Good morning. Welcome to the 2016 GMA Science Forum. We are delighted that you have joined us for two busy days of conversations on how our industry harnesses science and innovation to benefit consumers.

That’s what GMA member companies do. They make the food, beverage and consumer products that sustain and enhance the quality of life for people across the U.S. and around the world.

Your food and beverage products nourish and delight families with as many different needs and tastes as we can imagine.

You make possible personal care and household products that help us clean and protect our bodies, families and homes. They control disease-carrying pests or kill germs which could make us sick.

Our industry recognizes the special role it plays in the lives of people – and we take this responsibility seriously. We are committed to delivering quality and affordable products, maintaining consumer confidence in the safety of those products, and constantly adapting and innovating to keep pace with what consumers expect.

That’s nothing new – it’s what our companies have been doing for more than 100 years – and it’s what you’ll continue to do.

**Economic footprint of CPG Industry**

The economic footprint of the food, beverage and consumer package goods industry is enormous. We generate $1 trillion in sales each year and contribute $415 billion in added value to our annual economy.
We are the single largest U.S. manufacturing industry – with 1.7 million workers. And these jobs have always been and continue to be in some 30,000 small and medium size communities across our nation. They are good jobs and they are American jobs.

It is because of your commitment—-as the industry’s most experienced scientists and of those who have come before you—-to quality, safety and innovation that Americans have access to the safest consumer products and the most affordable food supply in the history of the world.

Just think about it. Today, the average American spends less than half of what she spent on food 50 years ago. Is there another sector of our economy that can point to such an accomplishment? In 2014, Americans spent less than 6 percent (5.5) of their disposable personal income on food at home, the lowest percentage of any industrialized economy in the world. In 1960, that percent was 14 percent.

And lets not forget the convenience of today’s food products. In 1900, moms spent an average of 7 hours a day cooking and cleaning up from cooking. Today, that daily average is just over an hour. So – here’s a question for you: Did modern packaged and convenient food enable moms to get out of the kitchen and go to work or do other things with her time? Or did our industry innovate because mom decided to get out of the kitchen? You decide.

Change is a constant for our industry. And innovation is only made possible by the commitment to science – as it has been delivered by the people in this room.

Whether its packaging innovation to reduce waste sent to landfills or to offer families more convenience; or new innovative and reformulated products to reduce calories, sugar or sodium (30,000 such products in the last 10 years) you continually seek to stretch the boundaries of science to innovate and keep pace with changing consumer preferences.

Our consumer products companies have developed more absorbent diapers, grease-cutting dish soap and trash bags with less plastic.

Our companies have made a commitment to sustainability by innovating to reduce their environmental footprint and preserve national resources, changing operations to reduce food waste, save energy or cut water usage.

We are making a difference. In 2014, GMA member companies recycled 93 percent of the food waste generated from manufacturing and donated 106 million pounds of food to food banks.

Our companies can be models for others. Lets take a look at just a few examples:

- Procter & Gamble is building a wind farm in Texas so it can use 100 percent wind power to make its fabric and home care products in North America. The 100-megawatt wind farm is expected to be operational in December 2016. Each year,
it is projected to eliminate 200,000 metric tons of CO2 emissions and generate 370,000 megawatt-hours. This will be enough electricity to wash one million loads of laundry; and

- Coca-Cola developed a type of plastic made from renewable material from plants, replacing fossil-based ingredients used to make plastic bottles. More than 30 billion of these plant bottles have entered markets in nearly 40 countries since 2009, saving more than 630,000 barrels of oil; and

- Nestlé is investing in a ‘zero water’ milk factory in Modesto, California. The factory will not use any local freshwater resources, and instead will extract the water it needs to manufacture dairy products from milk. That investment alone will save some 63 million gallons of water each year.

That same commitment to science goes to the core of who we are as an industry. It is the underpinning for every public policy position we take and is central to delivering on our priority of product safety. Public policy must be science and fact-based as must be our innovation. You cannot have one without the other. And because innovation is continuous – so are our challenges.

This is where GMA’s role is so important. We are the platform that enables a role for sound science in product development, our food supply chain and public policy.

- We provide a forum for industry scientists and innovators to collaborate and identify new methods of delivering food and product safety and learn together from external experts.

- GMA is also where those same experts meet to consider policy and regulatory proposals; develop industry comments and counter proposals – always emphasizing science must be at the heart of both industry practices and government regulation.

- And GMA is also where the industry scientists and leaders together work on industry-wide initiatives to benefit consumers.

Yes, together we have accomplished much but we have challenges before us today and ahead of us tomorrow. The nature of those challenges in successfully grounding policies in sound science – whether its nutrition policy or food safety – is what I want to talk about today.

I also want to remind us of our successes in developing, together, industry-wide initiatives and touch on the single biggest threat we now face to our innovative, American food supply chain.

On food safety, we have made so much progress in the past 8 years. GMA and over 700 of our member company science and regulatory experts worked together with
Congress and then the FDA on the single biggest reform of our nation’s food safety laws in over 70 years – FSMA.

