

Genetically modified organisms: one supermarket's view

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43rd Autumn Conference - 25th/26th October 1998

Genetically modified foods- a retailer's view

Bill Wadsworth

For those that are not aware of or closely involved with our operations, Iceland Frozen Foods plc is 28 years old and comprises primarily a retail operation on the high street. Iceland is a frozen food specialist but also offers a wide range of both chilled and ambient products. We also have an appliance division and recently we have purchased a foodservice business, Woodwards. We are the first food retailer to have a home delivery and home shopping operation on a national basis in the UK.

Some of you may already know the stance that Iceland has taken on today's issue. We believe that the introduction of genetically modified (GM) commodity crops is a significant departure from traditional breeding methods. We share the concerns raised by several independent scientists regarding the way in which these products are being brought to market. We believe customers need to be informed as to what is going on and need to be given a choice as to whether or not they buy GM products.

We started out with a relatively simple aim - to provide customers with choice. In fact when we set out we were often told this was impossible and we would have to change the world. Although we were not exactly confident we would succeed we said we would try, and we believe that we have certainly helped to.

Iceland Frozen Foods is not perhaps the most obvious company to take a high profile, headline-grabbing stand on this issue. But we have responded to public concerns on specific issues before. In 1989 we responded to the public focus on problems with ozone depletion. Iceland developed equipment for the extraction and recycling of CFCs from domestic fridges and freezers. We were the first company in the UK to do this and the only company for at least two years.

In 1995, in response to a Greenpeace campaign on whaling policies in Norway, we cancelled a million-pound order of Norwegian prawns and obtained alternative supplies.

But why did we take this ground-breaking stance, in the face of enormous industry resistance, on the issue of genetically modified foods?

Biotechnology has the potential to provide society with benefits when used in a responsible way. However there are risks associated with this technology and thus in the medical sector its use is restricted. Here stringent controls are in place. We were alarmed to discover that a short cut to these controls had been introduced for food products, where the benefits available were less and thus if anything you would expect the use of the technology to be more restricted.

We approached the advisory committees for clarification on their decisions to approve these products based on 'substantial equivalence'. They refused to respond to our trade association's approach. These so-called independent advisory bodies were composed of academics dependent on the biotech industry. Their actions suggested they were intent on bringing these products to market with as little control as possible. In our view they clearly were failing the customer and the government.

The introduction of a genetically modified soya crop was going to affect over 60% of everyday processed foods. If our customers were going to react against the GM products derived from soya this would have a massive impact on our business. We also knew from the BSF fiasco that we would not get compensation if things went wrong, wherever the fault arose - and even if those responsible did.

The UK retailers asked the biotech industry to work with them and provide segregation. This was to have been a positive move for the industry, not a negative one. If the products had been segregated from the start, the fears of the customers may have been overcome. The system for labelling would be a voluntary scheme and could then be removed when no longer needed.

The biotech industry refused. They also refused to accept any of the concerns raised by our customers, whether these were based on ethical, environmental or safety issues.

Our own management team has very strong views on this issue. Whatever our own views, however, we have a business to run. We will only be successful if we deliver to our customers the products that they want. Initially many were not aware that GM foods were already on the market. They were angry that they had not been informed.

We decided to raise the profile of the issue. We knew that by doing so we were going up against a multi-million pound biochemical company, Monsanto. We are talking David and Goliath here. We also knew we were going to be on our own. The other retailers and manufacturers had rolled over and accepted the situation. We've even been accused by some of them as being like King Canute, trying to turn back the inevitable tide.

By March this year over 60% of customers had become aware of the issue due to our campaign. Research carried out by Gallup for Iceland showed that of the customers who had heard of GM food, over 70% had reservations and over 80% were concerned that they may already have been eating food containing GM ingredients.

We also carried out focus groups. Here our customers have made it clear that they would prefer not to eat GM foods. They questioned why it was being done, they were concerned as to which species would be altered, whether it was really safe, and whether or not they would have a choice. They saw no benefit to the customer, only to industry.

Karen Walker, consumer: 'Our bodies are being used. We are guinea pigs and we haven't given permission for our bodies to be used for this. What right has someone got to do this to us?'

