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Kenya gets a Biosafety Law

The Kenya Biosafety Bill was signed into Law by the President on 12th February 2009. The law will ensure that biotechnology activities in Kenya are regulated in a safe and responsible manner. It will facilitate regulatory approvals of potentially beneficial products such as insect resistant varieties of cotton and maize (Bt) to proceed to the next level of commercialization. The enactment of the Bill into law is a major milestone because of the strategic importance of Kenya in Africa and the international community. The country now joins the category of other African countries that have enacted biosafety laws including, Burkina Faso, Egypt and South Africa.

ASARECA congratulates Kenya on this important milestone in agricultural development. ASARECA is the implementing arm for the COMESA Regional Approach to Biosafety and Biotechnology in Eastern and Southern Africa (RABESA). Kenya is one of the six pilot countries where policy research and analysis was conducted and national consultative meetings held in phase I of RABESA. The official opening and closing of the RABESA national workshop in Kenya was presided over by Permanent Secretaries in the Ministries of Agriculture and Trade. The involvement of these high-level policy makers contributed towards their understanding and appreciation of the COMESA agenda on regional harmonization of biosafety policies.

In August 2008, the Minister for Agriculture, Hon. William Ruto presided over the official opening of the RABESA regional workshop on the development of a communication strategy on biosafety. The Minister's speech was favourably received and ranked as the strongest speech in support of biotechnology and the Biosafety Bill in Kenya. He reiterated the need for Kenya to enact a biosafety law and promised to mobilize his colleagues to support it when presented in parliament. The Biosafety Bill was overwhelmingly passed with majority of the parliamentarians arguing that the country should embrace modern biotechnology as a step towards addressing food insecurity. The strongest arguments in favour of the Bill came from Cabinet Ministers. The Minister for Agriculture William Ruto said that "The benefits arising out of the Bill are enormous. It gives this country a comprehensive and coordinated manner in which to tap benefits from research and enhance self sufficiency in food production". The RABESA team that includes the International Service for the Acquisition of Agribiotech Applications (ISAAA) and the Program for Biosafety Systems (PBS) have been working closely with other stakeholders in Kenya to facilitate passage of the Biosafety Bill.

For more read http://www.bdafrica.com/index.php?option=com_content&task=view&id=12952&Itemid=5813

BIOSAFETY DECISIONS: THE ROLE OF GM-FREE PRIVATE STANDARDS

The discrepancy between real and perceived commercial risks associated with the use of genetically modified (GM) products in developing countries is a subject of concern to many policy makers and researchers. Focusing on the effects of GM-free private standards set up by food companies in Europe and other countries on biotechnology and biosafety policy decisions in food-exporting developing countries, in a discussion paper of February 2009 Guillaume Gruère and Debdatta Sengupta of the International Food Policy Research Institute (IFPRI) show that although GM-free private standards and policies are set up by importing food companies (especially supermarkets in Europe), there is insufficient evidence to support the direct involvement of the companies in policy processes in African or Asian countries.

Introduction

OVER a decade after their introduction, genetically modified (GM) crops are still largely produced in only a few countries. In particular, many developing countries have avoided entering the debate on GM crops, observing conflicting views among developed countries between exporters promoting the use of the technology and importers strictly regulating it. Generally lacking functional biosafety systems, they have adopted a *de facto* wait-and-see position, in part due to perceived potential risks associated with the use of transgenic crops and their derived products.

Policy specialists have identified several factors playing a role in the reluctance of these countries to develop or adopt their biosafety policies and regulations. Notably, perceived commercial risks resulting from the potential loss of market access to targeted developed countries with strict import and marketing regulations for GM food is considered a significant factor in a number of countries. In particular, the fear of losing agricultural exports to Europe has been used to support the observed political standstill on adopting GM technology in a number of African and Asian countries.

At the same time, applied research conducted in the area of GM products and international trade has consistently shown that the alleged commercial risks for currently approved GM crops are largely exaggerated, and that the potential export losses these countries could incur with them would be limited if not negligible compared with the potential productivity gains from adopting targeted GM crops. Several studies using international trade simulations have also demonstrated that developing countries would gain a great deal and not lose much if they adopted productivity-enhancing GM crops, despite the existence of import barriers. Other studies have shown that non-adoption of productivity-enhancing technologies could become costly if competitors adopt such technologies.

