

Companies prodded to rely less on China, but few respond

By Joe McDonald
The Associated Press

BEIJING — The United States, Japan, and France are prodding their companies to rely less on China to make the world's smartphones, drugs, and other products. But even after the coronavirus derailed trade, few want to leave China's skilled workforce and efficient suppliers of raw materials to move to other countries.

Disruptions from the pandemic, on top of the U.S.-China tariff war, fuelled warnings that relying too much on China leaves global companies vulnerable to costly breakdowns in the event of disasters or political conflict.

Drug makers stand out as one industry that is trying to reduce reliance on Chinese suppliers by setting up sources of raw materials in the United States and Europe. But consumer electronics, medical devices, and other industries are sticking with China.

"I don't know of a single company right now that is moving ahead with any plans to move," said Harley Seyedin, president of the American Chamber of Commerce in South China.

China's explosive rise as the world's low-cost factory helped to hold down consumer prices and boosted western corporate profits. But it has fuelled political tension over lost American and European blue collar jobs. Governments and industry consultants fret that dependence on China can be a threat to supply chains and possibly national security.

Chinese factories assemble most of the world's smartphones and consumer electronics and a growing share of medical equipment, industrial robots, and other high-tech goods. The country is a dominant supplier of vitamin C and ingredients for antibiotics and other medicines. The ruling Communist Party has spent two decades building ports, railways, telecom networks, and other facilities that are regarded as among the world's best.

"China still offers an unparalleled supply chain for any industry," said Jit Lim of Alvarez & Marsal, a management consulting firm.

Philip Richardson, who manufactures loudspeakers in Panyu, near Hong Kong, said he has looked at Vietnam and other countries. But he said while their wages might be as low as 60% of China's, the savings will be eaten up by the cost of giving up his network of Chinese suppliers.

"We gave it consideration for about a minute, and it doesn't make sense," said Richardson, who has worked in China for 22 years. "When you buy magnets, now you have to pay for transportation and customs duties into other countries, whereas in China we just buy the magnets and they are shipping to us."

U.S. President Donald Trump took office in 2017 promising to "bring back our jobs." The next year's tariff hikes on goods from China in a fight over technology and trade prompted some exporters to shift production. But changes were small. Most went to other developing countries.

The pandemic has raised political pressure for companies to move.

The Japanese government, which sees China as a strategic rival, is offering 220 billion yen (\$2 billion) to companies that move production to Japan in a virus aid package announced in April. It offers 23.5 billion yen (\$220 million) for Japanese companies in China to move to other countries.

The tariff war prompted concern about China's dominance as a supplier of active pharmaceutical ingredients, or APIs, used in antibiotics and vitamins. Some American commentators warned Beijing might retaliate by withholding APIs, though there was no sign that happened.

"There will be an increase in the repatriation of national drug supply chains and the re-establishment of national strategic manufacturing capabilities for key drugs," Sakshi Sikka, who follows the industry for Fitch Solutions, said in an e-mail.

In May, the U.S. government awarded a contract worth up to \$812 million over 10 years to Phlow Corp., a Virginia company set up to ensure against drug shortages by producing ingredients and generics.

In Europe, French drugmaker Sanofi SA is setting up an API supplier to reduce reliance on China. Sanofi says the company will be the No. 2 global producer, with annual sales of 1 billion euros by 2022.

India and Indonesia have announced plans to increase their own production of pharmaceutical raw materials.

Those changes are politically driven and will push up costs, while China's dominance as a global supplier is

Continued on page 16

Japanese island remembers 75 years since Battle of Okinawa

By Mari Yamaguchi
The Associated Press

TOKYO — Residents on Okinawa prayed for peace and remembered their loved ones on the 75th anniversary of the end of one of World War II's deadliest conflicts, the Battle of Okinawa, on the southern Japanese island that still has a heavy U.S. troop presence.

At the ceremony held to remember more than 200,000 people, many of them civilians, who died in the fighting near the war's end, Okinawa governor Denny Tamaki said the tragic history must be remembered accurately and handed down to younger generations.

Today, many people live in places of conflict, or face poverty, discrimination, and environmental pollution, and the fear and economic impact from the coronavirus have further divided societies, he said. It's more important than ever for everyone to tolerate differences, trust each other, and cooperate, he said.

"We must gather our wisdom and push forward to achieve nuclear weapons ban, war renouncement,



BLOODY BATTLE. Children pray in front of the "Peace of Fire" at Peace Memorial Park in Itoman, Okinawa, Japan, on June 23, 2020. Okinawan people find it unacceptable that their land is still occupied by a heavy U.S. military presence 75 years after World War II. (Koji Harada/Kyodo News via AP)

and lasting peace," Tamaki said.

Resentment over the continuing heavy U.S. troop presence runs deep on Okinawa.

"Since the end of the war, even when Okinawa was deprived of human rights and self-governance

under the U.S. occupation, we have steadily walked on the path of reconstruction and development while protecting our culture and sincerity we inherited from our ancestors," Tamaki said.

Continued on page 7

一國千字

STUNNING PHOTOGRAPHY

WEDDINGS
SENIORS
BABIES
PREGNANCY
PORTRAITS
FUNERALS

LANDIS.PHOTOS@GMAIL.COM
JANLANDISPHOTOGRAPHY.COM
503•317•3759

FAIRWAY
INDEPENDENT MORTGAGE CORPORATION

Tu Phan
Branch Manager, NMLS #7916

Call about
refinances & purchases
Offering
FHA/VA/Conventional Mortgages

(503) 780-6872
<tu.phan@fairwaymc.com>
<www.LoansNow.com>

12817 S.E. 93rd Ave.
Clackamas, OR 97015

Copyright ©2018 Fairway Independent Mortgage Corporation. NMLS#2289. 4750 S. Biltmore Lane, Madison, WI 53718, 1-877-699-0353. All rights reserved. Fairway is not affiliated with any government agencies. These materials are not from HUD or FHA and were not approved by HUD or a government agency. This is not an offer to enter into an agreement. Not all customers will qualify. Information, rates and programs are subject to change without notice. All products are subject to credit and property approval. Other restrictions and limitations may apply. Equal Housing Lender.

SUMMER RUN APARTMENTS
RETIREMENT LIVING

7810 SE FOSTER ROAD
PORTLAND, OR 97206
503-774-8885

- STUDIO & ONE-BEDROOM APARTMENTS
- AFFORDABLE RENT, NO COSTLY BUY-INS, OR APPLICATION FEES
- FEDERAL RENT SUBSIDIES AVAILABLE FOR THOSE THAT QUALIFY
- IDEAL URBAN LOCATION NEAR SHOPPING, BUS LINES, AND RESTAURANTS
- SMALL COMMUNITY ATMOSPHERE ~ RELAXED AND FRIENDLY

WWW.SUMMERRUNAPTS.COM

+ HELP US, HELP YOU +

WE ARE FIGHTING FOR EVERYONE

DO YOUR PART STAY HOME

PHYSICAL DISTANCE + WASH YOUR HANDS

LAUGHING PLANET

Delicious at your door

LAUGHING PLANET IS OPEN

Let your tastebuds travel — Laughing Planet offers global flavors from locally sourced ingredients. Treat yourself to something delicious and nutritious. Order online, over the phone, or through DoorDash. LaughingPlanet.com