

BIOTECHNOLOGY

The Perspective of the U.S. Food Industry

American Society of
Sugar Beet Technologists
March 1, 2001

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Grocery Manufs. Of America



Grocery Manufs. Of America

- World's largest association of food, beverage and consumer product companies
- Led by Board of Directors of 44 CEOs
- Addresses public policy and business issues affecting the industry.

We are the Familiar Brand Name Products
on your Local Grocery Store Shelf




GMA Member Companies

<ul style="list-style-type: none"> • Campbell's Soup • Coca-cola Company • ConAgra • Del Monte • General Mills • H.J. Heinz • Hershey Foods • Kellogg's • Kraft/Nabisco 	<ul style="list-style-type: none"> • MARS • McCormick & Co. • Nestle/Ralson Purina • Pepsico/Frito-Lay • Pillsbury Company • Procter & Gamble • S.C. Johnson • Suissa • Unilever-Bestfoods
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Why Biotech Foods?

- Better Quality Foods
- Better Testing Foods
- Healthier Foods with Improved
Nutritional Characteristics
- Greater Processing Yields



Future Benefits of Biotechnology

- High-yield Produce
- Low-cholesterol Margarine
- Single-serving Lettuce
- Ever-fresh Bread
- Flavored Snacks
- Vitamin A Rice
- Banana Vaccine
- Cancer-fighting ?

Aging of America

- 60 million Americans at risk for Heart Disease
- 90 million Americans have High Cholesterol
- 40 million Americans have Arthritis
- 25 million Americans have Osteoporosis
- 10 million Americans have Cancer
- 4 million Americans have Alzheimer's

How Widespread Is Biotechnology?

- Canola: 100%
- Cotton: 61%
- Soybeans: 54%
- Corn: 25%
- Rice, Potatoes, Sugar beets, Wheat?

As much as 70 percent of products found on U.S. store shelves may contain biotech ingredients

Current Benefits of Biotechnology

- Decreased Use of Water; Less Runoff and Erosion
- Higher Crop Yields On Existing Land
- Reduced Pesticide and Herbicide Use

Potential Benefits of Biotech Sugar Beets

Sugar beets

- 121,000 Record Yield (kilograms/hectare)
- 42,600 Average Yield (35%)
- 6,700 Disease Loss (6%)
- 6,700 Insects Loss (6%)
- 3,700 Weeds Loss (3%)
- 61,300 Losses due to Other Factors

U.S. Domestic Scene

- Activists attack well-known consumer brands
- Protests & publicity stunts have generated media attention
- Increased perception of food risk among consumers (Monarch Butterflies, Starlink)
- Labeling presented as a consumer choice, rather than safety issue.
- Shareholder resolutions

GMA Biotech Objectives

- Achieve optimal public understanding of biotech foods.
 - Balance the debate
 - Respected, expert voices
- Maintain a science-based regulatory system for biotech foods.
 - Science-based Approvals & Labeling

Public Understanding: The Alliance for Better Foods

Some of Our 46 Members ...

American Farm Bureau Federation
National Corn Growers Association
American Soybean Association
National Cotton Council
Snack Food Association
Fruit & Vegetable Association
Food Marketing Institute
National Restaurant Association
Food Distributors International
American Dietetic Association

Alliance Activities



- Video News Release
- Information Kits for Reporters
- Trained Expert Spokespersons
- Editorial Board Visits
- Web Site (www.betterfoods.org)
- Informational Brochures
- Media Briefings

www.betterfoods.org



Science-based Policies: U.S. Labeling Policy



- Mandatory, based on Science, Safety & Product Quality
- Voluntary, based on Substantiation
- Individuals want different Information
- Recognition that consumers get information from a variety of sources
- Label can not become political encyclopedia

