by food retailers as he now considers whether to allow GM crops to be grown. The British Retail Consortium – representing 90% of food retail sales – pointedly and publicly told him that the UK Government could approve GM crops, but BRC members would not be stocking GM food. "Supermarkets are not going to give shelf space to something that doesn't sell" said the BRC.

There is every reason for New Zealand to now forge a policy that protects the ability to advance in biotechnology while also carefully protecting our major export markets. It is time to formally cut loose GM food production from the "must have" biotechnology package.

A failure to give up this element now would expose the earnings of the nation's food producers while guaranteeing a harder road for other gene science. This harder road would manifest in the form of greater difficulty in obtaining the public funding that sustains it, increased scrutiny, and pressure for stricter regulation.

Food exporters and biological science have an interest in seeing that this opportunity is not lost and that Government sees the same picture.

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