Laid off due to virus, Cambodian garment workers compete for factory shifts

REUTERS, *Phnom Penh*

For three hours, Cambodian seamstress Em Thy waited in a crowd with hundreds of other laid off garment workers on the outskirts of Phnom Penh, desperate to be selected for a one-off shift.

Defeated, the 53-year-old shouted insults at the factory recruiters as they drove away without her one morning last week.

"Why is my fate is in the hands of these despicable brokers?" Thy told the Thomson Reuters Foundation, having lost her job in March after two decades of consistent factory work.

Cambodia's textile industry - the economy's $7 billion backbone that provides about 850,000 jobs - has been pummelled by the coronavirus pandemic with major Western retailers cancelling orders or demanding discounts from their suppliers.

About a third of its 600 garment factories are shut, which has cost tens of thousands of workers their jobs and left them struggling to survive as state aid has been slow to materialise.

Mostly women, many of them have recently joined the pre-dawn gatherings where factories send brokers to find women for off-the-books daily shifts to augment their regular labour force.

Thy said she had no choice with a family to feed but was frustrated at having to deal with brokers as they were known to play the women against each other and go back on their word.

"What do they know about my skills, about the industry?" she said. "It's an insult that I would have to beg to them." Before the outbreak, nearly all of the women at the informal labour market could expect to pick up a day's work and earn about $8, roughly in line with the minimum wage of $190 a month.

Now, the women say they are fortunate if they get one shift each week - and have less bargaining power as their ranks swell.

Han Nang said she was promised a week of work but had not been picked up by the broker from the market on the final day.

"Did I get paid? No. Do I have time to chase him for my money? No," said the 34-year-old, who was fired when her factory scaled down operations in March. "It would be useless anyway." One of the recruiters - who arrived on a motorbike-drawn trailer to ferry workers - showed little sympathy for the women.

"If they demand too much, they will just be left sitting here," he said on condition of anonymity to protect his job.

Across Asia, campaigners have warned of a mass rollback of labour rights in the garment sector, with workers forced to accept worse conditions as jobs are cut and factory bosses accused of using coronavirus staff culls to target union staff.

"There is great concern ... about the impacts of the crisis pushing workers into unsavoury, unwanted areas of the economy," said John Ritchotte, an officer with the International Labour Organization (ILO) - a United Nations agency - based in Bangkok.

Among the hundreds of women waiting on the roadside, several appeared to be under 18. Cambodian law allows children to do non-hazardous jobs from 15 provided they have parental consent.

The United Nations last week warned the pandemic could lead to families putting their children to work, while a survey by charity Plan International found that a third of 480 Cambodian children had observed a rise in child labour since the outbreak.

16-year-old Minea and her younger sister had been sent from rural Kampong Thom - about a four-hour drive from the capital - to earn for the extended family while their migrant worker parents waited out the lockdown across the border in Thailand.

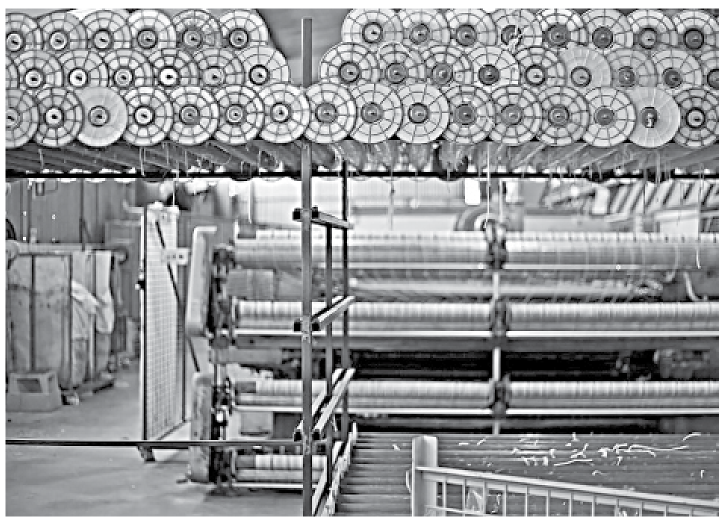
"We are stuck here for now," Minea said, as she and her sister resigned themselves to another day without work.

