Position on Genetically Modified Organisms (GMOs)

Introduction

The use of genetically modified (GM) substances in foods, so-called green genetic engineering, is a complex and controversial topic. For some it represents an important step into the future, while others see it as a threat to mankind and nature. Proponents of green genetic engineering hope for a cost-effective and environmentally compatible production of healthier foods. Among others their goals are improved quality of ingredients, stronger resistance to mould and pests as well as optimised capacity of plants to assimilate nutrients, and thus lower fertiliser requirements. Critics contest that the possible negative effects of a large-scale cultivation of genetically modified (GM) plants are not yet sufficiently researched. Beside this they fear that planting GM crops could threaten the regional flora and fauna, that the spread of genetically modified organisms (GMO) could be uncontrolled, that new allergy risks could arise and that organic farming could be threatened.

The legislation on GMO differs greatly worldwide. It covers the entire spectrum and includes prohibition of selling, complex and long lasting approval procedures, as well as labelling approaches which are either non-binding or restrictive. Legal consistency does not exist.

METRO AG Position

Consumers and experts all around the world have different perceptions regarding the usage of biotechnology in food production. This broad range of public perception results from the emotional aspect of this issue. METRO AG understands these differences and respects the perspectives of the different countries and their consumers. METRO AG is fundamentally open to modern biotechnology, always given that products are produced in compliance with national legislation and assurance of safety.

Due to the particular sensitivity of the topic genetic modified organism and different consumer acceptancy across all countries (EU and Non EU) a transparent, clear and not misleading labelling on the usage of GMO in food products is crucial. That is the only way we can enable our customer to take an individual self-responsible buying decision.

In terms of a EU harmonized approach on “GMO-free” label, METRO AG advocates a voluntary approach and EU-wide standards, if a GMO-free labelling is claimed (voluntary / obligatory approach). This would prevent a misleading of the consumer, "national solos" and at the same time it would support the free movements of goods. Not only considering the EU Single Market but also external trade, a (new) standardised approach for low level presence of EU-unauthorized GMOs should be reflected: Food imports will be facing increasing difficulties due to complex international flow of trade and enhancing degrees of detection dimensions. A
tolerance level due to technical inevitableness of 0.1% should therefore apply to all GMOs (forage and food).

Depending on customer structure and country METRO AG's sales lines offer its customers a wide product assortment, which are produced with and without GMO containing feed.

**General Information on legislation**

**Situation in the European Union**

In order to ensure that the development of modern biotechnology, and more specifically of GMOs, is carried out safely, the European Union has established a legal framework: Regulation (EC) 1829/2003 on genetically modified food and forage provides a general framework for regulating genetically modified (GM) food in the EU. This legislative framework pursues the global objective of ensuring a high level of protection of human life, health and welfare, environment and consumer interests, and at the same time it ensures that the internal market works effectively. The Regulation is supplemented by Regulation (EC) 1830/2003 which ensures traceability and labelling of GMOs placed on the market.

GMOs have to pass an EU centralised authorisation procedure, which is based on an independent risk assessment carried out by the European Food Safety Authority (EFSA). GMOs approved for food or forage can legally access the EU market (mainly processed foods derived from GM soy, maize, and oilseed rape). These authorized food and forage have to carry a label referring to the presence of GMOs. By accident or technically unavoidable GMO contamination of food not higher than 0.9% do not have to be labelled as long as the GMO is authorized.

A so far non-harmonized aspect on EU Level is the labelling of livestock products. Animal feed usually contains ingredients derived from genetically modified plants. In addition, animal forage often has additives and enzymes that are produced with genetically modified microorganisms. Although GM animal feed has to be labelled, final goods like milk, eggs, and meat do not require labelling. A harmonized approach at EU level can still not be determined, as consumer acceptance in EU member States is too different. This makes a common agreement currently impossible. While for example Spanish and Polish consumers accept GMOs in food products, Austrian and German consumers fundamentally reject them. As a consequence, especially in Member States where the consumer does not accept the presence of GMO in food, voluntary “GMO-free” labelling programs for meat, milk and eggs are implemented; such as the labelling with the logo “without genetic engineering” on products in Germany.

In July 2011, the European Union relaxed its zero tolerance policy regarding non-approved GMOs. The weakened import provisions came into effect in July 2011 (Reg. EU No 619/2011): Minimal traces of unauthorized GMOs are tolerated up to 0.1 per cent. The 0.1 per cent tolerance level, though, applies to animal feed only, and not to food. Precondition is, that the GMO in question has been approved for cultivation and classified as safe in the country in which it was grown and that applications for its approval have been requested from EU authorities. The proposed tolerance level of 0.1 per cent is regarded as the technical detection limit. Expanding the 0.1 per cent tolerance level to food is now also subject to discussion, as stated by the European Commission fourth quarter 2011.
Situation in Asia
In Asia, similar to Europe, the degree of consumers’ acceptance of GMOs differs from country to country and culture to culture: while in Vietnam and Pakistan GMO foods are accepted, consumer acceptance in China is limited to only certain products. In contrast, Japan refuses GMO products entirely. GMO labelling requirements exist in all Asian countries to a greater or lesser extent: Pakistan, for example, currently debates on mandatory or rather voluntary labelling approaches.