OECD warns global recovery not yet secure

AFP, *Paris*

THE rebound in global growth is not yet secure, the OECD warned Wednesday, with weak investment by businesses and slow growth in trade and wages raising doubts whether the current momentum will be sustained.

The Organisation for Economic Co-operation and Development left its forecast for 3.6 percent global growth this year unchanged, while increasing its outlook for 2018 a tenth of a point to 3.7 percent.

Growth this year is "higher than in 2016 but still below historical norms" said the OECD, which advises industrial nations on economic policy.

"The upturn has become more synchronised across countries," it said, noting that investment, employment and trade are all expanding.

The OECD raised its growth forecast for the eurozone this year by three tenths of a point to 2.1 percent. The outlook for Canada was raised by 0.4 percentage point to 3.2 percent and Japan by 0.2 percentage point to 1.6 percent.

"However, strong and sustained medium-term global growth is not yet secured," the OECD warned.

"The recovery of business investment and trade remains weaker than needed to sustain healthy productivity growth. Wage growth has been disappointing, keeping inflation at low levels," it said.

The OECD said deeper reforms would be needed to ensure strong future growth in emerging economies, while monetary policy should remain supportive in a number of countries while keeping an eye on financial stability.

It kept its growth forecast for the United States this year unchanged at 2.1 percent, as it did for next year at 2.4 percent.

Also unchanged was the OECD's forecast for British economic growth to slow to 1.6 percent this year and 1.0 percent next year.

For emerging countries, the OECD raised by 0.2 percentage point its forecast for China's economy to expand this year, to 6.8 percent. The outlook for 2018 was similarly raised, to 6.6 percent.

The forecasts for India were cut significantly, with growth this year now seen at 6.7 percent, down 0.6 point from the forecast the OECD made in June. The growth outlook for 2018 was cut by 0.5 point to 7.2 percent.

"In India, the transitory effects of demonetisation and of the implementation of the Goods and Services Tax (GST) have led to a downward revision in 2017 growth projections", said the OECD in reference to the country's chaotic removal of high-value notes from circulation.

Meanwhile, Brazil's economy is now seen as expanding by 0.6 percent this year, a shade lower than the June forecast. The forecast for 2018 is unchanged at 1.6 percent growth.

REUTERS/FILE

Residential apartments are under construction at Hengqin Island adjacent to Macau in China.

Indian brick workers treated 'worse than slaves': NGO

AFP, *New Delhi*

MILLIONS of Indian brick workers are trapped in bonded labour and regularly cheated out of their wages, an anti-slavery group said Wednesday as it demanded government action.

A study by Anti-Slavery International in the northern state of Punjab said workers are often rescued by NGOs only to return to the kilns, needing back wages owed to them or lacking other opportunities.

There are an estimated 10 million workers toiling amid punishing heat and life-threatening pollution at tens of thousands of small-scale brick kilns in India.

The kilns have become part of the underbelly of India's economic miracle, producing building materials for gleaming offices, factories and call centres sprouting up across the world's seventh largest economy.

Impoverished families are often forced to involve their children in hard labour since workers are paid by the number of bricks made.

The "Invisible Chains" report found 65 to 80 percent of children under 14 working for an average of nine hours a day over the hot summer months.

"We have found appalling levels of bonded labour and child labour... young children are working for nine hours a day in a dusty air filled with chemicals rather than going to school," Sara Mount, the group's Asia programme manager, said.

"Often brick kiln workers are rescued from a situation of bonded labour in brick kilns in one season but then have little choice in the following season but to work in the brick kilns again," she said in the report.

Bonded labour is illegal in India but rules are regularly flouted to maximise profits with little fear of the law.

Scenes of sweaty bare-footed workers hauling heavy loads and hacking at clay show the economic benefits of India's speedy growth are yet to reach the marginalised sections of the society.

The report is based on testimonies from families who have worked in the kilns in squalid conditions.

"We toiled day and night for five months but we were barely paid the wages," said Nohar Bai, a 35-year-old worker.

