Myanmar workers in Thailand victims of a broken system

AFP, *Myawaddy, Myanmar*

WITH only meagre belongings stuffed into backpacks and duffel bags, tens of thousands of Myanmar migrants have streamed home across the Thai border over the past two weeks.

But it is not a joyous homecoming for the truckloads of men and women, who fled Thailand in fear of a new law that hardens penalties on the millions of undocumented migrant workers underpinning its economy.

Thailand's sudden rollout of the labour decree, which hikes up fines on unregistered workers and their employers, sent a lightning bolt of panic through migrant communities.

"If we were arrested, we would have to pay money to police. If this happened, all of our money would disappear," Thu Ya, who worked in a Thai plastics factory, told AFP while preparing to cross back into Myanmar's eastern border town of Myawaddy.

The mass exodus of migrants -- estimated to be more than 60,000 -- is only the latest chaos to highlight the precarious lives of migrant workers who take up difficult and dangerous jobs in Thailand's factories and fishing boats.

Much of the work force lacks proper documentation and lives in constant fear of exploitation from police, bosses, and traffickers.

And yet many Myanmar migrants scrambling across the border said these hardships still beat the prospect of dire poverty in their homeland, where jobs and good wages are difficult to come by.

"I will consider coming back in a legal way, with the full documents," said Thu Ya, 32, who has spent much of his life in Thailand.

Myanmar's new civilian government, which came to power last year, was expected to usher in a windfall of foreign investment into a resource-rich country that was closed off to the world during the former junta's 50-year reign.

In a jubilant visit to Thailand in June 2016, de facto leader Aung San Suu Kyi vowed to drive the economic growth that would bring her countrymen home.

AFP/FILE

Migrant workers are boarding Thai and Myanmar official service trucks leaving Thailand at the Thai-Myanmar border in Mae Sot, Tak province in northern Thailand.

But a year on the gains have fallen short of expectations and Myanmar is still years away from offering wages that rival those in Thailand.

A steep decline in foreign investment -- down 28 percent in the last quarter of 2016 -- sounded alarm bells over an economy whose initial opening in 2011 was met with a rush of investor excitement.

The country's GDP growth also fell below seven percent for the first time in five years in 2016, clocking in at 6.5 percent.

Having fleetingly become the fastest-growing economy in the region, Myanmar now lags behind the Philippines, Laos and Cambodia.

Economists blame the slump on a lack of clarity from the new government on its economic policies, as well as the ponderous progress in passing a new investment law.

"We have a problem because the ministers have no economic culture, and then the reforms are done too slowly," said Myanmar economist Khin Maung Nyo.

The young civilian government, stacked with political novices, faces the monumental challenge of trying to unpick the junta's devastating economic legacy.

"We need to create thousands of jobs but I doubt we will be able to do it quickly," Khin Maung Nyo added.

In the meantime, Thailand looks set to continue to be a magnet for its neighbour's workers.

Huge sections of Thailand's economy, especially construction and food production, rely on migrants to do jobs that comparatively wealthier Thais have long since eschewed.

And while the country has one of the slowest growth rates in Asia, the minimum wage of 305 baht ($9) a day is more than three times the equivalent in Myanmar.

Since coming to power in 2014 Thailand's junta has unveiled a series of campaigns to clean-up abuses in its migrant labour sector, which also attracts significant numbers of workers from Cambodia and Laos.

But rights groups say the drives are often short lived and ad-hoc, creating more confusion. This time was no different.

China's Wanda agrees to mammoth asset sale to slash debt

AFP, *Shanghai*

Chinese conglomerate Wanda said Monday it will sell dozens of hotels and other projects to developer Sunac China Holdings for $9.3 billion to slash debt, two weeks after acknowledging it was being probed following heavy overseas investments.

It is China's largest-ever property deal, according to Bloomberg News, and will see Sunac buy 76 hotels outright and take a 91 percent stake in 13 other "cultural and tourism projects" within China, the companies said.

Wanda, headed by one of China's richest men, Wang Jianlin, was among the more acquisitive players in a flood of Chinese money overseas that raised concerns in Beijing over "irrational" investments.

Wang told financial magazine Caixin the deal would cause debt at Wanda's commercial property arm to "drop greatly", without giving specifics.

"The funds returned from this will all be used to pay back loans. Wanda Commercial plans to pay back the majority of bank loans within this year," he was quoted saying. The deal highlights a quandary faced by Chinese corporations that bet big on overseas acquisitions but now face difficulty paying off debts.

Beijing began last year to roll out restrictions to curb overseas capital flight, which analysts said raises funding costs for companies like Wanda because lending to them is now viewed as more risky.

Wanda admitted last month that China's banking regulator was looking into potentially risky loans it held.

Wanda said other domestic companies that invested aggressively overseas also were being scrutinised, including Rossoneri Sport Investment Lux, a consortium that recently purchased Italian football club AC Milan, Club Med's owner Fosun Group, and HNA Group.

The deal indicates that "Wanda is running out of options to raise funds through normal financing channels," said Ivan Han, Shanghai-based analyst with financial information provider Morning Whistle.

"Financial institutions don't really want to keep lending money to firms that are targeted by regulatory scrutiny."

"It doesn't mean their businesses are in trouble. They are just adjusting their financing chains."

But China is likely to see more such deals as companies are forced to pay the piper for rapid expansion, said Michael Every, senior Asia-Pacific strategist for Rabobank.

"That is for sure. Remember Japan in the 1980s? Expect worse for China," he said, referring to Japan's asset bubble.

In recent years, Beijing encouraged companies to invest overseas to find new markets, access technology and increase China Inc's influence.

