

## Business

# War in Ukraine brings bitter harvest to Moldovan orchards

## Energy price hikes could push Moldova inflation to 30% by year end

**BILICENII VECHI, Moldova:** A warehouse in Moldova is piled high with crates of red apples but for an industry reeling from war in neighboring Ukraine, the sight is far from appetizing. The conflict has all but ended apple exports to Russia, traditionally the main buyer of produce from Moldova's orchards.

"I don't know what we are going to do with the apples that are left over," admits grower Valeriu Matcovschi. "There are too many for us to sell on the Moldovan market," he says in the northern village of Biliceni-Vechi. In normal times, lorries would arrive at least five times a week to take his 2,000-tonne yearly harvest to Russia. Now he is scrambling to find new customers.

In late March he sent a first shipment to Kuwait, but he had to slash his prices by a third and accommodate clients with different demands about which varieties of apple they will take. "I hope I won't have to start pulping the fruit. That would be a tragedy," he says. Moldova is one of the poorest countries in Europe. The former Soviet republic of around 2.6 million people is sandwiched between Ukraine and Romania.

### Desperate appeals

Moldova is in a "difficult situation", senior government official Dumitru Udrea told AFP. More than 360,000 Ukrainians have fled into Moldova since the start of Russia's invasion. The vast majority have travelled on elsewhere, but 90,000 have stayed.

Energy price hikes, already rising but now exacerbated by the war, could push inflation to 30 percent by the end of the year. Udrea fears the effects of the war mean that "in 2022 we could see a recession of between three and 15 percent". The largely rural country, whose gross domestic product (GDP) is 0.4 percent that of Britain's, was already struggling to recover from a string of political and economic crises.

These came on top of a 2014-15 banking scandal that led to the disappearance of around one billion dollars (911 million euros). Responding to desperate appeals from Moldova—which formally asked to begin the process of joining the EU at the beginning of March—Germany, France and Romania are holding a donors' conference in Berlin on Tuesday to help lighten the load.

Udrea says the government hopes for four billion euros from donors to boost energy security and pro-



**BILICENII VECHI, Moldova:** A Moldovan woman works on an apple sorting line in a warehouse in Biliceni Vechi village, northern Moldova. — AFP

tect Moldovans' purchasing power. Thanks in part to a 2014 association agreement with the EU—which drew the ire of Moscow—trade with countries to its west now accounts for more than 60 percent of Moldova's total foreign trade.

### Ties to Russia

But some traditional economic ties with Russia, Ukraine and Belarus have been less easy to replace. "At first sight the share of exports to these countries — 15 percent—doesn't seem huge but several sectors are very dependent on it, above all apple growers," economist Adrian Lupusor, from the Expert-Grup think tank, told AFP.

Construction and agriculture are dependent on materials shipped from Russia and Ukraine. "Even if

importers find suppliers elsewhere, the prices will be much higher," Lupusor says. Udrea says the war could also see a plunge in the vital remittances sent back to Moldova by the more than one million people who have emigrated over the past 20 years. That stream of income is a lifeline for many who remain in the country and represents some 15 percent of GDP.

Lupusor says that some of the 300,000 or so Moldovans working in Russia may decide to come back, putting the labor market and social security system under fresh pressure. Meanwhile in Biliceni Vechi, as workers sort shiny apples and forklift trucks trundle around him, Matcovschi worries for the future of the 50 or so people he employs. Asked about possible redundancies, he replies, "I dare not think about it." "I hope we'll be able to hold out." — AFP

## Ecuador banana industry slips over war in Ukraine

**EL TRIUNFO, Ecuador:** Until recently, the incessant bustle of Ecuadorian banana plantations provided evidence of the industry's robust export business. But from one week to the next, the groves have fallen silent—trade victims to a conflict half a world away.

Ecuador is the world's largest banana exporter, but the sector has been hammered by the war in Ukraine. Now, with nowhere to send them, containers of the rotting fruit are piling up not far from where they were originally harvested. "One in every five bananas produced in Ecuador goes to Ukraine and Russia," said Franklin Torres, president of Ecuador's FENABE banana producers federation.

"This war really affected us in that sense." The vast majority of that portion goes to Russia, where banana sales are worth \$698 million a year to Ecuador, which usually sends almost two million boxes of bananas a week to the eastern European neighbors. But due to international transport sanctions over its invasion of Ukraine, Russia is not receiving its cargos of bananas.

The conflict has put the brakes on production in El Triunfo, close to Guayaquil, the site of Ecuador's main port. "The banana producers are finished. I have not processed a single box for three weeks," said Mireya Carrera, 62, the owner of the Thalia banana plantation.