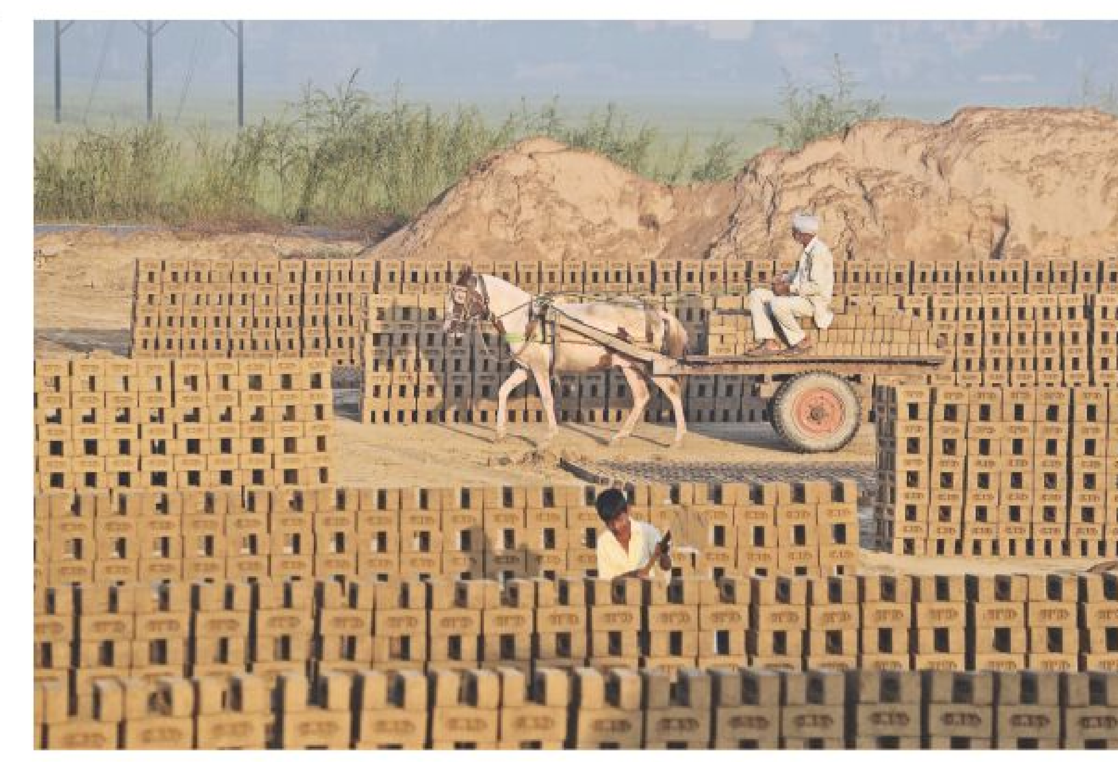
"Together with my husband we would make some 1,400 bricks in a day. We were a group of 23 people and at night they would lock us all up in a small room. We were treated worse than slaves," she told AFP by phone.

Rinky, a 26-year-old mother of one, said her employers owed her family 32,000 rupees ($498) -- a fortune for many in a country where millions live on less than $2 a day.

"We will not go back again to work there even if it means we will have to forgo what is our rightful earning," she said.

Tejinder Singh Dhaliwal, Punjab's labour commissioner, denied rules were being flouted with impunity at the kilns.

"Whenever we get any complaint we act promptly. On the whole conditions are not too bad," he told AFP. "Even otherwise we conduct



AFP

An Indian labourer transports bricks on a cart in a brick kiln on the outskirts of Jalandhar.

EU seeks post-Brexit powers over foreign finance firms

AFP

Pedestrians carry shopping bags in Oxford Street in central London.

AFP, *Brussels*

THE EU on Wednesday unveiled plans for sweeping new powers over foreign financial firms in Europe that would give the bloc strict oversight over the London financial hub after Brexit.

The draft law, presented by European Commission vice-president Valdis Dombrovskis, is intended to toughen EU financial rules and better coordinate national regulation on banking and trading in Europe.

"In the context of Brexit, we had to ... ensure that there is not a supervisory race to the bottom to attract business from London," Dombrovskis told a news conference in Brussels.

The proposal tightens the oversight of non-EU financial companies that are allowed to operate in the bloc under so-called equivalence regimes -- special bilateral arrangements already used by Wall Street, Japan and China whereby they agree to meet EU rules to keep access to the bloc's single market.

Though Brexit negotiations are still ongoing, insiders expect that Britain and its London financial hub will mainly function in Europe under this regime once the EU divorce is completed, officially in March 2019.

"We want to make cross border operations easier for companies, more effective to monitor for supervisors, and more trustworthy for consumers," Dombrovskis said. The proposal addresses fears that London firms after Brexit will take advantage of fragmented national rules in the EU to seek out member states with lighter touch regulation.

The new rules complement an earlier proposal by Brussels to deny London the right to host banking "clearing houses" that deal in euros after Brexit that angered Britain.