This observed discrepancy between the perceived and actual commercial risks, while puzzling and of considerable importance, has largely been left out of the GM food and trade debate. Assuming that policy makers are at least partially rational when assessing commercial interests, this suggests that there is a distortion between the perceived and real commercial risks, supporting a bias towards a precautionary stand that puts any possible (even unproven) export consideration before production interests. Investigating this issue requires that one dives into the political economy of national biotech and biosafety decision making on one hand, and into the distribution and transmission of information along the supply chain, from the exporter to the importer, on the other. A closer look at the evolving global market for agricultural products suggests that private standards play a determining role.

In recent years, modern value chains for exported commodities have been dominated by the demand and specific requirements of retailers in developed countries. In particular, many food companies in Europe, Japan, and a few other developed countries have responded to consumer demand by requesting that their suppliers, mainly based in developing countries, avoid GM ingredients. While these “GM-free” standards are not specifically different from other standards, their enforcement in exporting countries that are in the process of implementing policies on GM crops has created conflicts of interest between regulators, developers and traders.

The development of GM-free private standards

Private standards started in the area of food safety, with supermarkets and importers setting up high standards and traceability systems in response to the food safety scares of the 1990s in the meat and vegetable sectors. With consumer confidence in public regulations on the decline, private companies decided to self-regulate with private standards. However, these standards were gradually extended into other application areas, including non-safety considerations such as environmental, ethical and labour standards. Horticultural exports from African countries have been particularly affected by the private standards of European retailers in this sector. The exports from these countries are not very important for Europe, but they represent a significant share of their total export value. Therefore, compliance with specific import requirements on production is seen as a necessity for exporters.

Applied research studies have shown that private standards have had mixed effects on developing countries. They have proven beneficial in allowing access to high-value developed country markets. Several cases of costly safety-related bans with large export effects have shown that increasing food safety standards could be beneficial. Some standards have also generated positive effects on production practices in developing countries, by improving market conditions for horticultural exports, and ensuring the safety of products from countries with lax food safety. At the same time, not all private standards have yielded positive outcomes. In particular, the imposition of costly production practices and sanitary standards that go beyond international standards have burdened suppliers in developing countries. Furthermore, the high level of sophistication required by these standards has encouraged concentration and left some small-scale farmers out of the picture.

There is not enough evidence to suggest the long-term impacts of such private standards, but the short term has seen declining numbers of small-scale producers in the supply chain. Consumers' demand for similar quality attributes and the increasing number of suppliers in different countries has led to some consolidation of the standards, and a number of regional or multi-company standard-setting bodies have emerged. A few generic standards have become common across companies, crowding the market and making these essentially voluntary standards *de facto* mandatory for exporters. Although a number of standards can be traced back to actual consumer demand, others have gone beyond consumer demand in adding new requirements on sellers each year. As a consequence of the growing dominance of private standards in Europe, third-party certification has gradually become a requirement, and certification costs have been transferred from the retailers to the suppliers, adding pressure on the suppliers' margins.

GM-free policies were first introduced in 1996 in Europe, in response to media and activist campaigns against the first import of GM soybeans and their use in food products. At that time, GM tomato paste had been successfully marketed by Sainsbury for two years in the United Kingdom (UK) without any problem. However, the introduction of GM soybeans, an ingredient present in 60 percent or more of all processed food, triggered a very intense campaign against GM foods, forcing supermarkets and companies to abandon the use of all GM ingredients. The Iceland supermarket company in the UK was one of the first to make this decision, but many other chains followed, including Sainsbury. Soon, this phenomenon caught on and became the norm for most food products in European supermarkets, including foods sourced from developing countries. While strongly supported by nongovernmental organizations (NGOs) opposed to the use of genetically modified organisms (GMOs), these standards were also driven by genuine consumer demand. European consumers, on average, have maintained a negative perception about GM food since 1996.

Several empirical studies have shown that consumers in Europe do not share the same views held by others (including their US counterparts) on GM food. For instance, consumers from France, Germany and the UK have a higher willingness than US consumers to pay for beef from cattle fed with GM-free corn. Consumer knowledge does not seem to be the main reason for these differences. One of such studies mentioned above found that 65 percent of consumers in the US were aware of biotechnology, while 73 percent of the surveyed US consumers were willing to buy GM foods. Comparatively, biotechnology awareness amongst consumers was 55 percent in France, 57 percent in the UK, and 91 percent in Germany.

