New Labor Rules Alter France’s Image

By LIZ ALDERMAN

PARIS — The announcements came at a steady pace. Around 1,300 job cuts at France’s biggest automaker. At least 2,500 at France’s largest supermarket chain. Over 200 sought at a major clothing retailer. And thousands more are on the way.

Just weeks after France’s labor overhaul went into effect, companies are taking advantage of new rules that make it easier to hire and fire. But the other changes, those designed to help soften the blow like retraining programs, haven’t been put into place yet, leaving workers vulnerable to a coming wave of downsizing.

The changes to the country’s voluminous labor code are part of a broad push by President Emmanuel Macron to revive growth and steer France toward a Scandinavian-style economic model known as “flexible security.” But the initial imbalance between employers’ rights and workers’ protections means the economic picture could get worse before it gets better.

Unemployment, persistently stuck at more than 9 percent for nearly a decade, could rise in the coming months. Unions may grow impatient if the government doesn’t follow through on its promises to workers.

“Right now it’s flexibility, and no security,” said Jean-Paul Fitoussi, a professor at the Institut d’Etudes Politiques de Paris. “Companies will do everything they can under the new law to maximize flexibility and facilitate the firing of people.”

JACQUES DEMARTHON/AGENCE FRANCE-PRESSE — GETTY IMAGES

Some say changes to French labor code harm workers. Recent protests in Paris.

Perceptions of France, long derided as a difficult place to do business for its onerous labor rules, are changing.

Growth has recently picked up after being stagnant for nearly five years. And there are signs that the changes are drawing the interest of investors.

Amazon will open a new distribution center south of Paris this year, creating over 1,000 jobs. Facebook and Google announced last month that they would invest in artificial intelligence development in France. Toyota also announced it would invest 300 million euros, or $367 million, to increase capacity at a plant in northern France, creating up to 700 jobs through 2020.

Complex labor laws had been the main obstacle to French competitiveness, said Olivier Marchal, the chairman of the business consulting firm Bain & Company France. He said that the labor changes and other measures such as a gradual reduction in the corporate tax have “drastically changed investor perceptions.”

The transition, though, is off to a halting start.

Mr. Macron wants to invest more than €15 million in programs to improve retraining that have had only mixed success in recent years at ushering the jobless back into employment. Lawmakers won’t vote on the measures until the spring, and any improvements are expected to take months to show results.

That layoffs are being announced before this crucial part is done has fueled suspicion among organized labor. And while new jobs will eventually be created, many unions worry the changes are a ploy to strip away worker protections.

The new rules tip the balance of power from workers to employers. Businesses have been reluctant to hire because it was difficult to shed workers.

The measures also give companies more flexibility. PSA Group, which makes Peugeot and Citroën cars, will offer 1,300 voluntary buyouts to older workers. It will fill most of those vacancies with younger employees.

Pierre-Olivier Salmon, of PSA Group, said the carmaker is looking to bring in a new generation of workers with the digital skills needed to develop projects like electric cars.

France’s unions are concerned that the outcome at PSA will be replicated by other companies.

“This is a means for companies to get rid of employees with seniority, and therefore considered too highly paid, while at the same time recruiting precarious and disposable workers,” said Philippe Martinez, of the General Confederation of Labor. The union spearheaded demonstrations last year to protest the labor law changes.

Whatever the case, last month’s announcements of job cuts will likely be followed by others, providing a test for Mr. Macron. He campaigned with pledges to make France more dynamic, but not at the cost of unraveling its social

RONALDO SCHEMIDT/AGENCE FRANCE-PRESSE

Mexico, a major avocado grower, is moving forward despite fear that the Trump administration will try to restrict trade.

An Economic Revival, Everywhere

By PETER S. GOODMAN

LONDON — A decade after the world descended into a devastating economic crisis, a key marker of revival has finally been achieved. Every major economy on earth is expanding at once, a synchronous wave of growth that is creating jobs, lifting fortunes and tempering fears of popular discontent.

No tidy narrative explains how the world has finally escaped the global downturn. The United States has been propelled by government spending unleashed during the previous administration, plus a recent $1.5 trillion shot of tax cuts. Europe has finally felt the effects of cheap money pumped out by its central bank.

Many of the destructive forces that felled growth have finally exhausted their potency.

The long convalescence has yielded a global recovery that is far from blistering in pace, and geopolitical risks threaten its demise. Economists are skeptical that the benefits of growth will reach beyond the affluent, politically connected class that has captured most of the spoils in many countries and left behind working people whose wages have stalled even as jobless rates have plunged.

There is no guarantee that this expansion will prove more equitable. Yet if growth were to evolve, bolstering wages while adding to the security of middle-class lives, the beginning would probably feel like now.

“The world is less reliant on a few star performers,” said Barret Kupelian, an economist at PwC, the accounting company. “If something bad happens in one economy, the fact that global growth is spread gives you more assurance that this is more sustainable.”

