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Report Highlights:

The United Kingdom (UK), as a member of the European Union (EU), conforms to all EU Directives, Regulations and Objectives on biotechnology. It is therefore recommended that this report be read in conjunction with that produced by FAS/USEU.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
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Executive Summary

In 2004, U.S. exports of agricultural, fish and forestry products to the UK were \$1.46 billion, a 14.4 percent increase on the 2003 level. Albeit boosted by the strength of the pound against the dollar in 2004, the UK is consistently a key market for U.S. agricultural products, ranked the eighth most important destination for U.S. agricultural products after major markets such as the NAFTA countries and Japan. Strong areas for the U.S. are in intermediate products, consumer-oriented food and drinks, forest products and seafood.

Consumer-oriented products remain the most important sector in value terms, amounting to 49 percent (\$712 million) of total exports of agricultural, fish and forestry products to the UK in 2004. This record figure is a rise of 22 percent on 2003, the fourth consecutive year of growth and secures the UK at fourth on the league table of U.S. destinations for consumer-orientated goods. Among consumer-ready products, wine and beer are the biggest sellers while other consumer-ready best prospects include processed fruits and vegetables, sauces, and snack foods. It is these latter two products, many of which contain soya or maize, and other similarly processed foods for which the specter of the EU's biotechnology regime poses the largest burden. U.S. companies' only choices if they wish to export to the UK are to reformulate to remove any non-EU approved biotech ingredients, label if the product contains more than 0.9 percent of any EU-approved biotech ingredients, or reformulate to remove these ingredients too if they do not wish to label.

U.S. bulk agricultural exports to the UK have also felt the impact of the increased EU regulation surrounding biotechnology in recent years. That said, while the headline figures read that in 2004 just \$133 million of goods were traded compared to \$272 million in 1998, with more than half of this drop accounted for by reduced soybean sales alone, one must be careful not to jump to conclusions. Much of this drop has been due to increased competition from Brazil and Argentina, albeit itself partly boosted by their previous biotech-free status, and a shift towards imports of further processed products such as soymeal.

While the UK must enforce the EU's regulatory regime on biotechnology, the UK Government itself continues to back biotechnology policy based on sound science and is typically an ally of the U.S. against the European Union. However, because of the effectiveness of environmental campaign groups and the media frenzy created by this issue, the public remains suspicious of biotechnology largely due to perceived environmental and food safety concerns. This is despite a large amount of research undertaken by, and on behalf of, the UK government in the area of biotechnology over the past few years. From a scientific perspective, the results of various pieces of research announced in CY2003 and early 2004 would have been expected to have tempered the furor. However, this has not been the case and UK consumers are yet to be convinced of the merits of the technology.

Production

There are currently no genetically modified (GM) crops being commercially grown in the UK and it is not expected that this situation will change until 2008 at the earliest.

Margaret Beckett, the UK's Secretary of State for Environment, Food and Rural Affairs, made a statement to Parliament on 9 March 2004 setting out the Government's overall policy on GM crops, including its policy on the commercial cultivation of GM crops. She indicated that the UK Government had concluded that there was no scientific case for a blanket ban on the cultivation of GM crops in the UK, but that proposed uses need to be assessed for safety on a case-by-case basis. The statement continued by saying that the UK Government will continue to take a precautionary approach and only agree to the commercial release of a GM crop if the evidence shows that it does not pose an unacceptable risk to human health and the environment:

<http://www.defra.gov.uk/corporate/ministers/statements/mb040309.htm>

The UK Government's policy statement followed an evaluation of information available at the time including the reports of the UK's GM Dialogue. This comprised three strands consisting of a public debate run by an independent steering board, a review of the science led by the Government's Chief Scientific Adviser and the Chief Scientific Adviser to the Secretary of State for the Environment, Food and Rural Affairs in conjunction with an independent panel of academics, and a study into the overall costs and benefits of GM crops by the Government's Strategy Unit.

