

China launches tax investigations into Apple iPhone maker Foxconn

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China's tax authorities have launched multiple investigations into the company that makes the iPhone, months after its billionaire founder announced he would run in Taiwan's presidential elections. Foxconn faces tax audits of its operations in China, as well as investigations into land use in two Chinese provinces, according to reports by local media. The investigations, which were confirmed by the Taiwan-based manufacturer but have not been officially announced by any of China's government departments, are thought to be politically motivated. Foxconn's founder, Terry Gou, announced in August he would run as an independent leadership candidate in Taiwan's 2024 presidential election. Gou, a well-known and outspoken businessman, resigned from the company's board days after announcing his election bid. Foxconn, which is Apple's largest supplier of iPhones and is also known as Hon Hai Technology Group and one of the largest employers in the world, said it would cooperate with the investigations. "Legal compliance everywhere we operate around the world is a fundamental principle of Hon Hai Technology Group. We will actively cooperate with the relevant units on the related work and operations." The news sent Foxconn shares down more than 2% on Monday. Apple shares were down about 1% in pre-market trading. The US tech manufacturer is the largest company in the world and the iPhone is its most important product. The Foxconn tax investigations come amid roiling tensions between Beijing and Washington after a series of tit-for-tat measures restricting each others' tech sectors. Last week, Joe Biden's administration announced plans to restrict shipments to China of more advanced AI chips designed by Nvidia and others on security grounds. China is also struggling with a slowdown in its economic growth, with some of the biggest companies in its embattled property sector at risk of defaulting on their debt obligations. On Monday, the country's CSI 300 index dropped more than 1% to 3,450 points, marking its lowest level since before the Covid pandemic in February 2019. There is also ongoing tension over Taiwan's independence, with China having vowed to subsume Taiwan into the Chinese state, under what it calls "reunification" plans. That is despite widespread resistance by Taiwan's population and its main political parties. China cut communications with Taipei in 2016 and has become increasingly aggressive, sending greater numbers of war planes and ships into Taiwan's air defence zone in recent years. Gou used the launch of his presidential bid to declare that he would "bring 50 years of peace to the Taiwan strait and build the deepest foundation for the mutual trust across the strait". He also made comparisons with Ukraine, which was invaded by Russia in early 2022. He also blamed President Tsai Ing-wen's ruling party for escalating tensions. "Under the rule of the Democratic Progressive party in the past seven years or so, internationally, they led Taiwan towards the danger of war. Domestically, their policies are filled with mistakes," he said previously. "Taiwan must not become Ukraine and I will not

let Taiwan become the next Ukraine,” Gou added.