Labeling Realities



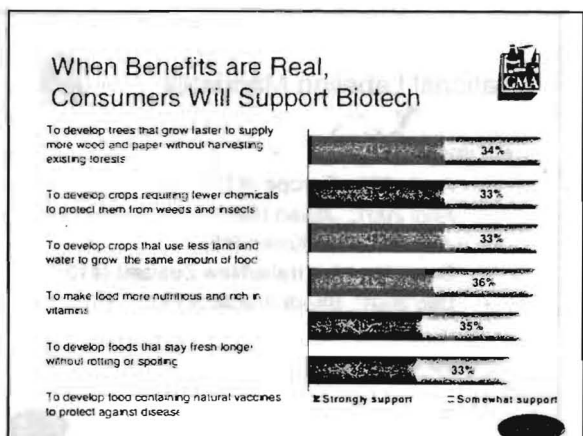
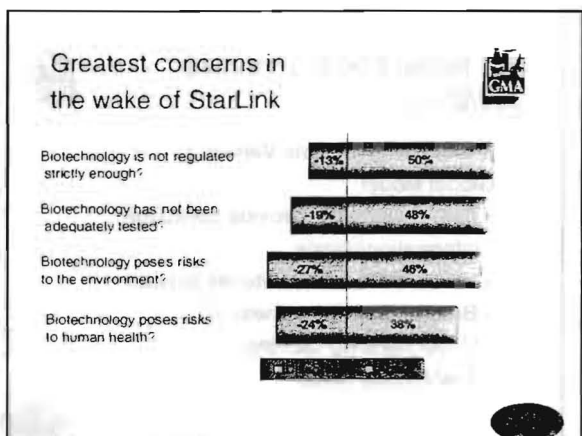
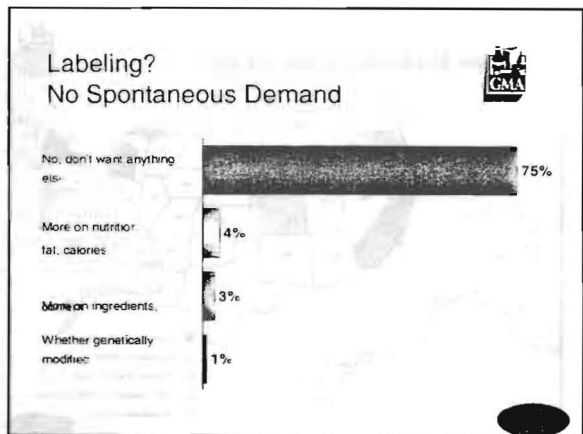
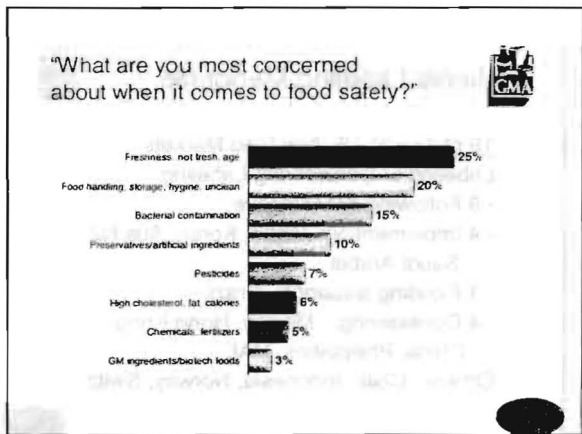
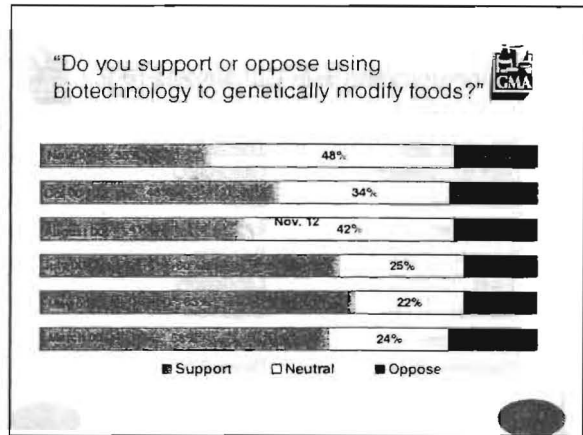
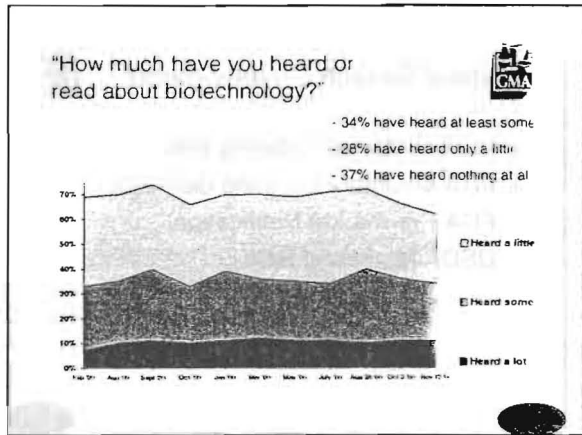
- Biotech products reviewed by U.S. Government to be safe.
- We sell safe foods.
- Biotech Label viewed as a Warning Label.
- Activists want to eliminate the technology, not label it.
- Companies look at consumer acceptance in each market.

