GM Free
Food Producing Hawke's Bay

A Golden Opportunity for the Region

P U R E H A W K E ' S B A Y

Submission on the Hastings District Council Long Term Plan 2012-2022

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P. O. Box 8223
Havelock North
Tel: 8747858
info@ purehawkesbay.org

Pure Hawke's Bay is a group of local food producers committed to building the region's reputation as a region known throughout the world for safe, sustainable, high quality food production.

Securing the region's GM Free food producer status is a key plank of that vision.

John Bostock, Bruno Chambers, Will MacFarlane and Scott Lawson, on behalf of

Phil Alexander Mark Apatu Danny Bearsley Wayne Breeze
Peter Clarkson Trevor Claughton Crasborn Brothers
Ben Crosse John Erickson Robert and Charlotte Fisher
Richard Gaddum Mike Glazebrook Angus Gordon Rex Graham
Greg and Rachel Hart Steve Horgan John Kamp David Kerr
Peter Kershaw David Mason Ken Miller Tim Nowell Usticke
Nick and Judy Pattison Mike and Jo Perry Purchas Taine Randall
Andrew Russell Rupert Ryan Dr Phillip Schofield Wayne Startup
Leon Stallard Andy Tait Jamieson Steve Tait Jamieson Mike Walmsley
James and Sally Williams Rob Wilson Andrew van Workum

Pure Hawke's Bay would like to be heard in support of this submission.

Pure Hawke's Bay urges the Hastings District Council to lead the region in securing the **Hawke's Bay's status as a GM free food producing region.**

We believe that HDC should take the lead, not least of all because a considerable portion of the region's high-value food production is located in the district and the Hastings economy and its producers stand to benefit the most. The Hastings District and its economy would also be the most vulnerable to GM releases.

Hastings District Council needs to be clear in its own mind how to take this opportunity that GM Free food producer status offers at the district level (irrespective of where other councils' understandings on this issue may currently be).

We therefore urge the Hastings District Council - as a priority - to commit to securing GM Free food producer status through the upcoming District Plan review.

This submission details the reasons why this is the optimal path for both the Hastings District and the regional economy.

1. The Pure Hawke's Bay Proposition

Pure Hawke's Bay is **regional GM Free food producer status for Hawke's Bay**, and will be making a submission to the Regional Council's Long Term Plan consultation, which contains a good discussion on options for the region.

Our proposition is that GM free food producer status be secured via local authority planning instruments for a period of **ten years** (that is, for the life of district and regional plans). If at the end of that period, the opportunities for the region continue to lie with GM Free status, then that policy can be renewed.

This status must be secured in planning instruments to provide a stable, verifiable branding platform that Hawke's Bay food producers and exporters can leverage off.

HDC's position on this will be very important and it is vital that the Council commits to GM Free food producer status through the upcoming District Plan.

The work of the Intercouncil Working Party in Northland has done most of the policy groundwork on this, identifying the District Plan as **the** planning instrument to achieve GM Free status. The Working Party is about to embark upon a section 32 analysis of district plan rules that would prohibit the commercial release of GMOs and make field trialling a discretionary activity.

We recognize that HDC may want to maintain the option of considering GM to address *significant* biosecurity threats to agricultural production in the region, and this can be provided for in any policy.

2. Why remaining GM Free in food production is a must

As food producers, we respect the right of each farmer/grower to make their own decisions about what approaches best suit their land and production. We value that autonomy highly ourselves.

But GM food production is different because of the way it is perceived in the market place.

GM foods have a uniquely negative market profile. Since the mid-1990s, the use of GM in food production has remained the most controversial food and agricultural technology of the last two decades and has been dubbed "the Achilles heel of biotechnology"[1]. Market resistance in Europe and Asia, in particular, has been so strong and persistent that many prominent food companies, supermarkets and retailers have taken a strong stance against the presence of GMOs in their food. It is not just consumer attitudes that our exporters must respond to but buyers, which have effectively become powerful gatekeepers that exercise considerable influence on the market prospects of GM foods.

GM food's "bad reputation" is not going away. Two years ago, the British Retail Consortium – a retail grouping that accounts for around 80% of grocery sales in the UK - stated that public opinion about GM foods has not recovered.[2] Across Europe, attitudes to GM are still continuing on a downward trend since they first plummeted in the late 1990s.

