

**Testimony  
of  
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**Before the  
Senate Foreign Relations Committee  
European Affairs Subcommittee**

**on  
U.S. Relations with a Changing Europe:  
Differing Views on Technology Issues**

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## **Introduction**

I appreciate the opportunity to testify on the subject of the European Union moratorium on genetically engineered crops. I am Director of the Consumer Policy Institute, a division of Consumers Union (publisher of Consumer Reports) which has taken a keen interest in genetically engineered food for over a decade.

Consumers Union believes that genetically engineered food offers both potential benefits and potential risks for consumers. We have therefore long advocated that these foods should have to go through an approval process at the Food and Drug Administration, like a food additive, that would insure that these foods are as safe and nutritious as conventional foods. We also think, given the newness of this technology and the fact that it is different from conventional food, that genetically engineered food should be labeled. Polls consistently show that more than 80 percent of Americans think genetically engineered food should be labeled. Unfortunately, neither labeling nor mandatory safety approvals are required in the United States, although companies do conduct voluntary safety consultations with the FDA.

We think it is unfortunate that the United States has chosen to address a trade problem it has with the European Union on genetically engineered food by bringing a case at the World Trade Organization (WTO). We see little potential benefit to US farmers or the biotechnology industry from taking this course, and we see many risks. We are concerned that if the US succeeds in winning this case, precedents could be established which could actually be detrimental to US farmers and consumers.

## **EU Regulations Are Legal Under the WTO**

The EU regulatory framework for genetically modified organisms, or GMOs, which requires premarket safety approval, labeling and traceability for GMO products, is an entirely reasonable one. In the EU, a government agency conducts a safety assessment to insure that a GMO contains no dangerous toxins or allergens before it goes on the market. Soon, all movement of GMOs in the market will be tracked, and all products containing GMOs will have to be labeled. We wish the US had a similar framework. Indeed, it is important to realize that most of the developed world and much of the developing world is adopting the EU regulatory approach. As of 2004, 35 countries, who encompass half the world's population, will have mandatory premarket safety approval systems. They include India and China, as well as the EU, Australia, New Zealand, Japan, Thailand, Indonesia and Korea, among others. All these countries except India also require mandatory labeling of genetically engineered food.

The United States is not objecting to EU regulations per se, but rather is most concerned about the de facto moratorium on new approvals which has been in effect for the last several years. The EU initially approved a number of GMOs, but then halted further approvals while it considered revamping its laws to implement full labeling of all GMO products and full traceability, with various thresholds. This process is taking several years. The process of making laws in the EU, given that it is not one country like the United States but 15 countries, is somewhat cumbersome to say the least. But while the US may think this process is going slowly, our government can also be slow. It took us twelve years, for example, after passage of the National Organic Standards Act, for us to develop an organic labeling program we were satisfied with. During this entire period, it was illegal for anyone to call their food "USDA Organic."

The key point is that countries that belong to the WTO still have the right to revamp their regulatory schemes as long as they treat domestic and imported goods the same. Thus, in our view, the countries of the EU are perfectly within their rights to say that after a brief experience with GMOs, that they want to extend their labeling and traceability rules, and they do not want to implement any further approvals until their complete regulatory scheme is in place. This moratorium has halted sales of seeds for Syngenta and Aventis, which are European-based biotech seed companies, as well as for Monsanto and DuPont.

### **Winning a Suit May Not Benefit US Farmers**

But let us assume that a WTO dispute resolution panel agrees not with me or with the EU lawyers, but with the United States, and decides that the EU, by failing to allow importation and sale of products which a scientific committee had deemed safe, has violated WTO rules. What then?

One possibility is that the EU will approve some additional types of GMO corn. Will this open the EU market to US corn? Let us look at soybeans for a moment. The variety of genetically engineered soybeans that is grown in the United States is already approved in the EU. Yet sales have declined by about \$1 billion a year, to almost half of what they were three years ago. Why is this? Because European consumers don't like genetically engineered soy. There is a fundamental law at work here, that is even more fundamental than the GATT agreement. That is the law of supply and demand. If the consumer doesn't want your product, it is very hard to sell it. In Europe, genetically engineered food is as popular as the Edsel.

