



THE VOICE OF FOOD RETAIL

Feeding Families  Enriching Lives

August 25, 2017

Submitted Electronically via GMOLabeling@ams.usda.gov

Agricultural Marketing Service
U.S. Department of Agriculture
GMOLabeling@ams.usda.gov

Re: Stakeholder Input on Questions Regarding the Establishment of a National Bioengineered Food Disclosure Standard

On behalf of the retail and wholesale members of the Food Marketing Institute (FMI), please accept thanks for the work of the United States Department of Agriculture (USDA) Agricultural Marketing Service on issuing questions for consideration to inform rulemaking to implement the National Bioengineered Food Disclosure Standard. FMI appreciates the opportunity to provide input and we look forward to commenting again once a proposed rule has been published.

The Food Marketing Institute proudly advocates on behalf of the food retail and wholesale segments of the food industry. FMI's U.S. members operate nearly 40,000 retail food stores and 25,000 pharmacies, employing more than 3.5 million workers in the United States and representing a combined annual sales volume of almost \$770 billion. Through programs in public affairs, food safety, research, education and industry relations, FMI offers resources and provides valuable benefits to more than 1,225 food retail and wholesale member companies in the United States and around the world. FMI membership covers the spectrum of diverse venues where food is sold, including single owner grocery stores, large multi-store supermarket chains and mixed retail stores. For more information, visit www.fmi.org and for information regarding the FMI foundation, visit www.fmifoundation.org.

The use of bioengineered seeds allows U.S. farmers to grow healthier and more productive crops and also provides a broad array of environmental benefits to help meet long-term sustainability goals.

FMI is proud to participate in the Coalition for Safe and Affordable Food and be associated with the comments submitted by the Coalition; however, we submit these comments to further clarify some unique arguments from the food retail perspective.

FMI undertakes a significant amount of research to better understand all aspects of the food retail industry, many of which are focused on the evolving preferences of FMI

member companies' customers. This year, our research more deeply explores the growing consumer desire for transparency in the food supply. The research signals that in this evolving marketplace, U.S. grocery shoppers want to be more deeply connected to the way their food is produced. We recently released a comprehensive consumer study, *FMI U.S. Grocery Shopper Trends 2017*, completed jointly with the Hartman Group. This report tracks trends among U.S. grocery shoppers and, for the last four decades, FMI has traced where they shop, how they shop and what issues are most important to them.

In this year's findings, we heard directly from customers and the feedback was consistent with our experiences in stores – that there are an increasing number of grocery customers who want more information about their food, and with regard to biotechnology specifically, they support disclosure of whether their food contains or is derived from bioengineered crops. Importantly, this desire for information is not related to food safety or nutrition concerns, but merely because customers “just want to know exactly what goes into the food I eat” (48%). Our research also shows that customers are interested in a large number of other attributes about where their food comes from and how it was grown. Toward this end, retailers are working diligently to provide as much information as possible in a format that is easily accessible to customers and also provides retailers the opportunity to communicate additional information or context that might be of interest to customers.

FMI members are fully committed to complete transparency for their customers; the challenge in this endeavor is that packages have a limited amount of available space on which to display the tremendously varied and detailed information customers seek. It is becoming increasingly clear that the best means for achieving transparency is through empowering customers with electronic or digital access to a broad range of product information that each customer can choose and find the information of most interest to that individual uniquely. This opportunity to utilize technology for communicating consumer information is consistent with the intended direction of the biotechnology disclosure requirement. Through electronic or digital disclosure, retailers can provide significantly greater levels of information. This includes a variety of product attributes, and also the specificity consumers are demanding, provided in an easy-to-understand way.

According to *FMI U.S. Grocery Shopper Trends 2017* shoppers are interested in finding the information they want via digital codes such as QR codes. The study suggests 55% of shoppers are somewhat/very likely to scan a QR code/label to learn more about the product through a smartphone or other device. Since food retailers are driven by consumer demand, the business case for this digital direction is also abundantly strong, as 70% of shoppers report that “easy to find out what is in a product” is a compelling store behavior that makes shoppers more likely to shop at a particular store. FMI is pleased that the biotechnology disclosure requirement also utilizes this movement toward innovative methods of electronic or digital disclosure.

Because FMI members are focused on customer service, they want to provide information to their customers through various means, making it as accessible and convenient as possible for

the customer base of each store. FMI recently conducted a survey of our members and found that 100% of our members in all categories – national chains, regional chains and independent operators -- have telephone lines available at their stores. We also found that a strong majority have Wi-Fi available in their stores, allowing their customers access to website and electronic information. This also is true for national chains, regional chains and independent operators. Should additional information in this regard be useful in rulemaking, we would be pleased to expand on this survey to collect additional data.

Among the 30 questions raised by AMS, a few questions were not addressed in the coalition comments. Specifically, AMS seeks comments on whether products using ingredients derived from bioengineered crops should be disclosed if the genetic material/DNA is no longer present in the product because it has been refined out. As mentioned above, FMI members are fully committed to transparency and clarity in the broadest sense and support disclosure for these products merely because many of our customers want to know exactly what goes into the food they eat. We would liken this example for instance to a food that might be flavored with bourbon and the alcohol is cooked out of the final product, but the customer is made aware of that information as he or she may want to know about the use of that ingredient.

A second question not originally included in the coalition comments relates to the issue of establishing a threshold for determining whether a bioengineered substance is present in a food and therefore subject to the mandatory disclosure. First, FMI agrees that achievement of a zero threshold of anything on a regular basis is unlikely, but we do believe that a threshold established by the U.S. should be as consistent as possible to that of our suppliers from outside the U.S., again with the goal of being as transparent as possible and minimizing inconsistencies or disruptions in commerce.

An additional issue of critical importance to FMI members is the exemption for foods served in restaurants and similar retail food establishments. We appreciate Congress' recognition of the necessity that unpackaged foods and items prepared in the grocery stores are exempt from the mandatory disclosure requirement. Grocery stores offer a large variety of products, including those from large national brands of manufactured foods to unique local and seasonal offerings. While many of these products are traditional packaged grocery items, others are offered for sale in diverse ways and in varying packaging formats. These might include made-to-order sandwiches packed by a store clerk in food-grade paper; a salad assembled by the customer and eaten on site in a reusable bowl; pasta salad sold by weight and packed into a plastic container; unpackaged bulk apples sourced from a farm down the road; and many more.

We appreciate the recognition that these types of food are significantly different, and that compliance with a mandatory disclosure requirement would be unworkable in this context. As an example of this point, grocery stores regularly modify recipes in store based on ingredients that are in season or in surplus, or based on changes in customer preferences. A vegetable soup that contains all non-bioengineered ingredients one week may be briefly modified to

contain bioengineered corn during its peak season. Tracking such slight ingredient changes and determining whether modifications lead to the inclusion of bioengineered ingredients would be incredibly difficult in this context.

Our thanks again for this opportunity to provide feedback to the questions raised regarding the National Bioengineered Food Disclosure Standard. We would be pleased to provide additional information that would be helpful, including our *Trends* research, and we look forward to continuing to participate in the rulemaking process.

Sincerely,

A handwritten signature in black ink, reading "Leslie G. Sarasin". The signature is written in a cursive style with a large, prominent initial "L".

Leslie G. Sarasin
President and
Chief Executive Officer