But they have reversed course as concerns grow over capital flight, a weakened Chinese currency, and potentially unsound acquisitions.

Russia upset by outside 'sabotage' of energy investments: Novak

AFP

Sabotage from political factors has hurt energy investments in Russia.

AFP, *Istanbul*

RUSSIA on Monday said its energy investments had suffered "sabotage" from political factors, pointing to troubles over expanding the Nord Stream pipeline that pumps gas to Germany.

Speaking at the World Petroleum Congress in Istanbul, Russian Energy Minister Alexander Novak said energy demand was set to grow in the coming years and it was essential that supplies not be hampered by politics.

But he said: "We have often in recent times encountered artificial limits on the development of infrastructure, an artificial preference for certain sources of energy and suppliers."

He added: "We see an open sabotage of infrastructure projects... that are economically well founded and attractive for consumers, like for instance Nord Stream 2," he said.

Novak did not expand further but the Nord Stream 2 project -- which is due to ramp up the capacity of the Nord Stream pipeline from Russia to Germany -- has met with hostility from some EU members.

Germany backs the project, but other EU states led by Poland are worried about dependence on Russian energy and opposed because of Moscow's behaviour in the Ukraine conflict.

Novak also indicated some states wanted to turn away from Russia's gas reserves and nuclear power potential due to politics.

"We see a certain bias in the energy policy of some countries, who refrain from using effective and cleam sources of energy like nuclear power and gas because of political considerations."

He described this as "a continuation of protectionism which contradicts the principles of the World Trade Organisation".

"Russia is a guarantor of energy security. We see a colossal unrealised potential for cooperation and investment," he said.

The EU wants to negotiate with Moscow over the development of Nord Stream 2, developed by Russian gas giant Gazprom and five European groups. But Gazprom believes no such negotiation is needed.

Nord Stream 2 would by 2019 double the capacity of Nord Stream 1 and allow more Russian gas to arrive directly in Germany without transiting via Ukraine.

Gazprom is the sole shareholder in the 9.5 billion euro ($10.8 billion) project while its European partners -- Engie, Uniper, Wintershall, OMV and Shell -- will together finance half the project.

China inflation steady in June

AFP, *Beijing*

China's factory gate prices stabilised in June after slowing for three straight months, official data showed Monday, but analysts expect weakening economic growth will continue to weigh on inflation.

The producer price index rose 5.5 percent from a year ago, the National Bureau of Statistics said, unchanged from May and in line with a Bloomberg News estimate.

After hitting an eight-year high of 7.8 percent in February, the pace of growth in producer prices has slowed as Beijing puts the brakes on freewheeling credit as fears of a financial crisis grow.

Consumer prices, a gauge of retail inflation, rose 1.5 percent in June from a year earlier, slightly below analyst expectations of 1.6 percent but steady compared with May.

"With slowing credit growth likely to weigh on economic activity in coming quarters we think that, volatility in food prices aside, inflation still has further to fall," said Julian Evans-Pritchard, China economist at Capital Economics.

Tighter restrictions on China's real estate market and bank lending are expected to drag on the world's second largest economy, reducing demand for raw materials and weighing on prices.

"It's all about PPI and it's all about how long until PPI is negative year-on-year again," said Michael Every, head of financial markets research at Rabobank Group in Hong Kong.

India's thirst for dairy to stand out in restrained food markets: OECD/FAO

REUTERS/FILE

A man drives a taxi loaded with bicycles and milk containers through a road in Allahabad.

REUTERS, *Paris*

A fast-growing milk market in India will stand out amidst a trend towards more stable agricultural markets in the decade ahead as an era of booming demand led by China fades, the OECD and FAO said on Monday.

Higher productivity will cover the lower pace of consumption growth, curtailing prices of staple food commodities that are mostly expected to show a slight decline in real terms, said the Organisation for Economic Cooperation and Development and the United Nations' Food and Agriculture Organisation.

An easing in Chinese growth coupled with smaller worldwide population increases and less vigorous expansion of crop-based biofuels should all restrain agricultural markets, the OECD and FAO said in the report covering 2017-2026.

"The last decade has seen unprecedented growth in the demand for agricultural products," they said. "For most commodity groups, including cereals, meat, fish and vegetable oil, growth rates (in the next decade) will be cut by around half."

While during the previous 10 years, population increases and rising per capita consumption contributed about equally to overall food commodity demand growth, only dairy, sugar and vegetable oils were expected to see significant gains in per capita consumption in the decade ahead, the organisations said.

The projections may offer little comfort to farmers and trading companies, who have been grappling with lower farmgate prices and smaller margins along the supply chain.

India and also Pakistan were fuelling a surge in fresh dairy supply and demand, which was expected to turn India into the world's biggest milk producer ahead of the European Union.

"The growth in fresh dairy consumption is exceptional, with the result that fresh dairy shows the highest consumption growth rate among the key commodities," the report said.

India's thirst for milk illustrates an increasing impact it is anticipated to have on global markets, as it overtakes China as the world's most populous country in the coming decade.

The jump in Indian milk production, forecast to almost triple over the first quarter of this century, also shows how dietary patterns continue to contrast, according to the report.

Fresh dairy demand represents the main source of additional protein in India, whereas in Southeast Asia fish intake is more important and in sub-Saharan Africa, access to protein remains limited by income and distribution constraints.

China would continue to support global food demand growth but at much lower levels, notably in pigmeat, where household consumption was expected to level off, the OECD and FAO said.

Exports would remain concentrated among a small group of countries, particularly soybeans.

In dairy, India was not anticipated to be a significant exporter given huge domestic demand to cater for, with the EU seen posting the biggest increase in dairy export market share.