

Business

Herbs and hotels: Businesses helping revive rural Portugal

Small businesses cropping up in rural areas

PORTO: After Bruno Vargas and his wife had their first baby, they wanted a quieter life. So, they left their home in Angola and returned to his native region in Portugal's rural interior to set up an organic herbs company. The remote Santarem district of central Portugal is known for its agricultural plains and salt flats. The Vargas' nearest town, Rio Maior, is about 30km away.

Vargas launched Herbas Organic Herbs in 2015 using seed money from the European Union and the Portuguese government through a fund aimed at enticing businesses to set up in rural areas. Now he grows an array of aromatic plants including lemon thyme, lemon balm, peppermint and common mint, mainly for export. "We decided to come back (here) to improve our quality of life," he said.

Herbas is one of a growing number of small businesses cropping up in Portugal's sparsely populated rural interior, drawn by the availability of land, rising tourist interest and business funding opportunities, say rural development experts. Portugal's rural areas have been losing population for several decades, said Luis Chaves, the national coordinator of Minha Terra, the Portuguese Federation of Local Development Associations. "Difficult living conditions ... meant that, in the 1960s in particular, hundreds of thousands of Portuguese opted for emigration, especially to Central Europe," he explained. Currently 35% of the country's population of more than 10 million lives in rural areas, according to World Bank data. Since 2014, the rural population has been dropping by about 1% every year. But there are signs that the trend is reversing. Amandine Desille, a geography fellow at the University of Lisbon, said she sees an emerging city-to-village movement in areas like the southern Alentejo region and northeastern Portugal.

"Although we are not speaking in great numbers, it does change the face of some villages to have new people and new businesses," she said. In northeastern Portugal, for instance, some city-dwellers are moving back to the countryside to set up tourist lodgings, motivated by EU rural development funds that give financial support for renovating old houses, she explained. "There is quite a lot of European money available to boost the countryside," Desille stressed.

LG replaces CEO and top executives after losses

SEOUL: South Korean appliance giant LG Electronics replaced its CEO and a raft of other top leaders yesterday after net profits slumped more than 30 percent in the third quarter and its smartphone division struggles. The company is South Korea's second-largest electronics firm after Samsung, producing a range of products, from mobile phones to televisions and home appliances including air conditioners, washers and refrigerators.

CEO Jo Seong-jin, dubbed a "washing machine genius", was appointed in December 2016, and is respected in South Korea for his unlikely journey to the top without a college degree in the education-driven country. But he has struggled to turn around the failing smartphone division, which

Agustin Cocola-Gant, principal investigator of Smartour, a company that looks at the impact of companies like Airbnb on real estate, said another reason people are moving to the country is the rising property prices that are pushing them out of cities. "Lisbon is getting really expensive and people are moving out, for sure. Even the city council and the real estate sector recognize that there is a housing crisis," he noted.

Rural revival

For some ventures, it is the remoteness of the countryside that offers the greatest opportunities - like wild food producer Terrius, which is nestled amid the cork trees and olive vines of the desert-like Alentejo region. Rita Beltrao Martins, who founded Terrius in 2012, would often visit the region where her ancestors lived and eyed an opportunity to revive some of the area's food traditions that died out half a century ago. "We decided to try to put products in the market that have disappeared many years before, like (flours made from) acorns, porcini mushrooms and chestnuts," she explained.

The chance to revive old traditions was also what drove Franck Laigneau to open the Da Licenca hotel and gallery in Alentejo last year and fill it with hand-woven blankets, tapestries and clay figurines made by local artisans. The Parisian entrepreneur was introduced to the region by his Portuguese partner, and said he saw potential in the area's untouched terrain. "I fell in love with these vernacular landscapes of olive and cork trees, vines ... and I thought: where in Europe can you find an authentic region still preserved and almost unknown?," he said.

Return to the countryside

Martins said finding small producers to work with today is easier than it was when she started Terrius seven years ago, because more of them are setting up in the region, returning to the places of their heritage. "Many young people whose grandparents were from the region went away and are now coming back," she said. Portugal has become a popular tourist destination in recent years, with a record-breaking 12.8 million visitors last year. As landlords and developers transform their properties into short-

term rentals to cater to tourists, that has pushed up rental prices for locals. Research by the Confidential Imobiliario property consultancy shows that rents in Lisbon increased by more than 110% between 2013 and 2017.

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last month announced its 18th consecutive quarter of losses. As a whole LG Electronics' net profits plummeted 30.5 percent in the July-September period from a year earlier. Jo's term as vice-chairman was extended for three years in March 2018, but LG said Thursday he was being replaced as CEO by Brian Kwon, 56, with effect from Sunday. It also changed its chief financial officer and created a new post of chief strategy officer, while changing the presidents of its home entertainment and mobile communications units.

"We have judged we need a fast decision making process... rather than stick with management style drawn from past successes," the company said in a statement. Insisting the change was amicable, LG said Jo had resigned and released a picture of him and his successor smiling and hugging each other. Kwon, a graduate of top Seoul National University with a major in industrial engineering, has been with the firm for 32 years and has "in-depth experiences and skills" in areas including big data, artificial intelligence and cloud technologies, the company said. —AFP



LISBON: Police officers demonstrate to demand better wages and better working conditions in Lisbon. —AFP

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Collaboration

Even with Portugal's growing number of rural entrepreneurs, Chaves at Minha Terra said the government is still not doing enough to draw businesses into underdeveloped parts of the country. A "lack of attention and investment has continued to this day", but national policy and promotion of small business could help to revive rural Portugal, he stressed.

"Young entrepreneurs have families that need basic services in education, justice, health, culture... and on equal opportunities with families living in cities." Rural areas need more health centers, post offices, banks and schools, he noted. Ana Abrunhosa, Portugal's minister of territorial cohesion, said "there is a lot of room for entrepreneurship in inland Portugal."

"Our job at the government is to make sure these

businesses have the conditions they need to be sustainable, profitable, and to be able to scale up one day, to generate more jobs," she said in emailed comments. In some parts of inland Portugal, like Braganca in the north, local universities, research centers, small businesses and municipalities have started collaborating to revive local production of wine and fruit, Abrunhosa said. These new networks will bring more young people to the territory, which will "generate more demand for better services and infrastructure", she added.

Terrius co-owner Martins said being so far out of the city can have its downsides - in the winter, the food producer's shop only gets a handful of visitors. But for her, the benefits are far greater. The countryside offers opportunities for her business that she could never get in the city, she said, such as the chance to give visitors experiences like mushroom harvesting and cookery classes right where the ingredients are grown. "We are a small country, but there are many areas of the countryside that people are discovering - and that are unique in the world," she said. —Reuters

End of an era as Japan's Panasonic exits chip business

TOKYO: Japanese electronics giant Panasonic said yesterday it was exiting the semiconductor business, selling its loss-making subsidiary to a Taiwanese firm as it struggles with intense competition from China and South Korea. It marks the end for a once iconic Japanese business, with Panasonic seen as a global chip-making powerhouse in the 1980s and 1990s.

The Japanese conglomerate said it was offloading its subsidiary Panasonic Semiconductors Solutions to Taiwan's Nuvo-ton, with the sale scheduled to take place in June. A spokeswoman for the firm told AFP Panasonic would receive \$250 million. The firm said it was the "best way" in the face of "extremely intense competition with rival firms' business expansion and massive investment". —AFP