"We don't even have money to pay rent and buy a bus ticket, let alone send anything home." Ken Loo, head of the Garment Manufacturing Association in Cambodia, said some factory jobs were legal for under-18s but that the trade body advised its members against hiring children.

"Most buyers frown upon it," he said. "There are more than enough adult workers .. there's no need to hire minors." Labour ministry spokesman Heng Suor did not respond to questions about children being hired for informal garment work.

Shift workers should direct any claims of abuses by factory bosses and brokers to government labour inspectors, he added.

Cambodia in April promised that laid off garment and tourism workers would receive $40 per month in government handouts.


REUTERS

Cambodia's textile industry - the economy's $7 billion backbone that provides about 850,000 jobs - has been pummelled by the coronavirus pandemic.

Fed officials signal rising caution on US economic recovery

REUTERS

Two US Federal Reserve officials sounded increasing pessimism on Friday on the swiftness of any economic recovery from the novel coronavirus epidemic and warned the unemployment rate could rise again if the disease is not brought under control.

The central bank already made clear it expects a full economic healing from the impact of the virus to take years as it kept interest rate near zero at its policy meeting last week.

But nascent signs of recovery in US economic data, with better-than-expected job gains and retail sales for the month of May, had fuelled some hopes that the United States could bounce back more quickly.

Fed officials pushed back on that view on Friday and cautioned against reopening the economy too hastily after the end of state lockdowns aimed at containing the virus, which has killed more than 118,000 Americans.

California, North Carolina and a string of US cities mandated or urged mandatory use of masks on Thursday to get a grip on spiralling coronavirus cases as at least six states set daily records.

"This lack of containment could ultimately lead to a need for more prolonged shut-downs, which result in reduced consumption and investment, and higher unemployment," Boston Fed President Eric Rosengren said in a virtual event organized by the Greater Providence Chamber of Commerce.

Minneapolis Fed President Neel Kashkari also said the economic recovery would take longer than he had hoped just a few months ago, and warned the recent positive trend on job gains could soon be reversed if the virus is not tamed soon.

"Unfortunately, my base case scenario is that we will see a second wave of the virus across the US, probably this fall," Kashkari said during a Twitter chat moderated by CBS News. "If there is a second wave, I would expect the unemployment rate to climb again."

Earlier this week, in two separate appearances before lawmakers in the US Congress, Fed Chair Jerome Powell warned millions of people will likely still be unemployed even as the economy is on the path of recovery.

Powell, Rosengren and others have all said more fiscal and monetary policy support is likely needed to help them. Fed Vice Chair Richard Clarida told Fox Business Network on Friday "there's more that we can do, I think there's more that we will do." Clarida added there is no limit to the Fed's potential purchases of Treasury securities or mortgage-backed securities.

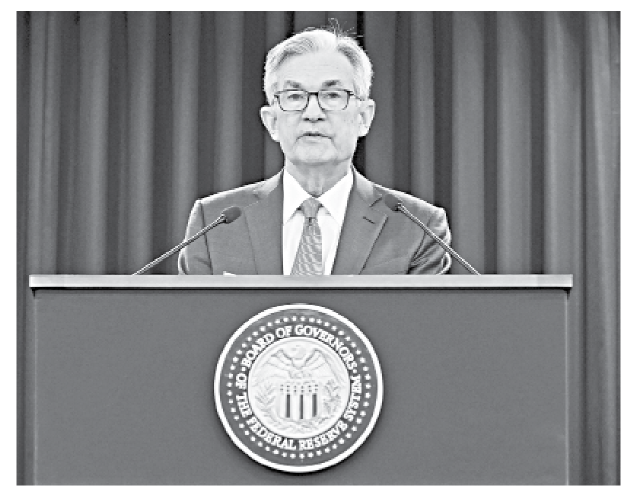
Congress has allocated nearly $3 trillion for coronavirus-related economic aid and the Fed has pumped trillions of dollars of credit into the economy to cushion it from the fallout from the epidemic.