Negative sentiment about GM foods was the highest in Germany, where 57 percent viewed it as a health risk, while 60 percent and 63 percent of consumers in France and the UK, respectively, were willing to buy GM foods, with only 38 and 39 percent of people in France and the UK, respectively, viewing it as a health hazard. Consumers in developed countries of Asia have a similar reticence towards GM food. Japan's consumers

traditionally have concerns related to food safety, lowering their willingness to pay for GM food even though these consumers have a relatively good knowledge of biotechnology. Korea has also maintained a low consumer acceptance of GM crops. In this context, the marketing decision of avoiding GM ingredients in food items rapidly became a quality attribute employed in the competition among the retail chains of Europe, Japan and South Korea.

Some companies even go beyond banning processed products derived from GM ingredients to include requirements on GM-free animal feed in animal products. Virtually all supermarkets in the UK sell only poultry fed with non-GM feeds, whereas the policies for dairy products, beef and pork vary. For supermarkets, taking the position of not having any GM products (fresh or processed) on their shelves may appease consumers, counter negative campaigns by NGOs, and help gain greater brand equity. However, for their suppliers in developing countries, complying with non-GM requirements has meant instituting potentially costly procedures in their production lines (if the suppliers were using GM products) in addition to the social and labour standard certifications already required. Furthermore, such requirements may have pushed some suppliers to proactively encourage politicians to avoid considering the use of any type of GM product in the country.

In the context of developing countries, these consumer-driven standards are largely export related; in-country consumers, while largely unaware of biotech, do not appear to share the same negative perceptions of GM food. Several consumer studies show that most consumers in India or China would be willing to buy GM food at no price difference or even at a positive premium. Fewer studies have been conducted in Africa, but the existing reports indicate similar results. A recent study shows that a large majority of Kenyan consumers would be willing to buy GM maize at the same price as non-GM maize, while an additional third would be willing to buy it if the prices were lower than those for traditional maize.

Although the existing studies on private standards analyze a wide range of standards and their effects on the industry, consumers, suppliers and farmers, we are unaware of any article specifically examining their effects on domestic public policies. One study demonstrates the growing role of private standards as a substitute or alternative to public policies on global environmental governance. A few articles report the observed strategy of avoiding GM products in supermarkets, especially in Europe and others analyze the effects of an importing company's ingredient choices on their suppliers. However, we are unaware of any published study specifically focusing on the political implications that GM-free standards may have on exporting countries in Africa or Asia, and how they could help explain the discrepancy between real and perceived commercial risks with regard to the use of GM products.

From private standards to Biosafety decision making: A conceptual framework

A framework of hypothetical links among actors identifies five possible influential links between the different players and the two types of policy decisions: a policy adoption or discrete regulatory decision. The first possible link would come from the direct involvement of the importing company in policy decision making aimed at slowing the advancement of a biosafety policy or rejecting an application for the use of a GM product (for a field trial, import, or food aid). This sort of direct involvement could be risky and might not be very effective, but it is possible. The second influential link would come from in-country traders who could potentially be encouraged to lobby against an upcoming decision- for example if the GM product in question is the same product they sell to the export target under a GM-free standard.

The third possible link originates from producer groups that have adopted organic or fair trade standards. These standards are issued by certification agencies rather than companies, but they share a number of similarities with private standards: they have specific requirements for market access; they require use of specific practices under certification, with the purpose of fulfilling a consumer-demanded attribute; and they may be used by importing companies as a marketing tool.

The fourth link comes from anti-GM organizations, which tend to use the risk of export losses due to the use of GM products as an argument for their cause. The last possible interaction could come from local supermarkets, potentially acting under GM-free private standards, or under threat from targeting campaigns by the anti-GM NGOs.

In the importing country, a large share of consumers tends to be averse to the use of GM food, due to the anti-GM campaigns of NGOs. Perceiving a potential risk and linking the use of GM crops to a number of concerns, these consumers see the lack of GM ingredients as a positive quality attribute in a food product. Confronted with this situation and facing requirements to label their product as GM if it contains any targeted ingredient, the food companies (here represented by a retail or supermarket chain) must decide on the use or non-use of GM ingredients. Not only may they consider using a GM-free claim or standard as signal of high quality but they also have to confront the risk of reputation loss due to anti-GM campaigns against any labeled GM product. As a consequence of these two constraints, they decide to avoid using any GM ingredient in their product formulation. Although they may not use a specific GM-free private standard, they may include a quality requirement in their general standards, rejecting the use of GM ingredients and potentially using a non-GM labeling claim (which has the same effect as an upfront standard).

