

## **Industry Funded Gmo-Labeling Study Relies On Faulty Assumptions For Cost Estimates**

A study by Cornell University Professor William Lesser, *Costs of Labeling Genetically Modified Food Products in N.Y. State*, relies on faulty assumptions and worst-case scenarios to bolster its claims that NYS Assembly bill A3525, which would require the labeling of genetically engineered foods, would cost a family of four from \$44 to \$1,552.

Problems with the Lesser study include:

- Funded by the Council of Biotechnology Information which opposes labeling.
- It assumes an unrealistically large percentage of food items are covered by the bill, thereby inflating the cost estimates by 60%..
- The cheapest cost scenario overestimates the labeling cost by assuming all foods would be produced and sold in both labeled and unlabeled versions, thus adding 21,000 – 25,000 “new products” to the average grocery store’s shelves. This is highly unlikely.
- In other scenarios, it assumes all food processors will replace all genetically engineered (GE) ingredients with more expensive non-GE ingredients or extremely expensive organic ingredients in order to avoid the labeling requirement. This is irrelevant since the bill does not require substitution of ingredients.

### **BACKGROUND**

The Lesser study was funded by the Council of Biotechnology Information and is their intellectual property. The Council consists of major biotechnology companies Monsanto, DuPont, Syngenta, BASF, Bayer, and Dow, which are all in opposition to A3525 and have actively lobbied against labeling bills across the country.

Consumers Union found that this industry-funded study is based on faulty assumptions and that A3525 will not lead to any appreciable increase in the price of food bought by consumers.

A basic problem with the Lesser study is that it overestimates the percentage of all food that would have to be labeled. The Lesser study looked at data from the Bureau of Labor Statistics (BLS) and from the Food Marketing Institute (FMI) to estimate what percentage of foods would require labeling under the bill. The BLS data lead to an estimate that 25% of foods would require labeling, while the FMI data lead to an estimate of 40%. The Lesser study uses the FMI data instead of the BLS data, inflating the cost estimates by 60%.

The Lesser study creates three different scenarios of what would happen if A3525 passes the legislature, resulting in a huge range of estimated annual costs to a family of four. The scenarios, described below, determine the estimated costs of labeling by relying on situations that are unlikely to occur, or are irrelevant.

**Scenario 1: Label all foods containing genetically engineered ingredients:** This scenario includes the costs of physically labeling the product, the costs of warehousing additional food items and the costs of supermarkets for stocking and tracking the “new” products, and comes up with an average cost per family of \$66 per year..

- The Lesser study assumes all foods would be produced, warehoused and sold in twin versions--labeled (with GE ingredients) and unlabeled (without GE ingredients)--incurring high warehousing and extremely high shelf space charges in supermarkets. However, it is very unlikely that the 21,000 – 25,00 covered products would be produced in twin versions. Most stores will likely stock one or the other.
- The labeling cost for adding the phrase “produced with genetic engineering” to the food product was estimated at \$1.30 per year per family of four. However, food companies routinely change the wording on packages; therefore this cost is likely miniscule.

**Scenario 2: Substitute non-GE ingredients:** This scenario assumes that all genetically engineered ingredients will be eliminated, and non-engineered ingredients substituted, although this is not required by bill A3525.

- The study assumes that food producers will substitute GE ingredients for non-GE ingredients so that no labeling is required and therefore food costs for a family of four will increase by an average of \$228. However, the bill does not mandate any such substitution. A3525 simply requires labeling of any food that contains GE materials.
- If companies choose to no longer use GE materials, the cost of the food item doesn’t need to change. Cheerios recently eliminated GMOs without a price increase.
- If companies decide to raise the price of their products that don’t contain GE materials, this increase cannot be attributed to A3525.

**Scenario 3: Substitute organic ingredients:** This scenario assumes that any GE ingredient in a food product will be replaced by an organic counterpart, although it is not required by bill A3525.

- The study assumes that food producers will substitute GE ingredients with organic ingredients and therefore increase food costs for a family of four to \$360-\$1552, with an average of \$800. The bill does not mandate this substitution.
- The faulty assumption of a complete substitution does not reflect what would happen if A3525 is enacted. A3525 simply requires labeling of food that contains GE materials.

The Lesser study overestimates the cost of implementing A3525 by using unreasonable assumptions, including, in one scenario, that all engineered ingredients will be replaced with organic ingredients. Consumers Union believes that the high-cost faulty scenarios are irrelevant since switching to non-GE ingredients is not required by the bill, and the cost of labeling genetically engineered food products is actually close to zero. For a more detailed CU Critique, see: [http://consumersunion.org/wp-content/uploads/2014/05/NY\\_GE\\_lbl\\_costs\\_5\\_14.pdf](http://consumersunion.org/wp-content/uploads/2014/05/NY_GE_lbl_costs_5_14.pdf)