

Business

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Chinese ban sours Taiwan's 'freedom pineapple' harvest

Restaurants forced to come up with inventive new menu choices

PINGTUNG, Taiwan: A Chinese ban on pineapple imports from Taiwan has sparked a flood of patriotic buying of the fruit and forced restaurants to come up with inventive new menu choices but it has also left many questioning Taipei's overwhelming economic reliance on its giant neighbor.

While much of the island's pineapple crop is consumed at home, 90 percent of its overseas shipments head for the vast Chinese market. However, that leaves its farmers at the mercy of Beijing's authoritarian leaders who view the self-ruled democracy as their own territory and have vowed to one day seize it, by force if needed.

And on March 1 they suddenly imposed a ban on pineapples citing the discovery of pests, sending panic among the fruit's farmers fearing for their livelihoods. "This is a political issue that we farmers are unable to resolve," lamented plantation owner Min Lee-ming, as dozens of workers rushed to pluck, trim and box up the fruits in Taishan, a rural part of southern Pingtung County known locally as "Pineapple Town".

"We just want to live a stable life and we need to make ends meet," he said. The ban led the government in Taipei to put out a call for solidarity and the people of Taiwan responded.

Social media has filled with calls for consumers to buy pineapples while restaurants are coming up with ever more ways to add pineapple to their offers. Among the food choices now on offer are pineapple salmon pasta, pineapple seafood rolls, pineapple shrimp balls with red curry fried rice, pineapple chicken and bento boxes featuring the fruit with meat.

'Cannon fodder'

A government-declared goal of selling 20,000 extra tons of the fruit domestically achieved its target in just four days, helped by major local conglomerates who jumped on large orders to boost their profile.

Sunny Liao, a 53-year-old businesswoman, was among recent diners at a hotel in Taipei now offering some 20 pineapple themed dishes and drinks. She said she wants to see tensions lowered between Taiwan and Beijing and favors the two sides talking but the latest move has left her furious.

"I think all Taiwanese are angry at the ban and I feel farmers have become cannon fodder to be sacrificed," she said. The Taishan region sends around 70 percent of its harvest across the Taiwan Strait and farmers are now scrambling to find new markets. "We've depended too heavily on China," fretted Chen Yu-nung, 30, who runs a fruit packaging factory. "We shouldn't have put all our eggs in one basket."

Taiwan's 23 million people live under the constant threat of invasion by China which has long used a mixture of carrot and stick to bring about its stated aim of "reunification". Relations have considerably worsened since the 2016 election of President Tsai Ing-wen who views Taiwan as a de facto sovereign nation, not part of Beijing's "one China". But despite the increase in tensions, bilateral trade rose 13.5 percent on-year to \$216 billion in 2020, including \$1 billion of produce, according to Taiwan's official data. Taipei has rejected China's claims over pests in the pineapple shipments, saying 99.8 percent of imports in recent years had passed inspection.

'Everyone is very nervous'

The south, where most of Taiwan's pineapples are grown, is the traditional heartland of Taiwan's ruling Democratic Progressive Party. Political figures were quick to liken the ban to heavy tariffs China placed on certain Australian products, including wine, when relations between those two countries took a dive. "Remember Australia's Freedom Wine?" tweeted foreign minister Joseph Wu. "I urge like-minded friends around the globe to stand with Taiwan and rally behind the



TAIPEI: Farmers harvesting pineapples in Pingtung county. —AFP

FreedomPineapple."

Back in Taishan, farmers say they have been delighted by the domestic drive to buy more pineapples.

But they caution against early declarations of victory given the harvest has only just begun. "Next month is when we will know if we have won or lost," said Min, the plantation owner. "Everyone is very nervous". "I am worried the domestic buying spree won't last when the harvest peaks next month," added Lee Bai-wei, 28, saying half his crop would usually go to China.

Tseng Chin-yun, a 60-year-old rice farmer,

said she believed it was time for Taiwan to diversify where it sells its products to. "We need to be stronger and stand on our own," she declared. "Taiwan is an independent country and we can't always rely on others." College student Hsu Ying-chih, 21, works part-time in the fruit packaging factory and has seen shifts dry up the last two weeks.