ThyssenKrupp-Tata steel merger sets scene for jobs battle

AFP, *Frankfurt Am Main*

GERMAN heavy industry giant ThyssenKrupp and Indian group Tata agreed Wednesday to merge their steel operations in Europe, sending governments and unions scrambling to ward off job cuts.

Once the deal is finalised in 2018, the two groups aim for efficiency savings of between 400 and 600 million euros ($480-720 million) per year -- and are likely to shed 4,000 jobs in production and administration.

The combination would create Europe's second-largest steelmaker after ArcelorMittal, expected to produce around 21 million tonnes of steel per year for sales of 15 billion euros.

The two sides plan a 50-50 joint venture, named "ThyssenKrupp Tata Steel", as a holding company in the Netherlands with joint management that will employ some 48,000 people across 34 sites.

"We have found a European solution for a European industry," ThyssenKrupp chief executive Heinrich Hiesinger told reporters.

He said the planned job cuts would be shared evenly with Tata, with ThyssenKrupp shedding a thousand jobs in production and another thousand in administration.

"This is not a pretty number, and it would not have been any better if we had stayed on our own," Hiesinger said.

The merger comes as Europe and the United States have long complained of massive gluts in the world steel market caused by overproduction in China, with Washington launching investigations into the national security implications of Chinese competition.

"The steel industry has faced massive challenges in Europe for many years," ThyssenKrupp, a industrial conglomerate whose products range from lifts to car parts and submarines, said in a statement.

"Steel demand is characterised by a lack of dynamic.

There is structural overcapacity in supply and constantly high import pressure," it said. This meant that various stages in the value chain were operating well below capacity.

Unless industry players took action, the group warned, major steel assets would come "under threat of closure in the medium term".

Tata Steel chairman N Chandrasekaran for his part said the partnership agreement was a "momentous occasion" for two firms who "share similar culture and values".

The "declaration of intent" signed by both sides must still be approved by competition authorities.

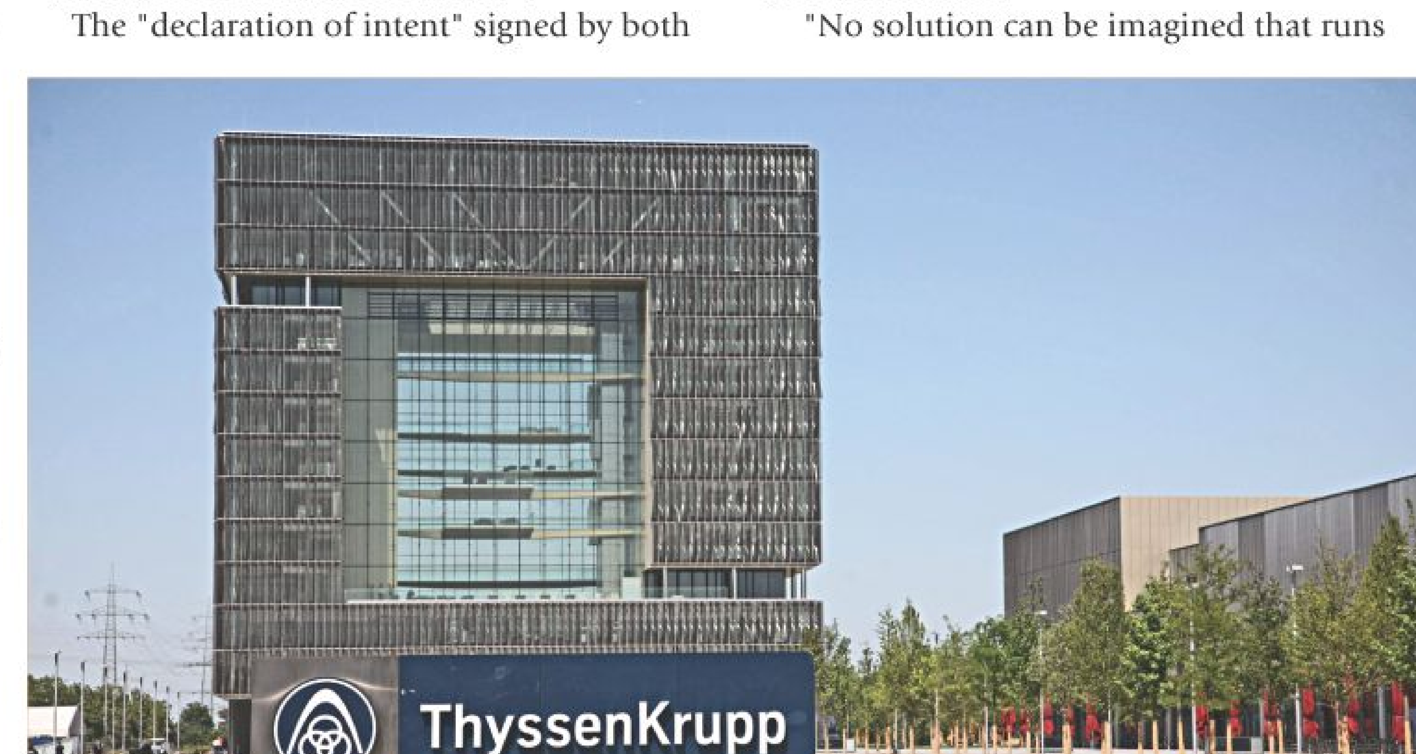
In response to the news, ThyssenKrupp shares were the top performer on the DAX index of blue-chip German stocks, adding 3.35 percent to trade at 26.09 euros by 0950 GMT.

