

PolicyPennings by Daryll E. Ray & Harwood D. Schaffer

GMO labeling issues: Voluntary or, if mandatory, state-by-state or federal?

With the Vermont GMO labeling law set to take effect July 1, 2016 and legislation prohibiting state-by-state GMO legislation and promoting voluntary labeling tied up in the US Senate, Campbell Soup Company's January 7, 2016 announcement that it "support[s]...the enactment of federal legislation to establish a single mandatory labeling standard for foods derived from genetically modified organisms (GMOs)" (<http://tinyurl.com/henuxbm>) is a major development.

Campbell is the first major food maker to make a break with the multi-year campaign of the Grocery Manufacturers Association (GMA) to defeat state-level GMO labeling initiatives and promote voluntary labeling legislation at the national level. "As a result of its decision to support mandatory national GMO labeling, Campbell will withdraw from all efforts led by coalitions and groups opposing such measures."

While Campbell has called for mandatory national legislation to establish uniform standards for GMO labeling, it has said that it would label all of its products even in the absence of Congressional action. Before it announced this latest action Campbell had begun to respond to consumer's concern for information about the ingredients in the food that they eat.

It had established a website (www.whatsinmyfood.com) to provide consumers with more information than can be found on a label. On that site they provide consumers with information about products that have GMO ingredients and products that do not contain GMOs. They also indicate the use of high fructose corn syrup as well as artificial flavors and colors, monosodium glutamate (MSG), sodium, and gluten in the company's products. Campbell is also targeting the use of "100 percent certified sustainable sourced palm oil" and the movement away from the use of BPA as a liner for their cans.

The labeling of products that are produced with ingredients that come from corn, soy, beet sugar, and canola grown with genetically modified seed is relatively straight forward. What is still not clear is how meat ingredients from animals fed with GMO grains and oilseeds will be labeled.

When asked if the labeling would be accompanied with higher prices for their soups and other products, Campbell indicated that there would be no price increase. The higher cost of labeling was cited by the GMA as part of its rationale for opposing mandatory labeling of GMOs. As Campbell CEO, Denise Morrison told the New York Times, the addition of product nutrition labels in the 1990s was not accompanied by significant additional costs.

As we reflect on the Campbell decision, three

questions come to mind. How did this shift in position come about? What does it mean for consumers? What does it mean for farmers?

The movement to label food product containing GMO ingredients clearly includes those who believe that GMOs are dangerous. But, if the appeal for labeling had not spread beyond that group, it is likely we would not be talking about Campbell's decision.

What captured widespread consumer support was the question, "do you want to know what is in the food you eat?" And when that broader group was stymied at the national level, they adopted a state by state campaign that has been successful for other issues. Even though most of those state campaigns did not result in legislation, public awareness and support has continued to grow. A recent Consumer Report survey found that 92 percent of the US population wants to know what is in the food it eats.

Economists call this consumer preference. But consumer presence has also forced changes that took place outside the political arena. Natural and non-GMO foods first began to be featured in food cooperatives and organic specialty stores.

As that economic sector began to grow, major grocery retailers began to take notice and create small organic sections in their stores. Over time these small sections began to grow with new independent brands. Today they are a prominent part of the stores of major national grocery retailers.

These retailers also began to develop house brands that included labels with simple, easy to pronounce ingredients. As a result, large food makers began to experience slowed growth and a loss of market share. Even with the inclusion of some of the independent natural food brands within their portfolios, the major food makers experienced stagnating revenues. At that point, it was simply a matter of time before one of the majors made the shift on the labeling issue.

For consumers, the decision by Campbell, certainly to be followed by others, means the availability of more information about the ingredients in the foods they purchase and eat. The immediate result will be more information about GMOs, but as other ingredient concerns appear, we are likely to see food makers providing that information as well. It has been a long road from the 1960s when parents first raised concerns about FD&C colors that were in the food their children were eating to today when companies like Campbell are working to eliminate artificial coloring from their foods along with all of the other changes.

If followed by other food makers and if consumers show an increased preference for non-GMO ingredients, this decision will provide market opportunities

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for farmers who are willing to provide source-verified grains and oilseeds that they segregate from usual commodity channels. In the short run, the increased cost of segregation will make some non-GMO products more costly. Non-GMO activists envision a time when market competition will force GMO producers to share the cost of maintaining a segregated distribution channel.

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