

Business

MONDAY, MAY 27, 2019

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SHANGHAI: People browse for items in a Huawei store in Shanghai on Saturday. —AFP

Huawei employees voice fears for future

Founder brushes aside ban on using American components, software

BEIJING: While Huawei's founder brushes aside a US ban against his company, the telecom giant's employees have been less sanguine, confessing fears for their future in online chat rooms. Huawei CEO Ren Zhengfei declared this week the company has a hoard of microchips and the ability to make its own in order to withstand a potentially crippling US ban on using American components and software in its products.

"If you really want to know what's going on with us, you can visit our Xinsheng Community," Ren told Chinese media, alluding to Huawei's internal forum partially open to viewers outside the company. But a peek into Xinsheng shows his words have not reassured everyone within the Shenzhen-based company.

"During difficult times, what should we do as individuals?" posted an employee under the handle Xiao Feng on Thursday.

"At home reduce your debts and maintain enough cash," Xiao Feng wrote. "Make a plan for your financial assets and don't be overly optimistic about your remuneration and income."

This week Google, whose Android operating system powers most of the world's smartphones, said it would cut ties with Huawei as a result of the ban. Another critical partner, ARM Holdings—a British designer of semiconductors owned by Japanese group Softbank—said it was complying with the US restrictions.

"On its own Huawei can't resolve this problem, we need to seek support from government policy," one unnamed employee wrote last week, in a post that received dozens of likes and replies. The employee outlined a plan for China to block off its smartphone market from all American components much in the same way Beijing fostered its internet tech giants

behind a "Great Firewall" that keeps out Google, Facebook, Twitter and dozens of other foreign companies. "Our domestic market is big enough, we can use this opportunity to build up domestic suppliers and our ecosystem," the employee wrote.

'Advance with our company'

For his part, Ren advocated the opposite response in his interview with Chinese media. "We should not promote populism; populism is detrimental to the country," he said, noting that his family uses Apple products.

Other employees strategized ways to circumvent the US ban. One advocated turning to Alibaba's e-commerce platform Taobao to buy the needed components. Another dangled the prospect of setting up dozens of new companies to make purchases from US

suppliers. Many denounced the US and proposed China ban McDonald's, Coca-Cola and all-American movies and TV shows.

"First time posting under my real name: we must do our jobs well, advance and retreat with our company," said an employee named Xu Jin. The tech ban caps months of US effort to isolate Huawei, whose equipment Washington fears could be used as a Trojan horse by Chinese intelligence services.

Still, last week Trump indicated he was willing to include a fix for Huawei in a trade deal that the two economic giants have struggled to seal and US officials issued a 90-day reprieve on the ban.

In Xinsheng, an employee with the handle Youxin lamented: "I want to advance and retreat alongside the company, but then my boss told me to pack up and go", followed by two sad-face emoticons. —AFP

Renault, Fiat Chrysler in tie-up talks

PARIS: French and Italian-US auto giants Renault and Fiat Chrysler are set to announce talks on an alliance, with a view to a potential merger, informed sources said yesterday. Renault and FCA are likely to unveil the move "within hours, perhaps tomorrow (Monday), before the (Paris) bourse opens," one of the sources told AFP on condition of anonymity, adding an eventual "merger" was on the agenda. The same source added that a statement would cover "the possibility of a convergence between the two groups" which "will be studied" with a view to a potential merger.

A Renault board meeting is scheduled for 8:00 am (0600 GMT) today. Renault's current major partnership is with Japan's Nissan, in which it holds 43 percent. Nissan in turn owns 15 percent of its French partner Renault but the imbalance in the relationship has led to serious friction, highlighted by the arrest of former Renault and Nissan chief Carlos Ghosn in Tokyo.

The Financial Times reported Saturday that the Renault-FCA discussions were at an "advanced" stage and could lead to "extensive cooperation". The Wall Street Journal said the talks were "wide-ranging" and could include Renault and Fiat Chrysler "joining large portions of their businesses".