Of particular note is that while one aspect of the research undertaken saw the UK Government announce that commercial planting of a biotech maize variety, Chardon LL, could go ahead in the UK, the strict set of pre-conditions led to the company involved, Bayer, announcing that it would not be making the seed available.

Policy

General

British policy on biotechnology focuses on GM organisms in field crops and foods. This policy seeks to take a science-based approach to the regulatory process, but has been severely influenced by public anxieties about the technology

PM Blair acknowledges public concerns about biotechnology, but does not share the fears of many of his countrymen. In the face of relentless negative publicity from the media and NGOs, however, he has had little choice but to pursue a cautious, case-by-case policy for introducing commercial use of the technology in the UK.

With the EU policy agenda and rules being set in Brussels, the UK works hard to ensure that science is an important ingredient in the process, but in the end the UK must abide by the EU-wide legislation.

Responsibility

The UK falls under the EU's regulatory regime for biotechnology. However, within the UK, responsibility for biotechnology policy is divided among a number of Government Departments and advisory bodies:

- The Health and Safety Executive (HSE) regulate GMOs in contained use (e.g. in a laboratory)
- Department for Environment, Food & Rural Affairs (Defra)
 - the GM Policy, Science and Regulation Unit - part of the Chemicals and GM Policy Division within the Environmental Protection section of Defra - is responsible for the control of the deliberate release of genetically modified organisms (GMOs) in England (note that in Wales, Scotland and Northern Ireland this falls to the devolved administrations), developing national GM policy and turning EU directives into national law, representing the UK in EU and international negotiations on the environmental safety of GMOs, commissioning and disseminating scientific research on GM and assessing the environmental risk of the contained use of GMOs
 - the Plant Varieties and Seeds Unit control the authorization of GM seeds for the National Seed List
- The Food Standards Agency (FSA) controls the assessment of GM food for human consumption
- The Advisory Committee on Releases to the Environment (ACRE), an independent scientific committee whose members include leading academic scientists, advises the relevant UK Ministers and other bodies on the possible environmental and human health implications of all experimental and commercial releases of GMOs
- Additionally, the Advisory Committee on Novel Foods and Processes (ACNFP) and the Advisory Committee on Animal Feedingstuffs (ACAF), similar in construction to ACRE, advise the relevant UK Ministers on GMOs that will be specifically used in food or animal feed

International

Defra's GM Policy, Science & Regulation Unit deals with international initiatives concerned with GMOs, including work undertaken by the Organisation for Economic Cooperation and Development (OECD) on biotechnology and work on biosafety undertaken by the United Nations Environment Programme (UNEP). It also takes the UK lead on the negotiation and implementation of international legislation and treaties relating to GMOs, such as the Cartagena Protocol, the EU proposal on the transboundary movement of GMOs and the EU proposal on the traceability and labeling of GMOs.

Approvals

At present there are only a few GMOs licensed for release under part C of Directive 2001/18/EC, this section being for release for marketing purposes. These include, for example, carnations, oilseed rape and maize. GMOs that have consent for release under Part B of the directive are for research and development purposes. Up-to-date UK lists of Part B and Part C applications are available at:

<http://www.defra.gov.uk/environment/gm/regulation/registers.htm>

Research

The UK Government is committed to making decisions concerning developments in GM technology on the basis of sound scientific evidence. As such, it runs a GM research program which commissions research designed to underpin the risk assessment of GMOs and their use in the UK.

Full details of the UK's significant research program is available at:

<http://www.defra.gov.uk/environment/gm/research/index.htm>

As far as field testing of biotechnology crops is concerned, despite determined and repeated attempts by anti-biotech activists to disrupt and destroy test plots, recent years have seen GM crops being grown for research and development purposes at a number of sites in the UK. The main example of this has been the well-publicized Farm Scale Evaluation (FSE) GM crop trials, the largest of their kind in the world, which studied the effects on the diversity and abundance of farmland wildlife associated with the farmers' management of GM herbicide tolerant crops as compared with equivalent non-GM crops.