FDA Proposed Voluntary Labeling Guidelines



- In Response to GMA Labeling Petition
- Basic Labeling Principles
 - Truthful, Nonmisleading
 - "Genetic Modification"
 - "GM-Free"
 - "GMO"
 - "GMO-Free Green beans"
 - GM-Free Soy/GM Corn

So, What do Consumers
Think?



Communicating with Consumers (IFIC)



Words to Use

Ag/Food Biotech
Nature
Enhanced
Farmer
Field
Nutrition
Experience
Concern

Words to Lose

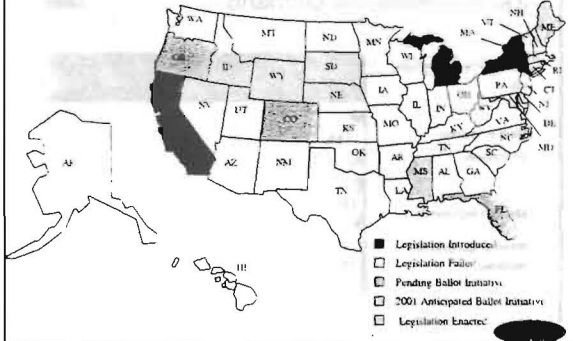
GMO/GEO
DNA
Experiments
Scientist
Laboratory
Organism
Patent
Revolution

Federal Biotech Developments



- Kucinich/Boxer Labeling Bills
- FDA Voluntary Labeling Guidelines
- FDA Pre-market Notification
- USDA Marketing Role

State Biotech Developments



National Labeling Mandates



- 19 of Top 25 US Agri-food Markets Labeling or Considering Labeling
 - 9 Following EU Directive
 - 4 Implementing: Japan, Korea, Aus/NZ, Saudi Arabia
 - 1 Pending Issuance: Brazil
 - 4 Considering: Mexico, Hong Kong, China, Philippines, UAE
- Others: Chile, Indonesia, Norway, Switz.

National Labeling Mandates



Timelines

- April 1999: Europe (#1)*
- April 2001: Japan (#2)*
- July 2001: S. Korea (#5)
- Dec 2001: Australia/New Zealand (#13)*
- Dec 2001: Saudi Arabia (#18)*

* = Major Regional Force

EC Novel Foods Directive (97/258)



- EU Labeling Regime Viewed as Global Model
 - Fails objective to provide consumer information/choice
 - Unworkable, inconsistently applied
 - Broad Public Awareness & Understanding Lacking
 - Traceability Costs

European Outcome



- Biotech ingredients virtually eliminated
- No consumer choice in the marketplace
- Moratorium on ag biotechnology
- Environmental benefits foregone

National Labeling Mandates



- GMA Engagement
 - Canada
 - Mexico
 - Brazil
 - Saudi Arabia/UAE
 - Int'l Council of Grocery Manufs Assns (ICGMA)
- EU
- Aus/NZ
- Japan

Segregation: Supply Chain Realities



- Segregation: Special elevators, trucks, shipping containers, trucks
- Costly & time-consuming testing at each step
- Increased "holding," cleaning time
- Significant costs; what benefits?
- Identity Preservation

Mandatory Biotech Labeling Costs



- EC Ag Directorate Report: 6-17% Price Increase
- ANZFA/KPMG Study: 0-6% Price Increase
- Univ of Guelph/KPMG Study: 9-10% (35-41% increase in producer costs)
- Who Pays? Handling Costs, Reformulation Costs...

Where Do We Go From Here?



- Speak openly about benefits and safety of biotech products
 - Family, Neighbors
 - Local, State Media
- Know the Consumer: Talk Beyond Your Customers to your Customers' Customers and their Customers...

Where Do We Go From Here?



- Stay the Course! Engage!
- Know your Customer – the Consumer.
- Don't Abandon Science.
- Let the Marketplace do its Job.
- Stand Together.

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