Remarkably, while we'll never see — nor should we expect — unanimity of opinion between industry and government – the major implementing regulations largely reflect the consensus views of food safety experts. We have much to be proud of here – and the American consumer is the beneficiary.

I am also proud of the work GMA’s Science and Education Foundation now has underway in Asia, Latin America and the Caribbean in collaboration with stakeholders to build food safety capacity globally – both protecting American consumers in the context of a global food supply chain but also enabling small producers and famers to join the global economy.

But as good as we are on food safety and can point to a consensus around the best science to inform food safety science, we are not there yet on nutrition science. The challenges are many.

I’ll start with a simple question: what is nutrition science and what is it not?

On this question, I suspect we could share passionate views all day. What is fact? What distinguishes opinion from science? Why do consumers respect the science of food safety but seem to have much less confidence in the science of nutrition?

What is the role of industry, government, NGOs, and yes, even the media in sorting this out? How do we help address – thoughtfully – the matter of consumer confusion? Whether its Dietary Guidelines, the nutrition facts panel, – or social media bloggers and commentators – one real concern is the reality we all face of increasingly being confronted with so-called “expert” advice on nutrition. Who is an expert?

How can we ensure government nutrition policy is grounded in actual science, not conventional wisdom, or increasingly driven by “breaking news” stories or the most effective and passionate bloggers?

I don’t know the answer but I know we need to redouble our efforts to find a new grounding in sound science for nutrition policy. Your health, my health and that of our families depends on it as well as the nature of our food products.

For me, the urgency of this was reinforced in reading last week’s Washington Post and New York Times stories on a major controlled clinical trial study conducted in Minnesota over 40 years ago regarding dietary fat but never published. As the Post headline stated: “This study 40 years ago could have reshaped the American diet. But it was never published.” The findings concluded replacing saturated fats from milk, cheese and beef with fat from vegetable oils may have reduced blood cholesterol but did not lower the risk of death from heart disease. Really?
Folks, we must do better. We have to get this right. Americans care about their food – increasingly more and more of us, generations of us now, seek to eat healthy food. We believe doing so will improve health and prevent disease and even premature death. We all want to know how to do it the right way. Manufacturers seek to do what they have always done – innovate to give consumers the food they want and to do so with responsible food safety and nutrition practices. Government – whether it’s the Dietary Guidelines or the nutrition facts panel – has the tools in place to help us all.

But at the heart of it, we fail the consumers we seek to serve if we can’t even agree on what constitutes sound science and more effectively evaluate and practice that science and communicate its truths to Americans.

So – we have a problem. We don’t yet have an answer. We know we have a need. Americans care about good nutrition and want the best advice government can provide. This is not a partisan nor should it be a political issue.

My challenge to you is to take this problem into your meetings this week. You are the ones most qualified to chart a path. We all need your help.

And GMA is the appropriate forum for these conversations. Look at the track record we have developed together over the past 8 years.

In addition to FSMA, together at GMA we developed Facts Up Front 5 years ago to give families the tools they want to make healthy choices for their families. It is the most significant initiative in food labeling in more than 20 years and we did it together, voluntarily. Today, nearly 100 manufacturers and retailers are using Facts Up Front. Every day we see it’s significant presence across multiple food categories throughout our grocery stores.

**Food Waste Reduction Alliance**

And we have worked together to further reduce food waste. In 2011, GMA joined with retailers, restaurants and food service companies to form the Food Waste Reduction Alliance. More than 30 companies in the alliance work to identify sources of food waste, increase the amount of food sent to food banks, cut what goes to landfills, and help other companies find ways to make an impact.

**SmartLabel**

And, of course, there is SmartLabel, about which you will hear more shortly. SmartLabel grew out of our recognition that the product information today's consumers are looking for far exceeds what could ever fit on a package label. SmartLabel™ puts detailed information about thousands of food, beverage, personal care, household and pet care products right at the fingertips of consumers. Its hundreds of attributes include information on ingredients such as GMOs, nutritional information, allergens, third-party certifications, social compliance programs, usage instructions, advisories and safe handling instructions.
More than 30 manufacturers and retailers already have committed to SmartLabel™. We estimate that by the end of next year, more than 34,000 products will provide ingredient information using SmartLabel – and we’re already seeing implementation of SmartLabel™ in the market ramping up much faster than projected.

**GRAS**

The importance of transparency and consumer confidence is why GMA launched an initiative in 2014 to improve the “generally recognized as safe” – or GRAS – process. The GRAS framework helps to ensure the safety of ingredients through rigorous testing and analysis of all relevant data and scientific literature. We’re working to make this good process even better with a code of practice, database, a publicly available standard, training and education, and engagement with stakeholders and consumers.

**Product Code Dating and Food Waste**

Finally, this year at GMA we will tackle the food waste and consumer confusion resulting from confusing code dating practices, by working with our retailer colleagues at FMI on a proposal to standardize these practices and effectively communicate what they mean to consumers.