The United States, the world’s largest economy, is into its ninth year of growth, with the International Monetary Fund lifting expectations for expansion to 2.7 percent this year from 2.3 percent because of the tax cuts. China has diminished fears of an abrupt halt to its decades-long growth. Europe, only recently dismissed as anemic and vexed by political dysfunction, has emerged as a growth leader. Even Japan, long synonymous with decline, is expanding.

Rising oil prices have lifted Russia and Middle East producers, while Mexico has so far transcended fears that menacing trade rhetoric from the Trump administration would dent its economy. Brazil, still suffering the effects of a veritable depression, is flashing tentative signs of recovery.

The world economy is expected to grow by 3.9 percent this year and next, up from 3.7 last year, and 3.2 percent in 2016, according to the I.M.F. That is positive. Yet in the years before the crisis, global growth typically exceeded 4 percent.

In Poland and Brazil, online job listings are growing rapidly, a clear indication of growth, according to OLX, which operates online classified advertising. Across Europe, real estate ads offering homes for sale have increased at more than double the pace of rentals, another sign that people are operating with more money.

This year, the 19 nations that share the euro are expected to see economic growth of 1.9 percent, according to I.M.F. That is not scorching. In Spain, Greece and Italy, young people still grapple with terrible rates of joblessness. Yet compared with the 4.5 percent decline in 2009, and smaller contractions in 2012 and 2013, it makes for a different era.

Factories in Eastern Europe have bustled with additional orders. Auto plants in the Czech Republic, Slovakia, Poland and Romania have sent more cars toward Germany, France and the Netherlands.

DSM, a Netherlands-based multinational company that makes nutritional products, opened a $60 million factory in Rwanda last May that is buying soy and corn from nearly 10,000 local farmers and using it to produce instant porridge.

“We are investing heavily in Asia and also in Africa,” said the company’s chief executive officer, Feike Sijbesma. “Africa, which always was the forgotten continent, is not the forgotten continent any longer.”

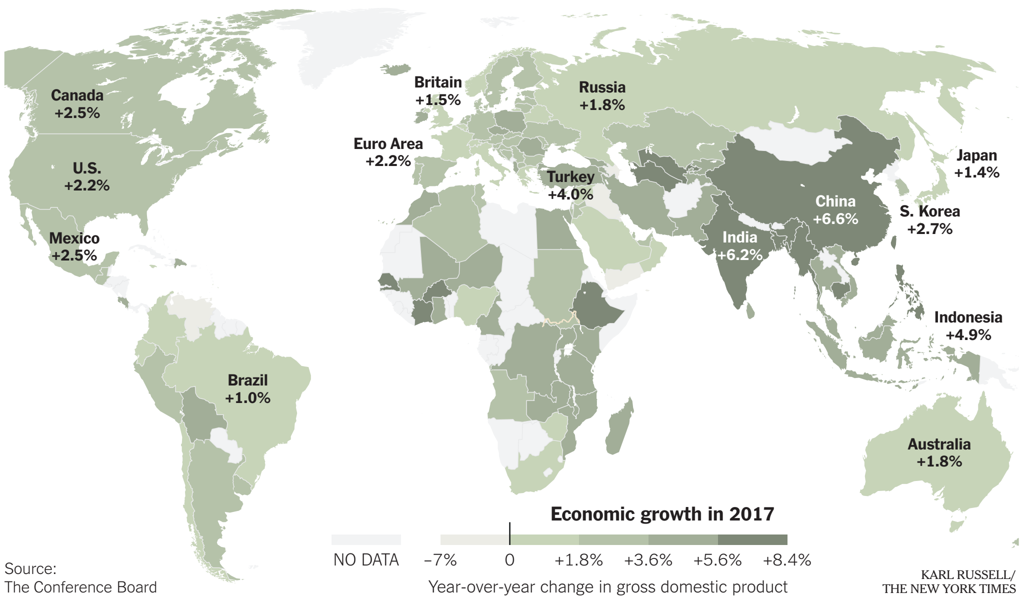
The reawakening of Europe combined with growth in the United States has kept Chinese industry humming to satisfy demand for goods, from auto parts to clothing. More factory production has lifted prices for commodities, and revenues are increasing at copper producers in Chile and Indonesia, gold mines in South Africa and silver operations in Sweden.

The growing business confidence is leading to more hiring, delivering gains in consumer spending. More money in consumer pockets gives businesses more reason to expand.

Bart van Ark, chief economist at The Conference Board, a business and research association in New York, said, “There’s basically no country in the world where the consumer is not doing well.”

Growth Across The Globe

For the first time since the financial crisis a decade ago, all of the world’s major economies are growing.



Source: The Conference Board

KARL RUSSELL/THE NEW YORK TIMES

Cambodian Buildup, Prodded By China

By CHRIS HORTON

THOMAS CRISTOFOLETTI FOR THE NEW YORK TIMES

Phnom Penh is experiencing a building boom, and its main investors are coming from China.

PHNOM PENH, Cambodia — Across this traditionally low-rise capital, a building boom is becoming more noticeable as it pushes higher into the sky, and its largest projects are geared toward Chinese investors.

Phnom Penh had been an investment destination for Southeast Asians, Taiwanese, Japanese, South Koreans and some Westerners. But Chinese are now the target market.

