

PRESSURE ON BRAZIL'S ROUSSEFF MAY RISE AS JOBLESS LOSE BENEFITS

BRASILIA: More than 2 million Brazilians are set to lose unemployment benefits by June, data obtained by Reuters show, threatening to erode support for embattled President Dilma Rousseff among her core working class supporters when she needs them most.

The expiration of benefits could fuel frustration and feed a growing wave of protests against Brazil's left-leaning government just as some wavering Congressmen throw their weight behind impeachment proceedings against Rousseff that began last week.

More than 1 million Brazilians have participated in street demonstrations this month. Among the reasons for discontent is a corruption scandal at state oil company Petrobras that has curbed investment in Latin America's largest economy amid recession. Economists expect the downturn, the worst in a generation, to linger through the rest of the year, driving the unemployment rate to more than 10 percent from the current 9 percent. The number of jobless people losing unemployment benefits may become a more important source of discontent.

Data provided by the Labor Ministry showed an average of 492,000 benefits a month running out between February and June, stripping many families of a crucial source of income. The severity of the downturn means the jobless are struggling for months without finding work. About a third of unemployed Brazilians have been without a job for more than six months - the highest rate in 10 years, according to official data. "There is a vicious cycle in which political paralysis feeds the economic downturn that reinforces the political crisis," said Rafael Cortez, analyst at consultancy firm Tendencias. "They are running against time, as unemployment data show. The sooner the impeachment vote happens, the higher the chances for the government are."

"GREED OF POLITICIANS"

Impeachment proceedings against Rousseff in Congress' lower house focus on allegations she manipulated government budget accounts - making them look better than they were - to benefit her reelection in 2014. The lower house is expected to vote by mid-April on whether to send her for trial in the Senate. If approved, Rousseff could face trial in the Senate as soon as May and would be suspended from office while the case is being heard.

Like many who are unemployed, Fabio Lorusso's patience is wearing thin. The 30-year-old public relations professional was fired in July and has lived with his parents since his benefits ran out in December. He blames the Petrobras scandal, in which prosecutors have uncovered billions of reais in political kickbacks to ruling party politicians, for deterring investment.

"It is the greed of our politicians - the people who are robbing us - that is tainting our image abroad and giving us fewer opportunities," he said.

"There should be more protests," he said. "We won't keep our head down anymore." In a nation of more than 200 million, an estimated 9 million are unemployed. Nearly 2.5 million Brazilians are living on unemployment insurance, which lasts five months. By comparison, an average of 3 million people were living on benefits in 2014, according to Reuters calculations based on Labor Ministry data.

But the current wave of job losses is expected to take years to reverse, in part because, unlike in previous downturns, companies have taken on more debt that will make it more difficult to return to growth. According to a Reuters poll, economists say they believe that the nation's economy will not return to its pre-crisis size and employment level until 2019. Long lines of jobless people - applying for work or for unemployment insurance - have formed in cities across Brazil in recent months. In Rio de Janeiro, Globo TV found people illegally selling their place in queues.

Diomarcos Prado, a 40-year-old former supervisor at a home appliance manufacturer in the southern city of Curitiba, had to wait 40 days to get his unemployment benefits. When they expired in January, his wife became the sole provider for the couple and their twin children. Prado has spent more than six months looking for a new job without success. "It is like talking to a brick wall," he told Reuters in a telephone interview. "I applied for a supervisor job. Then 350 other people did the same - people that used to earn much higher salaries. Managers are competing against supervisors and analysts." —Reuters



BOAO: Chinese Premier Li Keqiang (C) delivers a speech at the opening ceremony of the Boao Forum for Asia (BFA) annual conference in Boao, south China's Hainan province yesterday. — AFP

CHINA HAS ENOUGH TOOLS TO ENSURE STABLE ECONOMY: LI

PREMIER SEEKS TO ALLAY CONCERNS OVER SLOWING ECONOMY

BOAO, China: China has enough policy tools to keep the economy stable despite "deep rooted" structural problems and downward pressure, Premier Li Keqiang said yesterday, channeling calm amid concerns about the country's slowdown. Speaking at an annual forum in Boao on the southern Chinese island of Hainan, Li said high economic growth rates are not sustainable, so the government will pay more attention to the quality and efficiency of economic growth. The comments echoed previous statements by policymakers who are grappling with the challenge of slowing growth, soaring debt and a pressing need to drive restructuring and overdue economic reforms.

"Domestically, China faces deep-rooted, structural problems and the economy continues to face downward pressures, especially as we try to restructure

and upgrade," Li said. The renminbi currency, watched closely by global markets, will be kept within "a reasonable range", Li told the forum. "China is a responsible nation and there's no possibility that our exchange rate will depreciate in the long-term," he said.

China plans to lay off millions of people as it restructures industries mired in overcapacity, but Li said the government would "use market tools" to create new job opportunities to offset the impact. "There'll be short-term difficulties in the job market as some companies go bankrupt but the government needs to help people find new employment opportunities and ensure a basic standard of living. Both the central government and local governments have already started doing this," he said.

While many economists have highlighted the risks in China's growing

debt, Li said the country's debt-to-GDP ratio was not high. To facilitate business and fuel economic growth, the government would move to ease taxes and red tape, Li said, repeating commitments he has made in the past.

He added, however, that the country is inexperienced in implementing such reforms and there would be challenges. Li also reiterated that the country hopes to cut taxes by 500 billion yuan (\$76.77 billion) in 2016 and promote reforms to the value-added-tax (VAT) system.

The government would continue to reduce overcapacity in steel, coal and other sectors while helping develop smaller private enterprises, Li said without giving details. China's leaders have set an economic growth target of 6.5 to 7 percent for 2016. Growth last year cooled to 6.9 percent, the slowest in a quarter of a century. — Reuters

GLOBAL CONCERNS WEIGH ON EUROZONE RECOVERY: ECB

FRANKFURT: Economic recovery in the eurozone is set to continue in the coming months, but not as fast as hoped owing to global uncertainties and slowing growth in emerging economies, the European Central Bank said yesterday. "The economic recovery in the euro area is continuing, albeit with lower than expected growth at the beginning of the year on the back of a weaker external environment," the ECB wrote in its latest economic bulletin.

Recovery "continues to be dampened by subdued growth prospects in emerging markets, volatile financial markets, the necessary balance sheet adjustments in a number of sectors and

the sluggish pace of implementation of structural reforms," it said.

"Growth in China continues to slow, with negative spillovers to other emerging economies, particularly in emerging Asia, and commodity-exporting countries need to adjust further to lower commodity prices." In this context, the euro's exchange rate has increased against other currencies in recent months, which squeezes the competitiveness of European exports.

At the same time, domestic demand in the 19 countries that share the euro, which has been a key pillar of recovery in recent months, "should be further supported by the ECB's monetary policy

measures and their favourable impact on financing conditions, as well as by continued employment gains from past structural reforms", the central bank argued.

"Moreover, the low price of oil should provide additional support for households' real disposable income and private consumption, as well as for corporate profitability and investment."

In a bid to kickstart the eurozone economy, the ECB cut its key interest rates at its most recent policy meeting two weeks ago, extended its asset purchase program known as QE and said it will make massive amounts of cheap liquidity available to banks. — AFP