'Everything's business': Rohingya crisis offers earning opportunity

AFP, *Teknaf, Bangladesh*

CAPTAIN Min Min, a Buddhist from Myanmar, looks on as a stream of Muslim Rohingya labourers zig-zag up narrow gangplanks hauling sacks of ginger from his boat onto Bangladeshi soil -- one of many seizing the economic opportunities presented by a refugee crisis.

"I don't worry about conflict... everything is just business," the ethnic Rakhine skipper says, offering whiskey, cigarettes and big betel nut-stained smiles as he waits for his nine-tonne cargo to be unloaded.

The Bangladeshi district of Cox's Bazar now hosts around one million Rohingya from Myanmar, the vast majority of whom fled their country a year ago, driven out by the army and mobs of ethnic Rakhine, who falsely brand the Muslim minority as "Bengali" intruders.

The makeshift Rohingya camps have now congealed into tent cities spread out across hills and farmland.

They contain new and dynamic economies, pump-primed by donor money and driven by a captive market of hundreds of thousands in need of food, shelter, work and -- for those who can afford it -- consumer goods.

For generations trade has diluted ethnic and religious rivalries among the Rakhine, Rohingya and Bangladeshis who flit between the two countries.

Commerce was barely interrupted as scores of Rohingya villages were torched in August last year, sparking an exodus of around 700,000 people by land and sea into Bangladesh.

The skies were heavy with smoke, but Min Min says he carried on delivering his "Made in Myanmar" cargo to Teknaf port -- rice, ginger, make-up, noodles and the "ainshi" chestnuts ubiquitous at Rohingya snack stalls.

The refugee influx has been good for business, adds his friend Thoin Line, an ethnic Rakhine importer from the Bangladesh side of the border.

"The Rohingya are tough... they work night and day," he says, adding, "and their wages are not too high."

Below, a line of drenched, wiry workers emerge from the hull of the boat, each shouldering two 30-kilogramme (66-pound) sacks of ginger imported from Myanmar.

AFP

Rohingya workers transport 30kg sacks of ginger from a boat, which arrived from Myanmar's Rakhine state, at Teknaf port near Cox's Bazar on August 13.

They will earn between 300-500 taka ($3-6) a day for their back-breaking efforts -- a decent wage of sorts for labourers officially barred from working in Bangladesh and thus compelled to pay a share of their earnings to camp leaders who cherry-pick the workforce.

Most refugees are either jobless or stuck at the bottom of the labour ladder, a place they have occupied since Myanmar first began expelling its Rohingya in 1978.

At the Kutupalong megacamp Bangladeshi entrepreneur Kamal Hussein, 24, is praying for rain.

His income comes from a row of nearly 50 mobile phone charging points secured by bamboo struts.

"Business is slow... it is sunny and most people have solar panels so they don't need our shop," he says.

Business is better when it rains because then "the solar panels don't work", he adds.

Consumer goods like mobile phones are in hot demand as refugees settle in, spending salaries and remittances from relatives overseas.

Salesman Kaiser Ahmed says before last August's crisis he sold five or six phones a week at the existing camps.

"Now it is around 300," he explains.

Like many other Bangladeshis, Kaiser's income has surged in step with the crisis.

Stores to repair and pawn Rohingya jewellery, stalls selling gaudy saris and shops charging refugees 30 US cents to watch live English Premier League football matches on their TVs have sprung up around the camp fringes over the past year.

Furthermore, the non-profits which work in the camps are big buyers of local bamboo, tarpaulins, concrete, pots, pans and blankets and employ thousands of Bangladeshi and Rohingya staff.

Bangladeshi Mohammad Jashan, 26, whose home is just outside Kutupalong, says he has climbed up the value chain in each of the three jobs he has held in foreign organisations in the last 12 months.

He now earns $300 a month for a British charity -- several times higher than the national average.

"My next salary will be higher as I have more skills," he says, beaming proudly.

But pinch points are emerging.

Poorer Bangladeshis say the Rohingya influx has collapsed wages.

Crime, drugs and prostitution are rising, while the foreign NGO influx has warped prices -- making owners of apartments, cars, hotels and restaurants richer, but sharpening the poverty of the locals with nothing to offer them.

Even among the Rohingya resentments are emerging.