“Historically, Chinese investment in Cambodia has mainly been in infrastructure,” Ross Wheble, a manager for the real estate consultant Knight Frank, said in an email. “It is only within the past 18 months that we have started to see the entry of Chinese developers and individual investors.”

In 2017, 3,488 high-end residential units were added to the existing supply in Phnom Penh, he said, adding, “We forecast an additional 15,688 units to complete in 2018.”

In the city’s central district of Chamkar Mon is a showroom for Prince Real Estate Group. A large sign, in Chinese and Khmer, advertises luxury condominiums ranging from 23 to 175 square meters. Outside, shuttles stand ready to take prospective buyers to Prince Central Plaza, while sales agents fluent in Mandarin wait to show off model units, which sell for $2,600 a square meter on lower levels and up to $4,000 a square meter for penthouse units. “In terms of purchasing, it’s basically all Chinese,” said Chen Jingjing, a sales agent.

Cambodia offers rapid economic growth, a young population and good returns on investment, but there are other reasons that Phnom Penh appeals to Chinese investors.

“Chinese businessmen are acutely aware that the country has a chronic debt problem, and it’s anyone’s guess in a place as opaque as China when that bubble will explode,” said George McLeod, a political risk consultant based in Bangkok. “Businessmen with wealth in excess of a few million dollars are scrambling to squirrel cash outside of China’s borders and the reach of its unpredictable authorities.”

Additionally, Cambodia is primarily a cash economy, which creates opportunities for money laundering.

Cambodia is also a key participant in One Belt, One Road, an infrastructure initiative from President Xi Jinping of China that is harnessing hundreds of billions of dollars in investment to increase Chinese influence. In December, Chinese firms pledged to build a highway to connect Phnom Penh with Sihanoukville, Cambodia’s main port. The highway will reach from the Gulf of Thailand to Phnom Penh’s international airport.

The Star City project in the Sen Sok district near the airport is using the initiative to attract buyers. The 37,000-square-meter development will feature 2,112 units for sale. The deputy sales manager, Chhiv Vining, said that Chinese investors accounted for 80 percent of buyers so far, adding, “We’re looking to the Chinese market first.”

In Canada, a Dark View of Nafta

By IAN AUSTEN

PETERBOROUGH, Ontario — For most of Canada’s history, Peterborough manufactured much of what Canada bought or used. The city was so closely associated with a General Electric complex in its heart that it became known as “the Electric City.”

But no more. This year General Electric, which has been here for 126 years and employed about 6,000 people at its peak, will add its name to the long list of manufacturers that have left town.

G.E.’s closing, like that of other factories before it, has several causes. But many people in this city of 82,000 see the end of G.E. in Peterborough as just the latest disappointment delivered by free trade.

Bill Corp, a 35-year G.E. veteran whose father and grandparents also worked for the company, will be the last president of the Unifor union local representing most of the workers at the plant.

Mr. Corp, 57, contrasted the promises of prosperity made in 1989, when Canada signed a trade deal with the United States that became Nafta, with the pending G.E. shutdown and Peterborough’s unemployment rate, which spiked at 9.6 percent last summer, Canada’s highest at the time.

His views about Nafta echo those of labor leaders in declining industrial communities in the United States.

AARON VINCENT ELKAIM FOR THE NEW YORK TIMES

Quaker Oats is one of the few plants still operating in Peterborough.

“They said it was going to be great,” Mr. Corp said. “If this is great, then maybe nothing would be better.”

The Mowat Institute, a research organization focused on the province, calculates that between 2000 and 2011, Ontario as a whole lost about 300,000 manufacturing jobs.

But Peterborough doesn’t fit the image of a down-at-the-heel old industrial town. It sits at the heart of a series of lakes that draw vacationers from places like Toronto. A canal popular with boaters winds through the city and raises boats 20 meters in a massive lift lock, an aquatic elevator that has become a local landmark. North of town, the campus of Trent University is widely considered one of Canada’s most important collections of mid-20th-century architecture.

Despite its industrial woes, Peterborough has been growing. Many of the newcomers are people at or near retirement age who have sold their houses in Toronto’s inflated real estate market and replaced them with much cheaper, and sometimes superior, homes here.

Mayor Daryl Bennett is not among those who blame Nafta for Peterborough’s industrial losses. He said the shift of jobs away from large factories to government offices, tourism, hospitals, the local university and college and smaller manufacturers had begun before the introduction of free trade in 1989.

But Mr. Bennett, too, is dissatisfied with the trade pact.

“Nafta is a very interesting agreement,” he said. President Donald J. Trump, he said, “is certainly not far-off on the need to make some changes to that agreement, quite frankly. But what those are is better left to the experts.”

Alan Yaffe, who bought and revived the Peterboro Matboards picture-frame factory, said Mexico’s low wages have sent too much work south. Whenever he advertises a job, about 100 people apply within a couple of days, he said.

“It’s totally discouraging, I feel so badly for them,” said Mr. Yaffe, who employs 34 people. “Peterborough’s got a good work force, there’s no question of that. There’s just not places for those people to work. It’s crazy what’s going on here.”