In the exporting country, this GM-free private standard or clause is transmitted to the local traders, and from there down to the producer. Depending on the products purchased by the importer, the GM-free requirement can

specifically focus on a potentially GM crop such as corn, or on meat or animal products fed with GM feed, or it may more broadly cover any products derived from crops for which there is no available GM variety anywhere in the world. The supermarket chain may also have a retail partner or sub chain in the country subject to the same standard; this actor could further interact with policy makers. Two other groups are bound to actively participate in the debate on commercial risks (if they are present): the anti-GM NGOs, who tend to be subsets of international NGOs based in Western countries, and groups or association of organic or fair trade exporting, whose regulating principles forbid the use of GM crops, seeds or elements thereof.

Simultaneous to or after introduction of the private standards, this study assumes that the government of the exporting country is considering a biosafety decision. It may be discussing the adoption of a biotechnology policy or biosafety law (as is the case in many African countries), or it could be preparing to make a discrete regulatory decision on the approval or rejection of an application for one of the following: a) a confined GM field trial; b) importation of GM seeds or a shipment that may contain GM food or feed; or c) the use of food aid that may contain GM grains. Any of these decisions may be related to a food, feed or other crop that is targeted/not targeted by the private standard.

Conclusion

Despite the rapid expansion of genetically modified (GM) crops over the past twelve years, these crops have been rejected by a number of countries. Apart from developed countries that have restricted the import, marketing, and use of GM products, many developing countries have stayed out of the debate, preferring to avoid the use of GM products for a number of reasons, including the risk of losing exports to countries with marketing restrictions and consumer opposition against GM products. At the same time, studies on the trade and economic implications of adopting GM crops in developing countries show that in many cases, these presumed commercial risks are absent or limited, and any export loss would be much smaller than the gains of adopting potentially productivity-enhancing GM crop technologies.

Although GM-free private standards and policies are set up by importing food companies (especially supermarkets in Europe), there is insufficient evidence to support the *direct* involvement of the companies in policy processes in African or Asian countries. However, these actors *indirectly* influence policy making via their local traders, who face the possibility of exclusion if they do not comply with the companies' standards. Apart from the traders and associated producer groups in the exporting countries, organic producers and anti-GM nongovernmental organizations use the fear of export losses to support their case. Local supermarkets, which are the fifth group of actors, tend to have a very limited role in the debates in developing countries, even if they may be influential in exporting developed countries.

The prominence of private standards in food trade and their capacity to dictate what products can access developed countries is neither new nor specific to products derived from modern agricultural biotechnology. Similarly, the observed political power of exporting producers to influence domestic policy decisions to satisfy their economic self-interest is also not new or GM-specific. However, the combination of these two phenomena in the complex, often poorly-informed, and highly-politicized debate around the use of GM products makes this situation particularly unique and the source of unexpected and often seemingly irrational decisions. Rejecting a specific trial of an agricultural technology can be quite detrimental to a country in the medium- to long-run, especially if this technology addresses critical agronomic constraints and proves successful in other countries. Rejecting food aid that may contain GM elements for fear of export losses in a completely different and unrelated crop is a more worrisome decision that can directly affect the lives of at-risk individuals.

Global review of evidence has shown the prominence of the European Union and its companies as leaders in the international governance of GM food, as manifested by their preference for GM-free products. However, several recent developments suggest that European opposition of GM products and their regulatory approach to risk may be bound to change. Although European consumers remain largely opposed to GM foods, politicians and food companies are starting to become more aware of the effects of the European opposition to GM products. European politicians have begun questioning the justification of European consumer preferences in view of their likely implications on African technology choices. For instance, the European Commission has become keen on adopting a positive tolerance level on unapproved GM products, and in 2007, the Danish Environment Minister voiced her concern that Europe may have had a negative effect on developing countries by imposing their standards on regulating GMOs.

In June 2008, the government of the United Kingdom openly questioned the national opposition to the use of GM crops, particularly with regard to the food price crisis. The same month, Nestlé's chairman, Peter Brabeck, took a public position in favour of GM noting that strict EU regulations were hurting African farmers.