In conclusion, I can’t talk about science and the role of science based innovation without a focus on the very real danger facing the American food supply chain from the GMO labeling issue.

When government policies aren't grounded on sound science, the effects can be costly and extensive.

The GMO on-package labeling requirement in Vermont is an example of the severe and far-reaching impact non-science based policies have not only on manufacturers but also on farmers and on every family in America.

Yes, in 2012 GMA first became involved in opposing mandated GMO on-pack labels in the context of the California ballot initiative. Our initial focus was on preserving the integrity of the label and the long-standing national consensus—through both FDA and USDA label policies—that government label mandates should be reserved for important health and nutrition information. And clearly, according to all scientific experts and government regulators, GE produced ingredients are perfectly safe. We also feared the consumer confusion and increased food costs that would result if we started down a path of a 50 state patchwork of GE stigmatizing label laws.

But by mid-2012, we had learned so much more about GE produced foods and the devastating impact to the availability and affordability and sustainability of modern American agriculture from a 50 state patchwork. And we learned how in Europe labeling requirements on GE ingredients resulted in the virtual disappearance from food shelves
there of any GE foods. As a result, Europe has been left behind from the Green Revolution in the US over the past 20 years.

And so GMA resolved then to not only oppose state label mandates but to also work with the agriculture sector to chart a path forward toward a consistent national standard and a non-stigmatizing alternative method of disclosure—what is now SmartLabel.

In this work, we have been joined by some 800 groups across the country from farm to fork—the greatest supply chain effort in the history of American food and agriculture. Why? Because the stakes are so high. And every day we wait for Senate action they get higher.

So, lets take a look at where we are. Vermont’s law is now the defacto national standard. Companies with extensive national supply chains long ago had to begin compliance steps. They waited as long as they could but the looming $1,000 a day fine per product is just too onerous. Thus, after the Senate failed to act on the Federal preemption bill last month, some companies had no choice but to announce their labeling decisions.

Some have asked: if companies are now labeling for Vermont, isn't this debate over? Is there no longer a need for Federal legislation? Our answer to them and our message in GMA board meetings with US Senators last week is this: It is even more urgent that the Senate act now and act quickly. We face a paradigm shift in the very nature of American agriculture. These labels are just the beginning of a new era of confusion and increased food costs for consumers and chaos for our national food supply chain.

National labels may be a necessary immediate step for Vermont compliance but signs of the looming avalanche are already there: reformulation out of GMO ingredients. Just like in Europe. Many companies have been very clear: long-term they will not accept a stigmatizing label on their iconic brands.

Meanwhile, we’re already seeing the evidence of such a trend. U.S. sugar beets, which are over 90% biotech, are at a 24-year low in orders. Cane sugar, which is non-biotech, is experiencing a two-year high in prices. Even when prices are tumbling world-wide. Let’s be clear: if this trend continues and accelerates, there won’t be enough domestic supply of either non-GMO sugar beets or cane sugar to meet the U.S. demand. And Mexico is already indicating that it is willing to supply the needed sugar cane if domestic supplies are inadequate. Is this what we want? Do we really want the law in Vermont to turn back the clock on our agriculture supply chain, to take us back to an era of more chemicals on our farms, of more tilling, more erosion, and lower yields per acre? Do we want more foreign sourcing of key food ingredients to the detriment of U.S. farmers? And, in the process raise food costs for American families as much as $1,000 a year? Or even worse, provide incentives for manufacturing to move overseas, closer to the ingredients sourced from abroad, thus negating the advantages of manufacturing in the U.S?
And don't assume Vermont will be the last word on this. Already California has rejected a Vermont compliant label for a nationally marketed product. Other states are considering similar disapprovals. Then what?

Meanwhile, more states are still debating their own, unique GMO label mandates. And they all differ in important ways from Vermont. One in Rhode Island wants labels on the front and the back. In Massachusetts, their proposal will alter the very definition of GE. And in New York and Massachusetts, both would add massive new record keeping requirements on grocery stores. And these are just the tip of the iceberg of new and confusing rules if these laws pass.

For all these reasons, it is critical that the Senate craft a bipartisan compromise that can earn 60 votes and do so quickly. With July 1 now weeks away, more and more companies will be facing reformulation decisions. Manufacturers and consumers alike need relief from the prospect of more confusion and higher costs.

Our constitution gave Congress the authority to regulate interstate commerce for the benefit of all Americans. There is no greater need for the Senate to exercise that authority than the crisis facing our food supply chain. GMA stands ready to work with Senate leaders in finalizing such a plan.

In closing:

- If you back sound science -- action is urgently needed.
- If you support farmers' continued access to ag biotech – action is urgently needed.
- If you are concerned about consumer costs – action is urgently needed.
- If you are concerned about food companies reformulating out of bio-tech ingredients – action is urgently needed.

And finally, if you are concerned about food manufacturing jobs moving offshore – action is urgently needed.

Clearly, the Senate needs to act and act quickly, or farmers may lose access to bio-tech. Food companies may be forced to reformulate and consumers will face higher food costs.

The time to act is now.