USA: GMO BACKLASH THREATENS BEET FARMERS AS FOODMAKERS SWAP SUGARS

SUMMARY: "America's sugar beet growers are under siege as U.S. food companies increasingly shun genetically modified (GMO) crops."

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In the past seven years, the farmers - many in Minnesota, North Dakota, Michigan, and Idaho - have all switched to GMO seeds created by Monsanto Co and sold by others as they seek to increase yields and cut costs. Genetically Modified Organisms include plants that have had been created through gene splicing - the introduction of DNA from a different species to make a new one.

Now, as public sentiment moves against GMO crops and imports of cane sugar rise, sugar beet growers have seen their share of the U.S. sugar market slip to the smallest on record. Critics believe GMO crops contribute to the industrialization of farming and question promises of safety.

Beets' share of all U.S. sugar deliveries - which represent total demand to major users and customers - fell to less than 41 percent of the U.S. total of 11.8 million tons (10.7 million tonnes) in the last fiscal year, a record low, down from 47 percent of 10.4 million tons in the 2008 crop year, the year the biotech seeds were introduced on a commercial scale, according to U.S. government data dating from 1992.

Beets will account for almost 60 percent of this year's 8.8 million tons of sugar production in the United States. Any difference between what's been produced and what's been sold is generally inventoried and/or sold the following year. Though it's not clear that the erosion in demand comes from reaction against GMO food, industry sources said the trend is beginning to pressure the beet industry.

CONSUMER BACKLASH

Food manufacturers are taking seriously the backlash from consumers, including Millennials, the generation of people now in their 20s and 30s, who are perceived to care more about the ingredients on their plates.

Companies including Hershey Co, Chipotle Mexican Grill Inc, Unilever Plc subsidiary Ben & Jerry's Homemade Inc and General Mills Inc have pledged to ditch GMO ingredients in some products, bowing to customer pressure.

"Millennials care about the ingredients that are in our products," said Eric Boyle, director of responsible sourcing at Hershey. "Simple ingredients are a long-term trend. This is where things are going."

Hershey will stop using beet sugar in its Kisses and Milk Chocolate bars, two of its best-known products, by the end of the year.

Vermont has passed a law, due to come into effect next year, which requires food with GMO ingredients to be so labeled. It's the first such law in the nation and a move that some industry experts think could drive consumers toward organic and other non-GMO foods.
MARKET PROTECTION

The U.S. protects the domestic sugar market through a network of import quota and marketing allotments, and guarantees U.S. growers a premium that's now about 4 cents a pound above global prices, which have been depressed due to oversupply.

Refined cane sugar typically trades at a slight premium over refined beet sugar. Raw sugar costs about 25 cents a pound in the United States.

It's easy to see why beet farmers made the switch to biotech. Within two years of the seed's launch in 2008, they were used in almost every U.S. beet farm, boosting yields to record highs and slashing herbicide costs. For most beet farmers, returning to conventional seeds is inconceivable.

"If we had to go back to conventional seeds, our cooperative couldn't survive," said Rebecca Larson, an agronomist with Western Sugar Cooperative in Denver.

Sugar from beets and sugar from cane look and taste the same. Proponents of GMO sugar say that the product is safe and identical to its non-GMO competition. Even so, consumers are turning to organic and less processed foods, said Billy Roberts, a senior food and drink analyst at Mintel.

"People are interested in avoiding Frankenfood and foods they don't understand," Roberts said.

LOBBING EFFORTS

For beet farmers, the situation has gotten so bad that they are boosting their lobbying efforts in Washington and launching their first major offensive to combat growing public opposition through a social media campaign.

Western Sugar, one of eight sugarbeet co-operatives in the United States, is already seeing a dent in sales as consumers turn away from GMO.

"We are seeing an impact," said Larson. "A lot of our customers are decreasing their orders because they want non-GMO sugar. It feels like it's more and more by the day." She declined to give specific details on volumes of sales lost or on customers that have moved away from their sugar.

As the debate over GMO foods drives customers away from beet sugar, it's also exposed a schism with the farmers who grow sugar cane in Florida, Louisiana, Hawaii, and Texas.

Cane growers have become the main beneficiaries of the shift away from beet sugar and many are embracing the trend. There are no genetically-modified cane seeds.

ASR Group, the world's largest vertically-integrated cane sugar refiner, owned by the politically connected Fanjul family of Florida, labels products such as household brand Domino Sugar as GMO-free through the Non-GMO Project, an organization that certifies and audits food.

AmCane Sugar Refining LLC and Cumberland Packing Corp, whose packets of "Sugar In The Raw" are used in thousands of Starbucks Corp's stores across America, have also signed up for the non-GMO seal.

Cane and beet farm groups declined to discuss the polarizing effect the GMO issue has on their industry, one of the nation's most powerful farm lobby groups in Washington.

Luther Markwart, head of the American Sugarbeet Growers Association that represents country's 10,000 beet farmers, acknowledged that on this issue, unlike most, sugar beet farmers are going it alone.

"This is simply a beet issue," he said.

The split is a contrast from the industry's usual cohesive stance on issues that affect farmers from
policy to consumer tastes - two years ago, it fought off efforts to dismantle the country's generous farm subsidies and the industry has waged a successful decades-long campaign against a long-time foe, high-fructose corn syrup.

GRASSROOTS CAMPAIGN

Markwart said the beet industry ignored the push against genetically-engineered foods for too long.

"It was never something that seemed like you needed to spend a lot of time on," he said.

That's no longer the case. He has enlisted 18 women, largely farmers and wives of farmers and including Larson, to defend sugar on Twitter and Facebook and persuade mothers that GMO seeds are safe. He said that because the message is being delivered by women, that consumers will trust it.

Last month, the group flew to Monsanto's St. Louis headquarters to learn about the seed technology and sharpen their social media skills, Markwart said.

The industry is throwing more cash at the issue too. This year, the U.S. Beet Sugar Association, a sister organization which represents sugar-beet processors, has started lobbying on biotechnology for the first time.

It spent almost $1 million in the first half of the year on issues including GMO labeling, according to U.S. Senate records reviewed by Reuters.

GMO critics "are trying to drive a wedge between the farmers and the consumers," said Laura Rutherford, a North Dakota-based farmer and the first recruit to the social media campaign. "We need to start pushing back.

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