Consumers and buyers in our high-value markets not only do not want GM produce, they are highly sensitive to trace levels of GM that can arise from neighbouring GM production. GM contamination incidents in New Zealand involving trace levels of GM in imported seed stocks illustrate the sensitivity of our export markets to even a suspicion of GM presence. Market gatekeepers are themselves very sensitive to trace contamination as they are also exposed if the presence of GM in products they stock or manufacture is detected. They will source products from the least risk production areas, as has occurred for Canadian canola and was foreshadowed when the introduction of GM wheat was mooted for North America.[3]

Pure Hawke's Bay growers are not alone in concerns about GM. At the national level, the pastoral sector (we understand Fonterra, in particular) is concerned about the market consequence of GM grass field trials and has not supported trials of experimental lines developed by AgResearch and the Pastoral Genomics consortium occurring in New Zealand, as AgResearch concedes:

> "The sector generally continues to take a market-led stance on field trial releases of GM forages, holding the view that the potential value of GM technology is currently outweighed by the potential negative responses of their consumers and markets."[4]

Horticulture New Zealand, which represents fruit and vegetable production in the

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[1] European Commission. 2010. *Europeans and Biotechnology in 2010. Winds of change?* Eurobarometer, European Directorate-General for Research.

[2] British Retail Consortium. 2009. Submission to the House of Lords Science and Technology Select Committee Call for Evidence: Nanotechnologies and Food March 12.

[3] Plans by Monsanto to commercialise GM wheat in North America were opposed by the wheat growers associations in both Canada and the US because their market research found that their major buyers in overseas markets would source wheat from non-GM wheat producing countries to avoid the risk of even trace contamination. Canadian Wheat Board. 2003. *Current State of Market Acceptance and Non-acceptance of GM Wheat*; US Wheat Associates. 2002. *GM Wheat Customer Acceptability Survey. Results from Asia.*

[4] AgResearch. 2011. *Statement of Corporate Intent 2011-2016.*

country, has also made clear that being GM free "compliments our clean, green image". In its policy, the association states that there is no role for outdoor horticultural GMO production in New Zealand:

> "Horticulture New Zealand recognises that there is considerable consumer opposition to genetically engineered food products and that it is critical that the industry continues to be market focused supplying products that exceed customer and consumer requirements. […]
>
> New Zealand horticulture industry must stay at the forefront of science and innovation. However, research for the New Zealand horticulture industry should at this stage focus on the application of technologies in areas other than those that will result in the production of genetically engineered crops."[5]

3. The Opportunity for Council and the Region

The fundamental strategic issue for the Hastings district and the wider region, then, is the market implications of GM food crops: the risks to Hawke's Bay production and exports from a GM food release and the opportunities to be captured from formal GM Free status.

More than 40% of Hawke's Bay's GDP is tied to the primary and related sectors.[6] The Hastings District is the largest producer of apples, pears and peaches in the country, and second only to Marlborough in grape and wine production.

Hastings District and Hawke's Bay producers will not be able to compete on price in global commodity markets. KPMG has given New Zealand agriculture a five-year window before other emerging commodity crop regions leave us behind. Commodity production is simply not a viable proposition for our regional economy. Indeed, positioning to be a cheap, commodity producer would effectively be a race to the bottom for our exporters and our environment. Our resilience and profitability as a region will increasingly lie with high-value products and niche markets, where provenance and environmental integrity are important to consumers.

The rise of the discerning, environmentally conscientious consumer in our niche markets is well-documented:

> "The "green consumer" and "responsible retailers" of today are demanding increased creditability, greater accountability and traceability in their suppliers' supply chain. To meet these expectations, New Zealand's agribusiness sector needs to adopt a sustainable supply chain approach, which entails a whole life cycle analysis from on-farm activities, processing and manufacturing, to end consumer engagement."[7]

Future-proofing the region's agricultural economy and increasing prosperity from our agricultural base will therefore lie in high-value products:

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[5] Horticulture New Zealand. 2009. *Horticulture New Zealand Genetic Engineering Policy.*
[6] Hawke's Bay Regional Council. 2011. *Hawke's Bay Regional Economic Development Strategy. Strategy Development Document*.
[7] KPMG New Zealand, *Sustainability in the Agribusiness Sector.* KPMG Agribusiness Green Paper, November 2010.

> "Failure to adapt to sustainable business practices will in our view leave the industry facing a future competing in low price, commodity markets with producers from countries that have increasingly got a significant low cost advantage over our producers."[8]

Pure Advantage, the group of leading New Zealand business people pushing for green growth, has applauded our vision of labeling the region "one of the greenest 'fruitbowls' of the world, securing their position with one the highest quality appellations in a highly competitive global market".[9]

The story of GM agriculture so far is the exact antithesis of high-value, niche production. After nearly two decades of production GM agriculture remains:

- largely ghettoed to the Americas for food crops (China and India grow GM cotton)
- a commodity crop affair (soy, maize, canola and cotton)
- consumed largely as animal feed or in unlabelled food products.[10]

There is nothing in this picture that is relevant or advantageous to Hawke's Bay's agricultural economy thus far, nor in where the region needs to position itself.

