

GM and non-GM products at various production, marketing, processing, and distribution points. This will require moving away from the traditional (efficient and cheap) commodity-based trading system and moving toward a more expensive handling process characterized by identity preservation. The E.U. threshold level of 0.9 percent may indeed prove rather strict and difficult to achieve. U.S. operators are particularly concerned about the impact that the new rules will have on products that have, to date, been somewhat protected from the controversial E.U. stance on GM products. As noted earlier, soybeans had not been directly affected by the E.U. moratorium. But the new rules will now require GM labels for food containing soybean products, even for refined soybean oil, which had not been subject to such labels. The new E.U. regulation will also

apply to feed products, such as soybean meal and corn gluten feed, which constitute an important portion of U.S. agricultural exports to the European Union.

#### WHAT'S NEXT?

The United States and the European Union remain as divided as ever on the issue of GM products. The European Union views its new regulatory framework as addressing legitimate public concerns about the environmental and health effects of GM products. It claims that the new process will be transparent, non-discriminatory, and will help build public confidence in this new technology. The United States, on the other hand, perceives the new labeling and traceability requirements to be burdensome, impractical, and ultimately constituting an unwarranted restraint on trade.

The root of the disagreement is deeper, as the United States sees no

scientific basis for singling out GM products for special regulation. Indeed, it is quite clear that the new E.U. regulation is sending a mixed message to consumers. On the one hand, approved GM products supposedly have been found to be safe by the mandatory pre-approval risk assessment. On the other hand, mandatory GM labeling sends the "warning signal" to consumers that, after all, there may be something wrong (however undefined) with GM products. This continuing E.U. ambivalence about GM products reinforces the largely held view in the United States that the new E.U. labeling and traceability regulations contain unacceptable protectionist attributes that are inconsistent with the WTO agreement on technical barriers to trade. This may set the stage for a new, deeper WTO challenge to the E.U. policies on GM products. ♦

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