But some Republicans have been resistant to doing more quickly, especially given recent positive economic data.

Powell, in a separate appearance on Friday, reiterated that the US economic recovery will not be quick or smooth.

"We will make our way back from this, but it will take time and work ... The path ahead is likely to be challenging," Powell said during a webcast discussion with local business and community leaders in Youngstown, Ohio, on building a resilient workforce.

"Lives and livelihoods have been lost, and uncertainty looms large," he said.



US Federal Reserve Chairman Jerome Powell

Asian markets rise as traders focus on the positives

AFP, *Hong Kong*

Asian equities rose Friday as investors went into the weekend on an upbeat note, with an eye on the easing of lockdowns and mostly improving economic data, which offset geopolitical tensions and second wave worries.

Reports that China pledged to ramp up its purchase of US agricultural goods as part of its phase one trade deal also provided support to investors.

After three months of big gains across the planet -- fuelled by the reopening of economies as well as trillions of dollars in government and central bank support -- markets appear to be levelling out as investors await the next major catalyst, such as a vaccine. But, while countries continue to ease business and jobs-destroying containment measures the virus is spiking in several places including Beijing, Tokyo, Germany, Florida and Texas.

"Concerns over the spread of COVID-19 in some US states in particular where hospitalisation rates are rising, and also following the recent outbreak in Beijing, continue to cast something of a pall over markets," said Ray Attrill at National Australia Bank.

Adding to the unease are simmering tensions between the two Koreas as well as China and India following a deadly border skirmish this week in the Himalayas.

Donald Trump provided fresh uncertainty Thursday by tweeting that the US "certainly does maintain a policy option, under various conditions, of a complete decoupling from China. Thank you!" The message came a day after his trade representative and China hawk Robert Lighthizer told a congressional committee that China so far has been living up to the terms of a "phase one" agreement that eased the dispute, and that decoupling the two economic giants was now impossible.

While observers see it unlikely the superpowers would break off all economic activity, the comments were the latest volley from Trump over China as he aims for re-election in November.

However, Bloomberg News said Friday that Beijing planned to boost its imports of farm goods including soybeans and corn from the US, easing concerns about the trade pact signed in January, which had been called into question owing to rising tensions between the superpowers.

Russia's central bank cuts key rate to historic low

AFP, *Moscow*

Russia's central bank on Friday announced a 1.0-percentage-point cut to its key interest rate, taking it to 4.5 percent, the lowest level in decades, in a bid to revive the economy after a virus shutdown.

A global slump in demand during months of lockdown measures triggered by the coronavirus epidemic led to "more profound than expected" disinflationary factors, the bank said in a statement.

The bank has abided by a conservative monetary policy for years, targeting four percent inflation, but said Friday that the rate decision was taken because this figure may dip "significantly" below the target next year.

It said the negative effect of the economic lockdown has been "more extended" than previously assumed, hitting investment and incomes and increasing unemployment.

"The influence of the weaker ruble and the episodes of increased demand for certain product groups in March has been exhausted," it said.It said further cuts would be considered, based on inflation dynamics, economic activity and domestic and global market risks.

The next bank meeting on monetary policy is scheduled for July 24.

The bank predicted that the contraction of the economy in the second quarter "could prove more sizeable than expected," after growth of 1.6 percent in the first quarter.

It predicted the GDP for the year 2020 would shrink by four to six percent, and a return to pre-coronavirus levels of economic growth only in 2022.

Central bank chief Elvira Nabiullina said she also expected the recovery to take longer than previously forecast, notably due to oil production cuts at least until the end of July that Moscow has agreed with the OPEC cartel.