Worker representatives in Germany, where ThyssenKrupp employs some 27,000 people in its steel division, were quick to voice fears over the planned tie-up.

"The board has bet everything on a single card in the face of all the warnings," works council chief Guenter Back told news agency DPA, adding that "significantly more" job cuts would likely follow those announced Wednesday. Trade unions at ThyssenKrupp have for months been fearing news of job losses, enlisting help from Berlin to put pressure on the firm.

"No solution can be imagined that runs contrary to the workers," Vice-Chancellor Sigmar Gabriel declared Monday after powerful union IG Metall complained of a "total dearth of information" from executives about their plans.

The jobs tussle is set to intensify at the weekend, as ThyssenKrupp must submit the plan to its supervisory board -- where worker representatives hold half of the seats -- for approval.



AFP/FILE

The headquarters of German industrial conglomerate Thyssen Krupp in the western German city of Essen.

China rises at Frankfurt automobile show

AFP, *Frankfurt Am Main*

TRADITIONAL heavyweights Fiat, Peugeot and Volvo may have shunned this year's Frankfurt auto show (IAA), but for Chinese and Taiwanese carmakers looking to make inroads in Europe the chance to step into the limelight was not to be missed.

Two years after becoming a surprise hit at the last IAA with an electric sedan concept car to rival Tesla's Model S, Taiwanese upstart Thunder Power was back at Europe's top industry showcase, which runs until September 24.

But this time there was no mistaking its ambitions. Positioning itself a stone's throw away from luxury brands Maserati and Ferrari, Thunder Power unveiled a second prototype, a high-end electric SUV with which it hopes to capture a slice of the booming 4x4 market.

"I'm not interested in gasoline cars. I want to build an electric car that is the best in the world," said chief executive Wellen Sham.

The sedan is set for mass production in 2019, followed by the SUV a year later, he told AFP, adding that the firm already had a factory in China and planned to set up one in Spain.

Starting with Germany and Britain, Thunder Power eventually aims to sell 40,000 units a year in Europe, he said. On the other side of the mammoth Frankfurt convention centre, fairgoers marvelled at the renaissance of storied German brand Borgward, which went under 50 years ago but was brought back to life in 2015 with the help of Chinese truck maker Beiqi Foton.

"We are coming to Europe this year," said chief executive Ulrich Walker, adding that its limited-edition BX7 SUV, priced at around 45,000 euros ($53,000), will go on sale in Germany first before other models are launched across the continent.

Tapping into nostalgia for the brand's heyday, Borgward also unveiled a sporty Isabella concept car inspired by a legendary 1950s coupe of the same name.

The reborn German-Chinese manufacturer, which is already producing cars in China, plans to increase its European footprint by building an assembly plant in Borgward's original hometown of Bremen in northern Germany next year. The plant will manufacture electric vehicles for European consumers, with production slated for 2019.

"Like the Japanese and South Koreans in the past, Chinese manufacturers want to show they can be successful in Europe, it's a mark of quality, a test before expanding to other markets outside Europe," said Walker.

Two other Chinese manufacturers, high-end WEY and the mass-market Chery, made their IAA debuts this year. WEY, the newly created luxury label of Chinese carmaker Great Wall, showcased a range of compact 4x4s offering both petrol and hybrid drivetrains.

AFP/FILE

A Borgward Isabella concept car is presented at the Frankfurt Auto Show IAA in Germany on September 13.