"The staff are leaving on their own without being fired because I cannot pay them." She used to fill three containers with 3,000 20-kilogram (43-pound) boxes of bananas from her 28 hectare plantation. "Now I have 7,000 bunches with no buyer," she told AFP.

### 'Price crisis'

The industry had already been hit by falling prices. Torres said it costs \$5.50 to produce a box of bananas, and even though the internal sales price is \$6.25, "right now we're receiving less than \$2 for each box of bananas, we're receiving \$1 or \$1.20. "Truly it's an insult to any type of business. What we're receiving is shameful and it's not even worth picking them."

He said the industry has lost "more than \$10 million in three weeks." "Every year we have the problem of low prices, but now it has become impossible to get a contract for bananas. I prefer to give them away," said Carrera. Seeing Ecuador's surplus of bananas, other markets "have started reducing their price offers," said Richard Salazar, president of the ACORBANEC association for banana commercialization and export. According to Jose Antonio Hidalgo, director of the AEBE association of banana exporters, within a week of the war starting, the bananas destined for Russia and Ukraine needed a new market, "causing a price crisis."

Around a million boxes have remained unsold in the last month. Faced with the prospect of a surplus sending the domestic price plummeting, the banana business union decided to donate them to local food programs. Ecuador has 160,000 hectares of banana plantations that in 2021 generated almost \$3.5 billion in sales around the world. The South American country has more than 260 banana exporters.

The banana industry generates 50,000 direct jobs and 250,000 indirect ones in Ecuador. The war has already cost around 6,000 permanent employees their jobs, according to ACORBANEC. — AFP



**TOLYATTI, Russia:** A manager crosses the showroom at a Lada car dealership in Tolyatti, also known as Togliatti. — AFP

## Hit by sanctions, Lada factory town braces for tough times

**TOLYATTI, Russia:** For generations the Russian city of Tolyatti has been synonymous with leading car manufacturer AvtoVAZ, maker of one of the country's best-known brands, the Lada automobile.

But with the West piling sanctions on Russia over its military action in Ukraine, Tolyatti and the workers of AvtoVAZ are bracing for tough times. Gathered in a small apartment in the city's Avtozavodskiy district, a residential area surrounding the sprawling factory, several workers from the "Yedinstvo" (Unity) trade union said they were worried about their future.

"It's a factory town. Everyone here works either for the factory or for the police," said Alexander Kalinin, 45, a freight elevator operator at AvtoVAZ for 15 years.

Founded in the 1960s for the Soviet Union to meet the growing demand for affordable cars, the AvtoVAZ factory's flagship Lada vehicles became widely known for their simplicity and durability. The factory was set up in the town of Stavropol about 780 kilometers (485 miles) southeast of Moscow, which was renamed Tolyatti after Italian Communist politician Palmiro Togliatti.

The plant survived the economic crisis that followed the 1991 collapse of the Soviet Union and was eventually taken over by French auto group Renault. "For Tolyatti, the factory is everything. The whole city was built around it," said 33-year-old Irina Myalkina, a worker in the spare parts warehouse for 11 years. "When I started, I was full of enthusiasm. I hoped for a good income. I still hope," Myalkina added with a sad smile.

### 'People are nervous'

Most of the factory's assembly lines stopped running after Moscow moved troops into Ukraine on February 24 and sanctions meant it could no longer receive components from abroad. Workers are on paid leave, with two-thirds of their usual wage, which for Myalkina means receiving 13,000 rubles (about \$140) instead of her usual 20,000 rubles (\$215). Prices for food and other basic goods are soaring, in Tolyatti as elsewhere in Russia.

"People are nervous," Myalkina said. After completing its acquisition of AvtoVAZ, Renault funnelled billions of euros into the Soviet-era factory, but also carried out huge staff cuts, leaving fewer than 40,000 workers out of 70,000. "There were many problems with the departure of employees, but nevertheless there was a clear

positive trend," said Andrei Yakovlev, head of the Institute for Industrial and Market Studies at Moscow's Higher School of Economics.

"A major Russian car manufacturer was being born." Now its future is very much in doubt, with Renault, under intense pressure to boycott Russia, considering whether to withdraw from AvtoVAZ. No one from the company would agree to talk and it even refused to give access to the Lada Museum in Tolyatti during a recent visit. When AFP was filming near the factory, AvtoVAZ security called police, who questioned and released the journalists after several hours. The factory's employees have been forced to take their three weeks of summer vacation in April, while Renault considers its options.

### Second jobs

Many employees have already been forced to take up second jobs, like Leonid Emchanov, 31, a mechanic now moonlighting as a security guard to feed his family.