But he doesn't think Taiwan should cave to Chinese pressure. "Taiwan is a country and 'one China' is unacceptable," he said. "If we concede in order to hold talks on agricultural issues, they will push the envelope further in other areas." —AFP

New lockdowns send oil prices tumbling

NEW YORK: Oil prices nosedived on lower demand prospects as Europe's biggest economy Germany said it would reimpose strict coronavirus containment measures as it struggles, along with other EU nations, to roll out vaccines. European stocks ended the day mostly lower, as did US stocks, as renewed fears of spreading COVID-19 overtook hopes of a swift reopening to the world's largest economy.

On currency markets, the Turkish lira stabilized a day after plunging in reaction to news that President Recep Tayyip Erdogan sacked the country's market-friendly central bank chief, raising concerns about another round of financial turbulence. Germany will meanwhile enter a strict shutdown for five days over Easter amid surging virus rates, Chancellor Angela Merkel and regional leaders agreed Tuesday.

Neighbouring France should be vaccinating "morning, noon and evening", President Emmanuel Macron said as he tackles criticism that the COVID-19 immunization drive has been too slow.

France is facing a third wave of infections but is lagging behind many Western countries in terms of the number of people vaccinated. "Oil has tumbled today over growing concerns about European demand as tighter restrictions in countries is likely to be a setback in regards to reopening their economies," said market analyst David Madden at CMC Markets UK. He noted that little over two weeks ago crude struck 14-month highs as OPEC and its allies decided keep most of their production cuts in place. "Now it seems that several large economies in Europe might not experience economic lift-off for a few more months, so dealers have been dumping oil as a result," he said. Stocks prices of oil companies and airlines, which could lose the crucial summer travel season in Europe if cases continue to rise, suffered.

Across the Atlantic, the focus was on the first joint congressional testimony by Federal Reserve boss Jerome Powell and Treasury Secretary Janet Yellen. Powell again downplayed the risk of a sustained spike in inflation, after markets were rattled by a sharp rise in US Treasury yields in recent weeks amid bets that the economic recovery forecast for this year would push prices up. Markets fear that a spike in inflation could force the Fed to raise interest rates from their rock-bottom level, even as central bank policymakers don't expect to do so until at least 2024. For her part, Yellen said President Joe Biden would consider raising the corporate tax rate to 28 percent and take steps to encourage US businesses to move operations into the country, as the White House eyes the price tag of a forthcoming infrastructure bill. —AFP

Renesas fire threatens to deepen global chip supply woes

TOKYO: Japan's government and automakers are lining up to offer support to a key chip manufacturer following a factory fire that could worsen a global semiconductor shortage plaguing car firms.

The blaze at one of Renesas's plants last week comes at the worst possible time for the auto sector, which is already battling supply problems in part because of increased demand for chips from manufacturers of laptops, tablets and gaming devices. "Amid global concerns over a semiconductor shortage, there could be a substantial impact," wrote UBS Securities Japan analysts Kenji Yasui and Sean Park in a note after the fire. Renesas controls about 35 percent of the market for automotive semiconductors and company president Hidetoshi Shibata warned this weekend of a "very big" impact on global chip supply. Now Japan's government and some of Renesas's own customers, including top-selling Toyota, are offering help, in a sign of the deep concern caused by the fire given the existing supply problems.

"It is important to support the company's efforts to recover from the fire as it could have economic and social impacts in Japan," said Kazumi Nishikawa, an official in charge of the

Intel to spend \$20bn on new US chip plants

SAN FRANCISCO: US chip titan Intel said Tuesday it will invest \$20 billion in building two new plants in Arizona as part of a plan to ramp up production in the United States and Europe.

The move comes as a global chip shortage has countries and companies in those regions looking to reduce reliance on plants in Asia for semiconductors, which are used in a growing array of products such as cars. "Intel's investment will help to preserve US technology innovation and leadership, strengthen US economic and national security, and protect and grow thousands of high-tech, high-wage American jobs," Secretary of Commerce Gina Raimondo said in a statement. Intel chief executive Pat Gelsinger announced the investment during a webcast about the company's strategy, as it faces pressure to come up with ways to fend off fierce competition.