The food price crisis has also altered the will of certain companies to avoid GM ingredients. In 2008, for the first time, a number of importing food companies in South Korea and Japan, faced with the high prices of non-GM corn, decided to import GM corn for highly-processed products. These countries may also be considering importing GM soybeans for food products. Products based on these GM imports do not really contain detectable traces of GM, and are therefore exempt from labeling policies; however, the abandonment of GM-free private standards by these companies signals an economically-driven change of purchasing policies. This change could be reversed if more producers in exporting nations decide to return to non-GM standards. However, the current market outlook suggests that exporting farmers may prefer to use potentially more productive GM crops to produce and sell more outputs at such a high price. It is yet unclear whether these private policy changes lead to a broader disappearance of GM-free private standards, and possibly to a change of mindset. Many consumers in

these countries have sufficient income and willingness to pay to avoid GM products, meaning that such change may only be seen in the long run.

This study is based on field visits made to South Africa, Namibia, and Kenya and secondary information from the press and various publications. It is available at: <http://www.ifpri.org/pubs/dp/ifpridp00847.asp>

COMMUNICATION

Enhanced HarvestChoice Website Aims to Help Better Target Agricultural Investments

The HarvestChoice initiative has launched a comprehensive collection of data products designed to better inform strategic policy and investment decisions aimed at improving farm productivity and profitability, and market development. The website is intended to be the “go-to” resource for analysts and decision makers seeking integrated, consistent, and spatially-referenced information, provided in an interactive portal. The data collection focuses on factors relevant to crop production and marketing in Sub-Saharan African (SSA) agriculture, such as climate, soil and pest conditions and constraints, current and future cropping systems geography and performance, and access to markets. To view the website and download these early data offerings, visit <http://www.harvestchoice.org>.

PAAP received this information from Lakatos Cristina of IFPRI, she is gratefully acknowledged.

4th International Conference on ICT for Development, Education and Training

eLearning Africa 2009, the 4th International Conference on ICT for Development, Education and Training, will take place from May 27 – 29, 2009 in Dakar, Senegal (www.elearning-africa.com). eLearning Africa is a conference organized by ICWE GmbH and the institutions of the host country of the conference, this year Senegal. The conference focuses on information and communication technologies (ICTs) for development, education and training in Africa. For details visit their website or contact Anja Megel-Rouloff on anja.megel-rouloff@icwe.net

PAAP received this information from Anja Megel-Rouloff of ICWE, he is gratefully acknowledged.

AWARD 2009 Fellowship Announcement (Round Two)

AWARD is now accepting applications for Round Two AWARD Fellowships. Applications are invited from qualified African agricultural women scientists Ethiopia, Ghana, Kenya, Malawi, Mozambique, Nigeria, Rwanda, Tanzania, Uganda, and Zambia for this innovative and exciting fellowship program. This is a specially tailored two-year career development fellowship, available at three levels: post-Bachelors, post-Masters and post-doctorate. The deadline for all applications: Monday March 30, 2009. Details and application forms can be downloaded here: <http://www.genderdiversity.cgiar.org/resource/award.asp>

PAAP received this information from Vicki Wilde, of AWARD and the CGIAR Gender & Diversity Program she is gratefully acknowledged.

Invitation Paper Presentations on Public Finance

The 65th Annual Congress of the Institute of International Public Finance (IIPF), will be held in Cape Town on August 13-16, 2009. The theme of the Congress is Public Economics and Development. The keynote addresses at the 65th Congress will be given by: Tony Atkinson (Oxford), Louis Kasekende (African Development Bank), Michael Keen (IMF), Martin Ravallion (World Bank) and Tony Venables (Oxford).

African authors are invited to submit papers for presentation. The submission deadline is March 31, 2009. Submissions, of completed papers, should be sent to Ravi Kanbur, sk145@cornell.edu.

PAAP received this information from Prof. Olu Ajakaiye of AERC, he is gratefully acknowledged.

Revision of the ACP-EU partnership agreement

The 2925th Council meeting on General Affairs and External Relations held in Brussels on 23 February 2009 discussed the Revision of the partnership agreement with the ACP group of countries. The provisions that the EU wishes to review include those involving the regional dimension, development cooperation, the political dimension, institutional clarifications, promoting the millennium development goals, the mandate and activities of the European Investment Bank, participatory approaches, humanitarian aid and disaster prevention, programming and implementation of aid and updates, inconsistencies and formal rectifications. The Council also adopted negotiating directives for the revision of the partnership agreement. To read more visit http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/gena/106332.pdf

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