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Trade war looms as US launches challenge over transgenic crops

Jonathan Knight

The opening shots in a transgenic trade war were fired last week, as the United States delivered a warning to Europe — and perhaps to developing nations as well — that trade barriers to genetically modified crops are not acceptable. But observers warn that the conflict is likely to be a messy one, and that the outcome is far from certain.

The United States opened hostilities on 13 May by announcing that it will ask the World Trade Organization (WTO) to declare that the de facto moratorium on approving new transgenic crops in the European Union (EU) is illegal. The EU's approval process stalled in 1998, when six member states called for stricter laws on labelling genetically modified food. Joining the United States in the suit are Canada, Argentina, Egypt, seven Latin American countries, New Zealand and Australia.

Some researchers say that the EU is not the only target of the move. "There is a component that is a message to the developing world," says Alan McHughen, a plant-biotechnology researcher at the University of California, Riverside. Last year, for example, Zambia rejected shipments of US food aid containing transgenic corn. Officials there claimed they were concerned that some of the corn might be planted, thereby jeopardizing the country's export market to Europe (see *Nature* **418**, 571–572; 2002). McHughen says the United States wants to show that it is dedicated to opening up the European market, and that trade sanctions will not be tolerated anywhere.

But the WTO case may not be enough to achieve that aim, say food-policy experts. The EU is expected to pass new rules later this year requiring stricter labelling and traceability of food containing genetically modified ingredients. Currently, only products that contain detectable amounts of transgenic DNA or protein must be labelled. The new rules would extend the requirements to all food and animal feed derived from genetically modified plants. 'Farm-to-fork' records of how all transgenic components were used at each step of food production would also have to be kept.

But these requirements could exclude many developing nations from selling trans-

All in the label: European opposition to transgenic foods could keep them off supermarket shelves.

genic products to Europe, because such countries lack the infrastructure to ensure the traceability of each boatload of grain and rice. "With relatively poor countries such as Thailand and Kenya, you are effectively shutting them out of the biotech market," says Gregory Conko, director of food-safety policy at the Competitive Enterprise Institute, a think-tank based in Washington DC.

High price

Whatever the effect on the developing world, US agribusinesses are unlikely to be exporting transgenic crops to Europe in the near future. The WTO case could take up to 18 months to resolve. And EU member states that had been expected to lift the moratorium this autumn, once the stricter labelling rules are in place, may choose to wait until the dispute is resolved.

Even if the United States wins its case, the most that the WTO can do is allow it to set up import tariffs as compensation for the US\$300 million it claims to be losing in farm exports to Europe every year. "It seems likely that it will heighten rather than lessen the dispute between the United States and Europe," says Gary Toenniessen, director of food security at the Rockefeller Foundation in New York.

If the EU does lift the moratorium, many US exporters and European retailers may still be deterred by the new rules. "If the labelling and traceability requirements are the price we have to pay to get the moratorium lifted, we are paying too much," says Robert Paarlberg, an expert on international agricultural policy at Wellesley College near Boston.

To get transgenic crops into Europe, says Conko, the United States or one of its allies will have to contest the new rules in another WTO challenge. But Michael Hansen, a food-policy advocate with the Consumers Union in New York, says that the WTO guidelines already back strict labelling, and that the United States wouldn't win a WTO challenge on that issue.

Even when the trade wars are resolved, consumer opinion could still scupper the entry of transgenic crops into the European market. Some experts, such as Conko, say that the opposition to genetically modified food seen in public-opinion surveys does not imply that consumers would shun it. But many observers say that the surveys indicate real opposition among Europeans. "Europe will not like being brought before the WTO at this time," says Paarlberg. "The United States is not popular, the WTO is not popular, and genetically modified foods are not popular." ■