

GMO in Vietnam

In 2014, Vietnam's government approved four varieties of genetically modified corn seeds for sale and distribution in the country and thereby formally crossed into the realm of GMO cultivation. This heralds the need for ESG investors to decide whether they are willing to allocate funds to companies that are involved in GMO-related activities.

As yet, no studies have been able to identify any adverse effects on humans or animals emanating from GM crops. Despite this, consumer concerns about the long-term health and environmental ramifications of GMO cultivation persist. This does not change the fact that the need to find better methods of feeding the world's population in environmentally friendly ways could be resolved through the use of GM crops.

One of the known downsides of GM crops is that, due to the high cost associated with their development, almost all GM crops in existence today are trademarked property of a number of large, multinational companies. As a result, a majority of GM crops can only be cultivated and sold within the parameters set by these companies. What this means for Vietnam is that anyone cultivating GM crops will be at the mercy of these companies, including being forced to use the herbicides and pesticides developed specifically for the respective GM crops. Only a few free-for-all GM crops, such as Golden Rice, exist independently of these restrictions.

It should also be mentioned that some GM crops have actually resulted in an increased use of herbicides. This may be an indication that some GMO companies are more interested in creating a reliance on their products than in reducing the use of herbicides. There is hope that future GMO research and development will be spearheaded by government institutions as well as by the private sector. This could create a fairer playing field for all involved, akin to the Green Revolution of the 1960s, but it is likely wishful thinking.

Given the small size of most farming units in Vietnam, the issue of inter-cropping and the cultivation of both GM crops and non-GM crops in close proximity may add some environmental and health risk. However, experience from roughly similar farm sizes in Portugal suggests that the additional costs of implementing separation safeguards can be offset by gains derived from cultivating GM crops, such as less reliance on herbicides and fertilizers. Vietnam's cautious decision to pursue GMO cultivation should also be seen in the context of the government's desire to be a member of the proposed Trans-Pacific Partnership (TPP), which will likely include clauses that effectively commit members to accept some degree of GMO cultivation.

The other side of this argument is that almost all EU countries have a zero-tolerance policy towards GM crops. With the EU as a large export market for Vietnam, the risk of cross-contamination alone may prove to be too high.

Ultimately however, it is not correct to say that laboratory created GMO crops are inherently more dangerous to man and environment than crops that have been bred through more traditional methods of genetic manipulation.

All new crops, whether GMO or not, should be tested for safety and for their effect on the environment. If the current regulatory system fails at ensuring these proper testing methods, it must be amended to do so.

VietNam Holding (and VietNam Holding Asset Management) take the view that there is currently not enough evidence of actual or potential harm to justify a blanket moratorium on either research, field trials or the controlled release of GM crops. It is our hope that research on the use of GM crops in developing countries will be sustainable and met with a reasonable and precautionary governing approach. The risks arising from the adoption of GM crops must be compared with the risks of other possible courses of action, and of the status quo. Accumulated evidence from new scientific developments must be used to assist informed discussions about the current or future use of GM crops. The views of farmers and other relevant stakeholders must also be taken into account.

VietNam Holding believes that properly regulated and tested GMO crops could prove to be commercially and environmentally sound techniques for solving the many problems brought on by climate change and the increasing challenges of feeding a growing global population. However, much more data must be developed and analyzed. Therefore, as we continue to develop the portfolio, the use of GMO crops by any potential or existing investee company will be carefully and individually assessed against the policy described here.