To our knowledge, there is nothing in the GM R+D pipeline that would:

- Outweigh the value of GM free to the region's producers, and
- Be ready for release within the GM Free period we are proposing.

Domestic research on GM grasses (such as Pastoral Genomics R+D programme) is not expected to deliver commercial varieties for around a decade and should field trialling be needed before that time, there is nothing wholly unique about Hawke's Bay conditions that would require that such trialling be done in the region.

We do not lose out from sidestepping the GM crop production line – we gain.

Market resistance to GM food production creates an opportunity for Hastings District and Hawke's Bay to build a regional brand that aligns with consumers and buyers domestically and abroad, and guarantees them that our food products are grown in a GM Free region.

Carbon and water quality are gaining visibility on the consumer radar and will need to be addressed. Providing a cast-iron guarantee that produce from the Hawke's Bay is grown in a GM free agricultural region is a vital step towards aligning the region with the aspirations of consumers in key markets. And compared with the vastly more complex challenges that sustainable water use and achieving a low-carbon regional economy pose, it is relatively easy task to achieve a region-wide assurance of being GM free.

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[8] KPMG New Zealand, *Sustainability in the Agribusiness Sector.* KPMG Agribusiness Green Paper, November 2010, p. 43.
[9] Pure Advantage. 2011. *Pure Advantage meets Pure Hawke's Bay,* November 11. http://tinyurl.com/c2voek3
[10] James C. 2011. *Global status of Commercialized biotech/GM Crops: 2011.* Executive Summary. ISAAA, Brief 43.

GM free food production zones are a well-established response to market preferences in other parts of the world. Twenty-one regions in France and 16 in Italy alone are GM Free.[11] Among them, Burgundy, Champagne, Provence and Tuscany have enviable reputations, their names synonymous with good food and rich traditions in food production the world-over.

We believe there is huge marketing opportunity for the Hawke's Bay regional food production brand. The wine industry has already laid the foundations for the region's reputation as a premium food producer, through region-of-origin labeling (a regulatory requirement) and through the Hawke's Bay Wine Country brand. As Council has noted there is great potential "to leverage concepts such as a quality source of products and raw materials to improve business attraction and sales margins of products."[12]

While the region's food producers would be the primary beneficiaries from declaring the region a GM Free food producing region, we believe there would also be spin-off benefits for the tourism industry, as any such steps cement the region's commitment to environmental integrity.

4. Why official GM Free status and Council action is imperative

Building a brand that producers and exporters can leverage off does not happen by accident. It requires:

- Certainty and stability over a period of time
- Accountability and traceability

Under the status quo, the region is now open for commercial GM food production as there is nothing to stop a developer applying to field trial or release a GM food or feed crop at any time. Nor is there any mechanism to stop Central Government approving outdoor GM releases when Hawke's Bay's councils or food producers oppose such activities.

Leaving Hawke's Bay's GM free status unsecured and subject to the risks of contamination does not provide the region's food producers with the marketing platform they require. Branding and labelling are costly line-items and the risk that a release could occur will prevent our exporters from making claims about the region as a GM Free food producer.

Under current law, **only councils can secure GM Free food producer status** at the local level. While a national regulator – the EPA – has responsibility for assessing and controlling outdoor GMO activities anywhere in the country, there are no provisions under the HSNO Act that would establish a regional GM Free status in food production. This means that while GM might be a central government issue, **it is also a local government issue.**

[11] http://www.gmofree-euregions.net; http://www.gmo-free-regions.org/
[12] Hawke's Bay Regional Council. 2011. *Hawke's Bay Regional Economic Development Strategy. Strategy Development Document*.

Only Councils can give our producers and exporters the legal protection they need to retain our current status and international branding as being GM free in food production.

Official, binding GM Free food producer status essential

The Council should take the necessary steps to secure official, legally binding GM Free food producer status for the Hastings District.

We would like the Hastings District Council to make budgetary provisions to ensure that the District can achieve this under the upcoming District Plan review.

Pure Hawke's Bay is currently undertaking further research that will be of value to the Council as it considers ways forward. We intend to make that material available to the Council in the form of supplementary submissions when it is completed.