"After the new refugees came the NGOs put all the focus into them," says Setara Begum, who was born in Kutupalong and is one of the roughly quarter million refugees to have lived in Bangladesh for years.

"We only get basic rations now," the 18-year-old said.

In June the World Bank moved to head off angst between the Rohingya and their Bangladeshi hosts, offering nearly half a billion dollars in grants for refugee health, education and sanitation.

The aim is to help ease Dhaka's burden and establish services that will also be used -- and staffed by -- Bangladeshis.

With refugees unlikely to be repatriated any time soon, cash and jobs are the best route to keeping the peace.

At a beach outside the Shamlapur camp, Rohingya fisherman Mohammad Hossain says he worked his way up over two decades from crew to become the co-owner of two of the distinctive crescent-shaped boats that dot the coastline.

It is a dangerous job in the high monsoon seas.

But there is no shortage of willing crew so the number of boats braving the waves has increased along with the catch, as money is spun from desperation.

"Bangladeshis are scared of the sea. But Rohingya live on the coast... we are used to the water," the 30-year-old says.

"It's risky but the Rohingya here can't do anything else."

Germany's current account surplus hits global high

REUTERS, *Berlin*

Germany's current account surplus is set to remain the world's largest this year despite increased trade tensions, the Ifo institute said on Monday, in an estimate likely to renew criticism of Chancellor Angela Merkel's fiscal policies.

The International Monetary Fund and the European Commission have for years urged Germany to do more to lift domestic demand and imports as a way to reduce global economic imbalances and stimulate growth elsewhere. Since his election, U.S. President Donald Trump has also criticised Germany's export strength.

Germany's current account surplus — which measures the flow of goods, services and investments — will remain the world's largest for the third year running in 2018 at $299 billion, followed by Japan with $200 billion, according to Ifo estimates.

The Netherlands are likely to come in third with a current account surplus of roughly 110 billion dollars while China will not be among the top three surplus countries due to a surge in imports and lower returns from capital held abroad, Ifo said.

"On the other end of the spectrum, the United States is set to remain the country with the largest current account deficit with roughly 420 billion euros," Ifo economist Christian Grimme said.

Malaysia PM calls for China's help with fiscal problems

AFP, *Beijing*

MALAYSIAN Prime Minister Mahathir Mohamad called on China's top leadership Monday to help solve his country's fiscal problems, as he tries to revise major Beijing-backed projects signed under his scandal-plagued predecessor.

The 93-year-old leader, who returned for a second stint as premier following a shock election win in May, has railed against a series of deals struck with Chinese state-owned companies by the administration of toppled leader Najib Razak.

His government has suspended China-backed projects worth more than $22 billion, including a major rail link, and Mahathir had pledged to raise the issue of what he views as unfair terms related to some of the deals on his five-day trip.

During a press conference with Premier Li Keqiang at Beijing's Great Hall of the People, Mahathir thanked China for agreeing to increase imports of speciality agricultural products, such as durian.

But even as he welcomed the agreements, Mahathir also said he expected more from the world's second-largest economy.

"I believe that China will look sympathetically towards the problems that we have to resolve and perhaps help us in resolving some of our internal fiscal problems," he said.

Mahathir, who is expected to meet President Xi Jinping Monday afternoon, also warned that wealthy countries should not use their riches to take advantage of less developed nations.

"There is a new version of colonialism happening because poor countries are unable to compete with rich countries just in terms of open free trade. It must also be fair trade," he said.

Li said that he hoped the two countries would be able to achieve "balance" in their trade relations.

During his nine-year rule, Najib was accused of cutting quick deals with Beijing in return for help paying off debts linked to a massive financial scandal that ultimately helped bring down his long-ruling coalition.

Last week, Mahathir had said he would try to cancel or modify the previous administration's agreements with China, stressing that "the most important thing is for us to save money".

As well as the rail link, which would have run from the Thai border to Kuala Lumpur, the government has suspended a China-backed project to build pipelines after alleging that almost all the money for the work was paid out but only a fraction of the project had been completed.

Mahathir is trying to reduce Malaysia's national debt, which has ballooned to some $250 billion.

AFP

Malaysia's Prime Minister Mahathir Mohamad (L) and China's Premier Li Keqiang arrive for a signing ceremony in Beijing yesterday. Mahathir is on a visit to China from August 17 to 21.