"Intel is the only company with the depth and breadth of software, silicon and platforms, packaging, and process with at-scale manufacturing customers

tech sector at Japan's ministry of economy, trade and industry. Government support is not likely to include financial assistance, but could involve coordinating help from the private sector or helping Renesas procure replacement equipment. "What is important right now is to prepare an environment in which Japanese industry as a whole will cooperate for a quick recovery," he said yesterday.

Toyota confirmed it had sent several staff to "investigate the situation" at the plant in north-eastern Ibaraki prefecture, but gave no further details. The March 19 fire burned through 600 square metres of a unit producing 300mm wafers, and Renesas says it hopes to restore operations within a month. But Satoru Takada, an auto analyst at Tokyo-based research and consulting firm TIW, said production was unlikely to be back to normal quickly. "Renesas said it would recover in a month, but it may not be able to get back to full capacity straight away. The impact could drag on," he said. Some reports have said it could take closer to three months to restore capacity, and Takada said automakers need to "consider ways to reduce supply shortage risks that affect their entire production".

Automakers in Japan and abroad have been circumspect about the impact. Firms including France's Renault, Germany's Volkswagen and Hyundai in South Korea told AFP they would take action as necessary to deal with any additional shortages, but declined to give details. In Japan, Honda, Nissan and Toyota all said they were still

can depend on for their next-generation innovations," Gelsinger said. He stressed that Intel intends to continue doing most of its chip making at its own plants while also building on relationships with third-party manufacturers for some of its product line. As part of a vision to be a major producer of chips in the United States and Europe, Intel is establishing a new manufacturing unit called "Foundry Services," according to the Silicon Valley company. "Gelsinger's disclosure gave me many reasons to believe Intel is 'back' if the company can execute its plans," said analyst Patrick Moorhead of Moor Insights and Strategy. "The \$20 billion doubling down of manufacturing is bold."

Moorhead expected more investment by Intel given the need expressed by the United States and European governments for on-shore, leading-edge chip making.

"This isn't Intel hedging its manufacturing bets-it looks to me as if the company is all-in," the analyst said of tech giant's plan. Intel said it took in \$20 billion in revenue during the final quarter of last year, little changed from a year earlier, amid robust sales of personal computers.

The company reported net income of \$5.9 billion in the quarter, down a billion dollars from the same period a year earlier. Intel early this year approved an increased cash dividend of \$1.39 per share in what may have been a move to placate activist investor Dan



In this file photo, employees of Japan's microprocessor maker Renesas Electronics work at the company's Naka wafer fabrication factory in Hitachinaka, Ibaraki prefecture. —AFP

studying the impact of the fire.

Analysts said further chip shortages were unavoidable, especially given earlier hits including a halt in production in Texas during recent cold weather. Experts at Moody's Investors Service were already warning earlier this year of a "bottleneck" lasting "for the next two to three quarters until semiconductor supply and stock levels have normalized". "The incident adds to the existing supply chain disruptions that the auto industry has been experiencing in recent months," wrote Mariko Smetko, VP-senior credit officer at Moody's Japan, in a note after the Renesas fire. But there are hopes that the long-term impact could be limited by efforts that were already underway by automakers to diversify their suppliers, and by manufacturers to boost semiconductor production. —AFP



In this file photo, the Intel logo is displayed outside of the Intel headquarters in Santa Clara, California. —AFP

Loeb of Third Point, who has called on Intel to bolster its weakening position in the chip market.

The hedge fund has told the company it should consider outsourcing its manufacturing operations to keep pace with rivals in the sector such as Taiwan-based TSMC and South Korean giant Samsung.

While Intel remains one of the world's leading chip companies, it has lagged behind rivals in the fast-growing segment of mobile devices, and its chips are being phased out by Apple, which is developing its own microprocessors for its Mac computers. —AFP