One other possibility is that the EU may refuse to approve any new corn varieties in defiance of the WTO ruling, as they did in the beef hormones case. What happens then? The US imposes retaliatory tariffs, in which case innocent bystanders will suffer. These

tariffs will penalize industries that have nothing to do with this dispute—for example we put tariffs on Hermes scarves, I believe, in the beef hormones case. This damages the French scarf maker. But it also damages the US retailer who previously made a living selling French scarves. It will also harm consumers who want to purchase the scarves, who will have to pay a lot more for them.

Finally, we are concerned that the US may not realize that it could establish some precedents with this case that could come around and damage US agriculture. The US is concerned about delays in approvals in the EU. Just a few weeks ago, we banned all imports of Canadian beef while we figure out how big a problem we think we have with mad cow disease. Would we be happy if Canada began arguing that we were taking too long with restarting imports? Indeed, we currently exclude all European beef products from the US even though the EU believes they have the problem under control. Suppose the EU decided we should take their beef?

Therefore in terms of the EU market, the WTO challenge is in some sense a wasted effort that is very unlikely to increase our corn exports to any significant degree and could damage other industries and consumers, not to mention the negative effects on EU-US relations as a time when they are already strained for other reasons.

### **WTO Challenge Does Not Address Hunger in Africa**

President Bush and Ambassador Zoellick, the US Trade Representative, have said that there is another reason for filing the challenge, however, and that is because European caution is making it difficult to fight hunger in Africa. They were especially concerned when Zambia, a country where mass starvation seemed like a real possibility earlier this year, rejected US GMO corn as food aid.

Fortunately, the rains returned in southern Africa this spring, and there is no mass starvation. We hear from our colleagues in the consumer movement and in food aid work, that Zambia expects to be self-sufficient in food this year. It is even projecting that it could be a net food exporter next year. Thus, there is no food emergency now in Africa.

The root causes of hunger in Zambia and elsewhere should be addressed. But these are multifaceted and GMOs have little to do with most of them. As an African colleague said to me the other day, hunger in Africa has many fathers. They include armed conflict, natural disasters, lack of infrastructure to ship food from regions with surpluses to regions with shortages, unfavorable trade rules, and unequal distribution of wealth and resources, to name just a few. Poverty-stricken African subsistence farmers are not going to be able to buy patented herbicide-tolerant seeds, one of the

main types of genetically engineered seeds produced in the United States, and the herbicides to go with them. Subsistence farmers rely on saved seed. There is certainly a theoretical possibility that someday bioengineered crops may be developed that can help African farmers. But civil wars will make it hard to grow food, no matter what the characteristics of the seed. Unless these root causes of hunger are addressed, Africans may conclude that the US is just pursuing its own trade interests with this WTO challenge. Africans also have significant concerns about the environment. African countries were the leaders in developing the Biosafety Protocol, which was ratified by 50 countries and went into effect last week. Under the Protocol, countries can set up systems for tracking shipments of live GMOs, and have the right to reject them.

Finally, if the US is pursuing this WTO case in the hopes that it will create an impression around the world that GM foods are safe and beneficial, we would urge the US to consider whether this strategy may backfire. What we hear from our consumer colleagues, especially in developing countries, is that some see this case as the US “throwing its weight around.” Congress should at least consider the possibility that this case may heighten suspicion about safety, and heighten concerns that this case is part of US efforts at global economic dominance.

## **Summary**

Consumers Union believes that the challenge that the US has filed at the WTO against the EU in regard to genetically engineered food will be of little benefit to US farmers or industry, either in terms of exports to Europe, or in terms of building confidence and markets for our genetically engineered crops elsewhere in the world. In our view, the EU is within its rights under the GATT agreement with regard to its current policies. A better strategy at this point for US farmers and industry might be to effectively segregate their GM and non-GM output, so that we can meet the demand that exists abroad. The trade relationship between the EU and US is enormously important, and nurturing it will have significant benefits.