It is not surprising that customers would be so nervous about scientists playing with their food. We are not a perfect industry in the eyes of our customers.

There have been a number of food scares and even now we are hearing that farmers and abattoirs had no regard for customer safety, allowing BSE infected material on to the market after the bans were supposed to be in place.

The overriding message was that consumers should be informed about the issue and given a choice. In order to give our customers that choice, we decided to remove all GM ingredients from our own label products. This made the choice for our customers fairly simple. No need to analyse ingredients lists. If they wanted to avoid GM ingredients, they simply selected Iceland brand products.

We chose to do this in a phased approach.

1 Ingredients with foreign protein/DNA present

2 Ingredients derived from GM crops with no foreign protein/DNA present

3 Additives

4 Animal feeds

We completed the first two phases for production on May 1. We are now working to remove GM processing aids where possible. We will then tackle GM animal feeds once the associated traceability systems are in place

For Iceland this decision affected approximately 400 product lines. This is not an easy task and in some cases we have had to remove the soya material from the product totally, for example soya oil replaced by oilseed rape oil for in factory frying operations.

In order to achieve a non-GM range of products we had to identify ingredients that may have originated from genetically modified sources. We have traced these materials back through the supply chain and verified whether the non-GM status has been maintained.

This would appear to be a relatively simple process. However, when we consider products such as soya, the situation becomes very complex. The beans we use originate from farms in Canada and Brazil. This creates difficulties in maintaining segregation during storage, shipping and transportation.

To enable the segregation of materials throughout the supply chain, we have used a model based on the controls for organic products - for beans from Canada.

I would like to thank those in the bakery sector who had had the foresight to complete a good deal of the preparatory work. Spillers as it was, Kerry SPP now, was instrumental in establishing a non-GM processing site for flour, used primarily in the bakery sector.

In Brazil we have removed the commingling issue associated with the storage and transportation by processing the beans at source.

In addition we have also been assisting suppliers to ensure segregation is maintained during the manufacture of the finished product. Problem areas included the use of lecithin in chocolate supplied for further use, such as in bakeries.

In order to be able to verify the non-GM status of materials we used a combination of testing and audit trails. We have worked with Genetic ID in Iowa to develop the DNA extraction and testing using polymerase chain reaction (PCR) analysis techniques. We continue to monitor the effectiveness of these Systems in order to ensure that a non-GM product is produced via a combination of auditing and testing.

However this methodology operates at a molecular level. Even the hygienic handling of a product may result in the transfer of a single element of DNA, which would give a positive test result.

This is why, even with the controls we have put into place, we have chosen to indicate that our products are non-GM rather than GM free. In essence they will

be GM free - and we would add to a much tighter tolerance than the UK standards for organic products.

We are currently working to the following thresholds:

- raw materials (for example protein, lecithin) - target of 0.1%, maximum 1% GM presence.
- finished product (commingling) - maximum 1%.

When deciding EU level regulations we believe that the standards prescribed should be practical for new crops as well as soya. We would propose these threshold values for discussion

:GM free (based on authenticity tolerance for 100% durum wheat)

- raw material - target <0.5%', maximum 2%.
- finished product target <1%, maximum 2%

Non-GM (based on organic products)

- finished product - target <2%, maximum 5%.

This is based on comments from various testing laboratories working in the area which suggest 2-5% tolerance should be given for GM free products based on testing technologies and discussions with companies looking to introduce identity preservation (IP) schemes.

The importance of the inclusion of threshold values for inadvertent commingling cannot be underestimated ii consumers are to be given a non-GM alternative. We are very pleased that our contacts with MAFF resulted in the UK government proposals including this concept. We believe that our efforts to ensure the need for this was understood across the EU resulted iii the approval of this amendment.

With threshold values in place, we are satisfied that a customer choice can be maintained.

So what has been the response to our campaign? We launched on March 18 and it was like a bomb going off. Much though we hoped for a strong reaction, we have been amazed by the response by the media and our customers.

We set up a genetics hot line for the public to phone in to receive more information. We received over 3000 calls and letters of support.

Action groups all around the UK, in the US and Australia have requested supplies of our customer information leaflet. We have had dozens of requests to speak at meetings, from the Women's Institute to the Canadian Wheat Board. You could say we touched a nerve.

