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## Philippines

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### **Mandatory GM Labeling Bill Would Raise Food Prices and Impede Production and Trade of Food Products**

**Report Categories:**

Biotechnology

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**Report Highlights:**

A bill requiring mandatory labeling of all pre-packaged foods and beverages containing or produced from Genetically Modified (GM) products was recently introduced in the Philippine House of Representatives. Citing the people's 'right to know' as justification for the new requirement, the draft legislation covers all foods produced using biotechnology, as well as those foods produced with or derived from GM materials. The exceptionally broad language in the bill makes it among the most sweeping in the world. New labels would be required on tens of thousands of pre-packaged domestic and imported processed food products that contain vegetable oil, as well as on most meat, poultry, eggs, and dairy items produced from animals that consume commercial feed. The value of U.S. trade affected is estimated in the hundreds of millions of dollars, while the value of Philippine products affected is estimated in the billions.

Most agriculture, food industry, and government officials have raised concerns about many aspects of

the proposed bill. Apart from questioning the justification of the legislation, these officials assert that the bill would unnecessarily increase costs for producers and consumers, could mislead the public into thinking GM foods are dangerous, and threaten marketing and trade of food and beverage products. Despite these concerns, most local agricultural experts have expressed quiet confidence that the strong track record of GM products for safety, the importance of GM technology to food security and enhanced nutrition, and the demonstrated environmental and economic advantages of GM crops will lead to ultimate defeat of the bill.

**General Information:** A bill requiring mandatory labeling of all pre-packaged foods and beverages containing or produced from Genetically Modified (GM) products was recently introduced in the Philippine House of Representatives. Citing the people's 'right to know' as justification for the new requirement, the bill would amend the existing Food, Drugs and Cosmetics Act and the Consumers Act of the Philippines. The bill was passed by the Trade and Industry Committee in October 2011, the first time legislation requiring such labeling has made it so far toward becoming law. The draft legislation covers all foods produced using biotechnology, as well as those foods produced with or derived from GM materials. The exceptionally broad language in the bill makes it among the most sweeping in the world. New labels would be required on tens of thousands of pre-packaged domestic and imported processed food products that contain vegetable oil, as well as on most meat, poultry, eggs, and dairy items produced from animals that consume commercial feed. These products would have to display a "warning" that, **"THIS PRODUCT CONTAINS GENETICALLY-MODIFIED ORGANISMS, OR WAS PRODUCED WITH GENETICALLY-ENGINEERED MATERIAL. GMO CODE."**

Philippine government, non-government, academic, and industry officials have raised serious concerns about numerous economic, environmental, trade, and food security aspects of the proposed bill. Apart from questioning the justification of the legislation, these officials cite "misleading" language in the bill. For example, in its Declaration of Policy under Section 2, the bill states, **"It is the duty of the State to inform and warn the people of the well-documented health and environment risks of GMOs."** These officials note that GM crops and products undergo a stringent food and environment safety assessment process that makes them the most tested food category in the world. They also cite the fact that in 15 years of global commercial application on over a billion hectares planted in 209 countries that there has not been a single documented case of medical or environmental damage resulting from commercialized GM crops. The WHO and the FAO also attest to the soundness of the safety evaluation process of GM crops and their products. In addition to their superior yields, some environmental groups have even reported that GM crops are "greener" than conventionally produced crops because they result in the use of less agricultural chemicals, reduce the use of diesel, minimize erosion, and result in less CO<sub>2</sub> emission from the soil.

These groups also assert that the bill would increase costs for producers and consumers, threaten marketing and trade of billions of dollars in domestically produced and imported food and beverage products, and could undermine the government's food security and nutrition objectives. In addition to the cost of printing millions of replacement labels and stickers, industry experts have noted the legislation could result in the expenditure of millions of dollars in testing in an effort to determine which foods contain GM ingredients and which do not. These experts assert that, in addition to the "unnecessary testing," the legislation would likely lead to efforts to implement costly identity preservation, product segregation, and certification systems that would require massive investments in

storage, delivery and retail infrastructure. A 2004 study by local researchers, “The Cost Implications of GM Food Labeling in the Philippines” by de Leon, Manalo and Guilatco, shows that mandatory GM labeling would raise food manufacturing costs by 11-12 percent (see <http://www.isaaa.org/kc/Publications/pdfs/briefs/Brief4-2.pdf>). They also warn the resulting higher food prices and consumer confusion could impede efforts to advance food security.

Analysts and traders report that the reticence of retailers in the Philippines and abroad to stock products with such labels would also significantly disrupt trade and distribution of these foods and beverages. The Philippines is the 12<sup>th</sup> largest market for U.S. food and agricultural exports with sales expected to exceed \$2 billion in 2011. The U.S. is the largest market for Philippine food and agricultural exports, with 2011 sales forecast to approach \$1.5 billion. Food manufacturers say the cost of printing separate, new labels for domestic and overseas markets will unnecessarily add costs and hinder competitiveness.

Biotech advocates also worry that, if passed, the legislation could mark a sharp departure from the Philippines’ role as a world leader in biotech research, acceptance, and production. Among the 209 countries that produced GM crops in 2010, the Philippines was the 13<sup>th</sup> largest in planted area. The country is also on track in commercializing Golden Rice, a GM variety that helps fight blindness caused by Vitamin A deficiency which is common in Filipino children. Agricultural experts have raised concerns that, with food security and nutrition never more important, passage of this bill would send the wrong message to the many developing countries that look to the Philippines for regulatory and policy guidance.

While the bill has raised serious concerns in and among food and agricultural interests in the Philippines, most experts have expressed quiet confidence that the strong track record of GM products for safety, the contributions of GM technology to improved nutrition and food security, and its demonstrated environmental and economic benefits will lead to ultimate defeat of the bill.