

GMOs: Let consumers decide

At present the United States is locked into a battle with the European Union over the marketing of GMO (Genetically Modified Organism) crops. The Europeans want labeling and ingredient tracking for all products containing GMO material. With all of the trouble over mad cow disease and foot and mouth disease, the Europeans are very wary when it comes to their food supply and public confidence in the integrity of that system is at a low point. As Tony Van der Haegen, Minister-Counselor for Agriculture, Fisheries and Consumer Affairs of the European Commission said, "Unless we restore EU consumer confidence in this new technology, genetic modification of food is dead in Europe. The Commission's July labeling and traceability proposal is intended to be a first step to increase that confidence."

From the U.S. perspective, the fear is that the Europeans are using the GMO issue as a protectionist device to lock the U.S. out of the European corn and soybean markets. The USDA has stressed its belief that the U.S. government's food regulation system is effective and assures public safety. A similar battle has been raging over the import of soybeans into China. Again the U.S. perspective is that the Chinese concern is a strategem to give Chinese producers time to adjust before they are admitted into the World Trade Organization.

Given the intensity of the positions on both sides, any attempt by the U.S. to force a solution to the issue will leave lingering resentments that may come back to haunt future agricultural trade negotiations.

One alternative to the head-to-head battle is for the producer, the U.S. in this case, to remember the old dictum, "The customer is king." Ultimately, in a market economy it is in the best interest of the seller to provide the buyers with what they want. In the late 1940s Crosley wanted to supply the auto market with small, fuel efficient cars. The public, on the other hand, wanted big, powerful, comfortable gas hogs.

But as time went on, customer preferences began to change and more and more VW beetles began to appear on the road. The U.S. manufacturers' response was not to quickly adjust their model lineup to meet consumer needs, but one of contempt for foreign cars. The Germans and the Japanese, on the other hand, listened to changing consumer preferences and began to introduce smaller, more fuel efficient cars that were still comfortable. By the time the U.S. manufacturers figured out what was going on, the Germans and Japanese had garnered a significant portion of the U.S. auto market. A share they continue to hold today.

If U.S. corn and soybean producers are to take a lesson from that experience, they might begin to ask their customers what they want to buy. If the customer wants a GMO free corn, then maybe that is what they should try to produce. When it comes to customer preferences, it is not a matter of science or right or wrong or what might ultimately be acceptable. It's also not a matter of U.S. testing and safety certification. It simply is a matter of what the customer wants to buy. Could it cost the customer more to buy a grain that is grown to their specifications, be it non-GMO, or high lysine, or whatever, and kept segregated from commodity grade grain? Yes, of course it could. At least at the beginning. But then, consumers regularly pay more for certified organic food products than they would have to pay for no-organic products. And despite the premium they have to pay, that segment of the food trade is growing at a rapid rate.

Daryll E. Ray holds the Blasingame Chair of Excellence in Agricultural Policy, Institute of Agriculture, University of Tennessee, and is the Director of the UT's Agricultural Policy Analysis Center. (865) 974-7407; Fax: (865) 974-7298; dray@utk.edu; <http://agpolicy.org>.