Trade war puts new strains on America Inc's factories in China

REUTERS

LARRY Sloven arrived in southern China three decades ago, just as the region was taking off as the low-cost manufacturing centre of the world. Since then, he has exported millions of dollars of goods, ranging from power tools to LED lights, to some of America's biggest retailers.

That era may now be coming to an end.

For years, Sloven has seen profits whittled away by rising costs, tighter regulations and Chinese government policies aimed at building a more sustainable and services-oriented economy that have squeezed lower-end manufacturers.

But the final straw may be the prospect of tariffs stemming from a trade war between the United States and China, and a world of more protectionism.

"It's been step, by step, by step. And it's been getting more and more expensive to produce products in China," said Sloven, president of Capstone International HK Ltd, a division of Capstone Companies, from Deerfield Beach, Florida, a maker of consumer electronics goods.

Manufacturers have been feeling the squeeze as China shifts its priorities from lower-end manufacturing to high technology industries as part of a broader bid to upgrade its economy.

But with tariffs looming, "everybody finally woke up to the extent that 'maybe I should face reality'," he said. Manufacturers were increasingly worried that "the next group of tariffs would be the killer".

Sloven is now stepping up efforts to trim his exposure to China, diversifying into growing manufacturing centres like Thailand.

"Thailand, Vietnam, Malaysia and Cambodia are countries that have potential opportunities," he said. "However, it's not going to be as easy as many may think. And you don't know what's coming next in China."

Interviews with over a dozen manufacturers from medical device makers to agricultural equipment firms illustrate how companies exporting to the United States are now rethinking their calculations about making goods in China.

"Before the tariffs came on board, we were looking to move about 30 percent of our production from China to the United States," said Charles M Hubbs, European director at Premier Guard, a medical products manufacturer, citing reasons such as rising wages, a shrinking workforce and soaring costs.

"With the latest tariff development, assuming those tariffs will go into effect, we'll probably be moving about 60 percent of our manufacturing out of China to the United States."

Other companies are closely reviewing their options. "In the current tariff environment, it's only natural for companies like ours and others to be internally reassessing the impact and taking steps to mitigate that," said a senior China-based executive with a major US manufacturer.

REUTERS/FILE

The label of a Washington DC sweatshirt bears a US flag but says "Made in China" at a souvenir stand in Washington, US.

Moves could include "limiting additional sourcing from China, shifting sourcing to other countries, or bringing work back to the United States".

Mid-level officials from the two countries are set to hold trade talks this week in Washington, although the gap between the two sides over US demands for greater market access remains wide.

The escalating tit-for-tat trade war between the United States and China, with President Donald Trump threatening to impose tariffs on Chinese-made goods, could have huge implications for heavily integrated and globalised supply chains. For some, the impact has been obvious and direct.

Georgia-based AGCO Corp told the United States Trade Representative that tariffs would make the farm equipment it makes in Changzhou, a city in China's Jiangsu province, "price uncompetitive" in the United States.

Maroon Group, a chemical maker from North America, said it would be "priced out of the market", a concern echoed by Goodman Global, a unit of Japan's Daikin Industries that assembles air conditioners in Houston from Chinese-made parts.

Some firms have already made their moves. The furniture makers At Home Group Inc and RH have said they will cut back production in China.

Others are trying to adjust supply chains. DSM China Ltd, part of the Dutch nutrition firm Royal DSM, is looking to replace US soybeans with new ingredients such as pea powder it can source locally to avoid Beijing's retaliatory import duties.

Rising risk from the trade tensions "gave us good impetus to check out how we look at the whole business", said Bernard Cheung, director of global strategic marketing at DSM China.

For some, the response has been dictated by where they sit in the supply chain.

US-based GMM Nonstick Coatings has moved some production to India after a 30-40 percent drop-off in China orders for advanced chemicals used to coat American household kitchenware brands such as George Foreman and Baker's Secret as those clients move some production out of China.

"This tariff thing is adding extra friction to being in China and it's making the decision" to shift production "quite easy for US sourcing departments," said Ravin Gandhi, GMM's chief executive.

There are still plenty of manufacturers staying in China for now, especially those targeting the huge domestic or regional market, Gandhi said.

China still has the best infrastructure, supply chain networks and engineering talent, a major hurdle for potential rivals seeking to lure firms away with lower costs, according executives interviewed by Reuters.