"I am the only one in the family who works. I have two children, my wife... is on maternity leave. I have to work two jobs, but even this is not enough," he said.

If AvtoVAZ is unable to survive this crisis, its demise would mark the end of an industrial era for Russia, and for its many Lada enthusiasts. In an underground garage in Tolyatti, two men in vintage overalls were busy at work on an '80s Lada Niva, a legendary four-wheel drive vehicle, that was shining with a fresh coat of red paint.

"Since childhood, my whole life has been linked to the factory," said one of the mechanics, Sergei Diogrik. "All our relatives in Tolyatti worked at the factory and I myself worked there. I had no choice, everything is related to the company," he added.

The 43-year-old founded and runs the Lada History Club, bringing together fans of the Soviet car from all over the world. "It was a powerful producer. The record in the early 1980s was 720,000 cars per year," he said, compared to nearly 300,000 cars produced in 2021.

"It was fashionable to come here. Now the fashion is for young people to go to Moscow or somewhere else," Diogrik added. He said he is trying to remain hopeful, pointing out that the factory and its workers already survived the economic hardships of the 1990s. "A Russian person who survived the 90s, especially in Tolyatti, will — AFP

## Scottish town welcomes banking lifeline

**DENNY, UK:** Donna Corrigan pops into her local supermarket to pay OneBanks a visit, laden with a heavy box of coins to deposit into her bank account. After the closure of its last bank branch in 2018, the Scottish town of Denny has welcomed a hi-tech startup offering everyday banking services inside the town's Co-op grocery store. Looking onto shelves filled with Heinz baked beans and Kinder Surprise chocolate eggs, OneBanks' kiosk-comprising staffed counter services, a cash machine and two computer tablets—opened in late 2020.

The kiosk offers Denny's 8,000 inhabitants an alternative to traditional bank branches after the rise of online banking allowed lenders battered by the global financial crisis more than a decade ago to save costs by permanently closing outlets. This is continuing to occur in big numbers. Among Britain's biggest banks, HSBC and Lloyds last month said they would close a further 129 branches combined as customers increasingly switched to online banking during the pandemic.

OneBanks, which has raised around five million pounds (\$6.6 million, six million euros) from various investors, acts as a go-between for more than 30 banks and their customers.

### 'Like a regular bank'

The OneBanks kiosk "can do everything—it's like a regular bank for me", Corrigan, 40, told AFP. "I'm not a business, I'm just a normal customer who just wants to withdraw cash. So it's useful for me." Behind the counter, a staff member drops spare change into a money-counting machine while making small talk. OneBanks gives customers physical access to banking services for free. Banks subscribe to the startup's services to connect with their clients.

Customers can deposit or withdraw cash and pay bills, while advisors provide help to the less tech-savvy. The disappearance of Denny's banks left inhabitants with a 20-minute drive to the nearest branches in Cumbernauld, Falkirk or Stirling near to Glasgow.



**DENNY, UK:** A customer speaks to a member of staff at the OneBanks kiosk located at a supermarket in Denny, Stirlingshire. — AFP

British consumer group Which? predicts about 5,000 UK bank branches, around half the total, will have disappeared between 2015 and 2022, with Scotland worst affected.

### Dependent on cash

Swathes of Britain's population remain dependent on cash, despite the surging popularity of both internet use and contactless payments during the coronavirus pandemic. The Royal Society of Arts charity estimates almost 20 percent of Britons—particularly the elderly and those in rural areas—would find it hard to cope without cash. Yet in Denny's neighboring town of Bridge of Allan, there is not a branch in sight.

The last bank "closed about four years ago", said hardware store manager Jennifer Wilson. "A lot of our customers prefer to pay in cash to keep an eye on what they're spending," she added. Wilson takes 40 percent of payments in cash.

### 'Cold and sterile'

Retired university professor Richard Kilborn laments the lack of human contact now that Bridge of Allan's three branches have vanished. "As a member of the older generation, you get used to certain changes, but I also actually relished the person-to-person contact within the bank," he told AFP. "Now things have become cold and sterile."

OneBanks hopes to change that with plans to roll out about 15 additional UK banking kiosks by the end of the year, on top of the three that it has in Scotland. The group also has international ambitions. "The problem that banks have—in terms of needing to close branches but also still needing to have some sort of physical presence—is a global problem," OneBanks founder and chief executive Duncan Cockburn told AFP.

"And therefore I really do see OneBanks as a global solution." The broader UK finance sector is working towards addressing the problem. Top lenders like Barclays, HSBC, Lloyds and NatWest have agreed to fund alternative solutions. The industry tested various options including OneBanks kiosks. — AFP