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School of Economics and Commercial Law
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The EU-US Controversy on Trade with Genetically Modified Organisms (GMOs) - Implications for the Transatlantic Trade Relations -

Ortega, Agustin Mercado and Rosengren, Maria. (2004), *The EU-US Controversy on Trade with Genetically Modified Organisms (GMOs) - Implications for the Transatlantic Trade Relations -*, Göteborg, Graduate Business School

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Abstract

The commercial relations between the United States (US) and the European Union (EU) have been characterized by constant disputes concerning the creation of trade barriers. One recent controversy concerns Genetically Modified Organisms (GMOs) that are included in food products. The US claims that the EU is creating barriers to trade by applying a moratorium on the approval of GMOs. The moratorium has already caused economic losses to the US and a decline in exports of food products to the EU. This document presents the importance of agriculture in trade and provides a picture of the trade relations in food products between the US and the EU. A description of the different regulatory frameworks for food products is included as a tool to understanding the different institutional perspectives on the same issue. An emphasis is made on importers of fruit and vegetables since these products appear to be the largest group of products dominating imports of food products from the US to the EU. The viewpoints of the importers towards GMOs are presented. This research concludes that the GMO controversy may lead to the creation of new trade barriers, non-tariff barriers and technical barriers to trade in particular. It has been demonstrated that the process behind the creation of trade barriers between two blocks have the effect that one barrier of trade may lead to the creation of another, either within the same area of dispute or in a different field.

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EPrint Type: Student Essay

Type: D/Master

Department: Graduate Business School

Location: Göteborg
Year: 2004
Educational Program: International Business
ISSN: 1403-85117
Language: English
Pages: 139
Series.: Masters Thesis
Vol or No.: 2003:46

“...5 The EU – US Trade Relations in Food Products and Genetically Modified Organisms (GMOs)

This chapter presents the empirical evidence of the thesis with information partly collected through a series of interviews. These interviews were made with people in different Swedish authorities: The Ministry of Agriculture, the National Board of Trade and the Swedish Food Federation. Their opinions will provide a broader understanding of the EU-US relations. An overview of the food and the GMO market is presented in this chapter which is further discussed on an EU and US level. Later on in the chapter more in-depth information on three different Swedish importers of fruit and vegetables is presented, information which was gathered from interviews with representatives of the companies in focus.

The trade and investment relationship between the EU and the US is the largest of the bilateral trade relations in the world today.165

165 The United States Mission to the European Union, *Foreign trade standards often ignore science, U.S. group says, (May 6 2003)*

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“... 5.3.6 The GMO dispute
(p. 80)

... The acceptance of GM products in the US compared to the EU is very much dependent on the fact that there was no labelling in place in the US. There is a difference in culture between the EU and the US, which also matters. The acceptance of GM products in the US compared to the EU is very much dependent on the fact that there was no labelling in place in the US. There is a difference in culture between the EU and the US, which also matters. There was not really a big debate in the US when GM-crops were introduced, and the debate would probably have been louder if the opponents in the US would have used the argument that “one should not play God and change what has been created”. In the EU the precautionary principle is utilized as a way to value the risks associated and if the risks are assessed to be too high, the products will

not be approved. There have been voices arguing in favour for using risk assessment to be extended to encompass regular food in the future, as normal food never have been scientifically evaluated.²⁶⁶

One opinion is that EU-members do not base their regulations on science which therefore violates WTO rulings and that these kind of regulations create “disguised trade barriers”. Agricultural and industrial production with products deriving from bioengineering are mentioned as American industries that have been destined to suffer from these unfair regulations, putting them at a trade disadvantage. The negative effect that the EU regulations have on US trade is to be seen further in the developing countries. The EU’s resistance to bioengineered products discourages the developing countries from using such products too. Since the developing countries are part of the US main targets, this will further put American biotechnology companies in a bad situation.²⁶⁷

267 The United States Mission to the European Union, (May 6 2003)”
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