However, The New York Times took a more cautious line, saying the discussions were in early stages, the specifics unclear and "could still collapse". Contacted by AFP, neither Renault nor Fiat would comment.

Nissan likely 'furious'

The Financial Times, quoting multiple people informed on the talks, said: "The agreement may ultimately lead the carmaker (Fiat-Chrysler) to join the Renault-Nissan-Mitsubishi Alliance in the future," if Nissan can be won over. Such an alliance would be the world's biggest with estimated total production of some 16 million vehicles. The Renault-Nissan-Mitsubishi currently makes around 10.8 million automobiles, compared with Germany's Volkswagen and Japan's Toyota, both on around 10.6 million.

However, the tie-up with FCA could make Renault much more powerful, potentially further upsetting the balance in the Renault-Nissan-Mitsubishi combination where Ghosn was pushing for much more

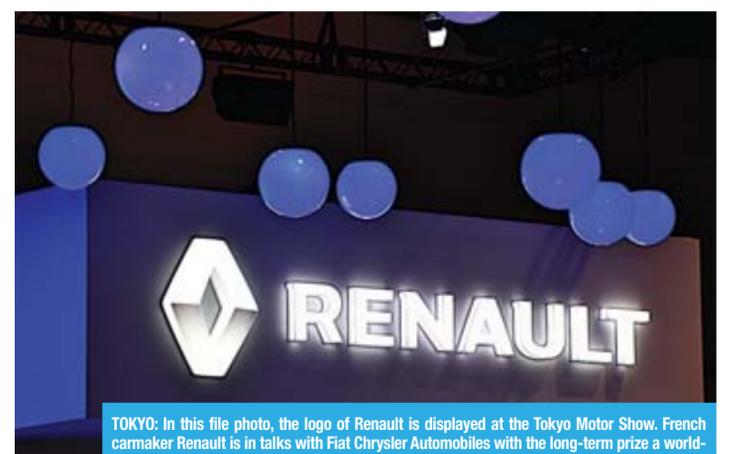
say before his downfall.

"The question now is 'what is the reaction of the Japanese going to be?'" said one source close to the issue, suggesting they could be "furious." "Nissan has not been involved in this dossier," the source noted.

In recent weeks, Renault has been pushing for changes to its tie-up with Nissan, suggesting the formation of a 50-50 holding company to run both firms. Nissan however has resisted, feeling it is the bigger company and should be treated as such. Last year, Renault sold 3.9 million vehicles and Nissan 5.65 million, with Mitsubishi accounting for another 1.22 million. Fiat Chrysler meanwhile sold 4.8 million autos but has been under pressure in Europe, stoking speculation it was looking for a partner as the industry is forced to consolidate in the face of declining demand and a costly switch into electric cars.

FCA chief Mike Manley said earlier this month in Milan that his company would play an "active and constructive" role in this process. Fiat Chrysler is widely seen as a latecomer to the electric vehicle market but is well placed in the US SUV and pick-up sectors.

Renault meanwhile has pushed ahead in electric cars but is relatively weak in North America so the two companies would be a



TOKYO: In this file photo, the logo of Renault is displayed at the Tokyo Motor Show. French carmaker Renault is in talks with Fiat Chrysler Automobiles with the long-term prize a world-leading alliance including Japan's Nissan and Mitsubishi, reports said yesterday. —AFP

good fit. Following his arrest, Ghosn was bailed for a second time on April 25 and is now preparing for trial on four charges of financial misconduct ranging from concealing part of his salary, to using Nissan funds for personal expenses.

The reports did not spell out the level of

any involvement by Nissan in the current Renault-FCA discussions although one FT source said it was absent. Early this year, rumors circulated that Renault was interested in Fiat-Chrysler after its hopes for a full merger with Nissan or even French competitor PSA were dashed. —AFP