Coexistence

The UK Government has stated that it recognizes that transfer of GM presence into non-GM crops could affect the economic interests of non-GM growers and that therefore the co-existence of any future GM cropping and non-GM crops needs to be addressed. As such, it is currently in the process of developing these co-existence arrangements in consultation with stakeholders. The UK has stated that their intention is that farmers growing GM crops should apply measures that aimed to minimize GM presence in a non-GM crop, and to at least below the European Union's 0.9% labeling threshold on a worst case basis. Defra is consulting stakeholders on this and the following related issues:

- whether a GM threshold below 0.9% might apply for organic production
- options for a mechanism to compensate non-GM farmers if they suffer financially because a GM presence in their crop exceeds the statutory threshold, and
- guidance for farmers interested in establishing voluntary GM-free zones

It remains the Government's published intention to introduce co-existence measures before any commercial cultivation of GM crops takes place in the UK. Given that no commercial cultivation is expected in the UK before 2008 at the earliest, an early resolution appears unlikely.

Traceability & Labeling

The UK Government's stated position is that it supports labeling rules that are practical, proportionate and enforceable and in line with its international obligations. Labeling of GM products has been required in the UK since 1999. However, these domestic requirements were superseded by the two EU Regulations covering traceability and labeling of genetically modified organisms (GMOs) which were implemented in the UK, as other Member States, on 18 April 2004. These are:

- Regulation (EC) No 1830/2003 concerning the traceability and labeling of genetically modified organisms (GMOs)
- Regulation (EC) No 1829/2003 on GM food and feed

The Food Standards Agency (FSA) formally leads on the enforcement of traceability and labeling.

As a result of labeling rules and in response to the pervasive negative image of biotechnology, all UK supermarkets and big brand food manufacturers have reformulated their food products to remove biotech ingredients. In the past, this effectively meant no biotech labeled products were to be found on UK shelves. However, the tightness of the new traceability and labeling regulations has led a number of the small, single brand, products to go ahead and label for biotech content and, contrary to the assertions of the anti-biotech lobby, there has been no discernable consumer backlash. That said, the number of labeled products is very limited and until supermarkets start to widely stock products with a biotech content, which they say they will do if their consumers demand it, the effective de facto ban on biotech food in the UK, and consequent lack of consumer choice, will remain.

Marketing

Anti-biotech campaign groups have been relentless in their opposition to agricultural biotechnology and were initially successful in ensuring the UK media were widely critical of this technology. However, substantial work on the part of the industry and scientific community means that this same media are now increasingly split on the issue with much of the quality press taking a more science based and balanced approach.

The UK's Food Standards Agency (FSA), which routinely tracks GM-related public opinion, has consistently found that most consumers are suspicious of GM food and concerned about potentially adverse environmental impacts of GM. On the other hand, these concerns are not entrenched, suggesting that the public lacks sufficient understanding of the issue, and it does not appear to necessarily influence their purchases, price appearing to be the main driver.

As far as the UK Government is concerned, they have tried to frame the debate in ways that focus on the overwhelmingly positive scientific assessment of the safety and effectiveness of GM crops and foods.

However, it is widely believed by industry and Government alike that until biotech products with a discernable positive advantage for consumers are available then suspicion will remain.

Capacity Building

The State Department's Voluntary Visitors Program has been extensively used to take groups of UK decision makers and opinion formers to the U.S. on biotech-specific visits. Similarly, State Department funding has also been utilized to provide informed U.S. speakers for conferences and events in the UK. MAP funding has been used by the American Soybean Association (ASA) and others to fund various UK specific work including speaker tours and meetings with key officials.

Reference Material

Department for Environment, Food & Rural Affairs

<http://www.defra.gov.uk/environment/gm/index.htm>

Food Standards Agency

<http://www.food.gov.uk/gmfoods/>