We have also seen a significant shift in the position of our competitors. Initially we were told, 'don't rock the boat, we do not want a food scare'.

It's precisely because we did not want another food scare that we banned GM ingredients. Interestingly, other super markets which were originally quite vocal are now taking GM ingredients out of their foods.

Others have now seen the sense of our position and come on board. Even if a little late, we are pleased to see them follow Iceland. We can see why they took this decision. In a survey commissioned by corporate brand specialist Corporate Edge to assess customers' views on corporate ethics, 65% of respondents supported Iceland's decision not to stock bio-engineered foods, with ~ saying they would start shopping in Iceland as a result of our campaign.

And what about Monsanto - well they have now embarked on a £1 million advertising campaign. A little late but at least they now see the value in educating the customer in the benefits and risks associated with GM foods. Of course, if Monsanto had had their way there would not have been a decision to make as there would not have been a choice, nor any labelling.

Recently Anne Foster of Monsanto asked us not to change our position. Anne now accepts the risks associated and is supportive of product labelling and segregation. Monsanto has confirmed that its sugar beet in the UK in 2001 is to be grown in a controlled area to enable segregation, and to enable the environmental monitoring of the crop. It has also acknowledged the need for ongoing monitoring.

Even more interesting has been the reaction by the government. While saying GM foods were safe, it was swiftly taking GM foods off the menu. It has also acted on many of our concerns regarding the approval process, with changes being made at Ft I level. We believe this vindicates the stance that we have taken. However, there are still issues that we will continue to pursue.

We are pleased to see that ethical issues are to be addressed at EU and UK levels. We will want to ensure that this is effective and that there is some coordination of committee work to ensure issues are not missed.

The involvement of consumer representatives on committees at UK level is welcomed along with the proposal for consultation with NGO groups in Europe. The time constraints for consultation are still inadequate and resourcing of NGOs may be required if applications for approval rise as expected.

The labelling changes we believe will make labelling more practical and consumer friendly. However, additives are still not covered and it is likely that oils and lecithin will be exempted. We do not agree with this and will continue to battle for further amendments. Implementation within 90 days for GM labelling was not practical for many and again ignored the experience of previous amendments to EU labelling regulations.

We do not agree with the 'substantial equivalence' short cut and believe this continues to present a risk of the approval system being compromised.

_With regard to environmental releases, we believe that monitoring is essential and that approval should be for a fixed period such as seven years.

Monitoring should have been based on:

- changes to the DNA profile and formation of novel proteins - toxins and allergens
- environmental studies as used for reviewing the impact of open cast mining on the environment - a study of the fauna/flora prior to, during and after the period of review.

As substantial equivalence removes the ability to monitor the DNA profile effectively, safety monitoring can only be based on the development of novel toxins/allergens and changes to the levels of known toxins during the monitoring period.

It is essential that there are controls in place to ensure GM crops are segregated. A major concern is with the cross-pollination of crops such as oilseed rape. Proper segregation controls are needed, as for trials, and these controls must also cover haulage of GM materials. We believe regulations will be needed in this area and expect anyone who is responsible for contamination of a non-GM crop to be liable for any losses caused.

We are concerned about the 'terminator' technology and want to see protection for farmers in this area. Gene stacking also needs to be considered how many traits and gene additions have to be performed before an organism is considered no longer to be equivalent?

It is good to see that some of the biotech companies are now acknowledging that consumers should be given the choice of non-GM alternatives and that segregation is possible, even at IP level. These are really positive moves.

We are really pleased to be able to confirm that we now have non-GM soya being processed by US organisations and shortly will have US origin non-GM soya material on the market.

Overall the progress made has been excellent, particularly the attitudinal changes within the biotech industry and governments across Europe.

The **more** cautious approach to approvals, and greater consideration of the risks as well as benefits, will provide our industry with the assurance we need. This will become essential when there are thousands of GM products available.

As a retailer it will be impossible for Iceland to keep up with all the changes to our foods. We must be able to rely on the authorities.

Even then, if - arid some would say when - we end up with a food scare associated with a commodity crop, we know that the liability will rest with the food industry, not the authorities or biotech companies - an interesting thought as we listen to the benefits this sector can provide.