

ABARE Report on GM Economics Ignores Consumer Rejection

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A report projecting huge economic losses for Australia and New Zealand if GM crops are not adopted leaves out of its modelling the widespread consumer rejection of GM food, said Sustainability Council Executive Director Simon Terry.

The ABARE report, *Agricultural Biotechnology: Potential for Use in Developing Countries*, states “there is no product differentiation between GM and non-GM products in the model” and that “the two product types are considered to receive the same price”. Yet consumers see such a difference that GM foods have encountered widespread rejection, especially in the premium markets New Zealand exporters target.

Modelling that simply projects productivity gains without taking into account consumer resistance fails to give any useful picture for policymakers. When consumer resistance is also taken into account, the scale of the economic risks involved in adopting GM become plain.

A BERL report undertaken for the Government that examined economic impacts of GM release in New Zealand reached quite different conclusions when it allowed for consumer rejection. It stated that the economic impact could be positive or negative depending on the assumptions. The Treasury concluded on the basis of this work: “It is clear that the economic consequences of a release of a GM organism could be potentially significant for New Zealand’s future well-being.”

A study by the Australian Productivity Commission last year concluded that refraining from using currently available GM crops would have little economic impact. It stated that “Under all scenarios, GM technology in non-wheat grains and oilseeds is estimated to have little effect on Australia's overall trade position”. As the Australian Wheat Board has emphatically rejected the adoption of GM wheat, the study's conclusion remains just as strong. Further, three Australian states have imposed multi year moratoria on the growing of GM food on marketing grounds and another has achieved much the same result through restrictions it has put in place.

ABARE’s projections remain too hypothetical to provide a useful reference for policymakers.

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