



WASHINGTON: German Finance Minister Wolfgang Schaeuble, French finance minister Michel Sapin, Spanish Economy Minister Luis de Guindos and International Monetary Fund (IMF) Managing Director Christine Lagarde, at a news conference during the G5 Ministers of Finance meeting during the World Bank/IMF Spring Meetings in Washington on Thursday. — AP

G20 MINISTERS FACE PRESSURE ON ECONOMIC GROWTH, TAX EVASION SPECTER OF BREXIT ALREADY HURTING GROWTH: LAGARDE

WASHINGTON: Finance ministers of the world's top economies face pressure to do more for global growth and crack down on tax evasion when they gather Friday during the spring meetings of the IMF and World Bank. Amid worries that the world economy is at risk of stalling, the G20 ministers face calls to take action to boost job-creating investment and fight off rising protectionist sentiment, including Britain's threatened pullout from the European Union.

They will also be confronted with an ambitious proposal from Europe's top five economies in reaction to the Panama Papers scandal that has exposed the extent of banking secrecy worldwide.

Germany, Britain, France, Spain and Italy released a proposal Thursday calling for an international registry of the beneficial owners of anonymous shell companies to help fight tax evasion and money laundering. The

move was a reaction to the leak of millions of documents on anonymously owned shell companies from Mossack Fonseca, a Panamanian law firm that specialized in setting up such firms.

The trove showed the use of shell companies by prominent politicians including close associates of Russian President Vladimir Putin, family members of Chinese leaders, British Premier David Cameron, and the leaders of Iceland and Argentina.

"The current events show that identifying the ultimate beneficial owner behind corporate structures is key to fighting tax evasion, money laundering and illicit finance effectively," German Finance Minister Wolfgang Schaeuble said in a news conference.

That could put the countries of the elite group at odds amongst themselves: Some, including the United States, allow company owners to hide their identities in anonymous

companies and trusts.

The concern about tax havens stirred a reaction from Panama, which has been singled out in the wake of the Panama Papers as non-cooperative. "Panama's path to financial transparency is irreversible," Isabel De Saint Malo, Panama's vice president and foreign minister, said in a statement. "To that end, we willingly and actively support diplomatic dialogue and domestic reform to address this global challenge," she said.

Warnings over slow growth

The G20 though will also have to answer to the broad worries voiced by the World Bank and IMF that world growth could slow to "stall speed" if nothing is done. Earlier this week the IMF cut its world growth forecast for the third time in six months, to 3.2 percent, and said there were significant risks of a further slowdown. The two powerful institutions said demand for financial support from struggling governments has risen to levels normally seen during crises. "In the global economy, there are not many bright spots," said World Bank President Jim Yong Kim. "The weakening global economy threatens our progress toward ending extreme poverty by 2030."

The emerging economies of the G24 group said that things have not improved for them. "We continue to face weaker global demand, tighter financial conditions, more volatile capital flows, and heightened security challenges. These headwinds could further weaken our growth outlook and contribution to global growth," the group said.

Brexit and marriage

IMF Managing Director Christine Lagarde warned that the specter of Brexit Britain's exit from the European Union was already hurting economic activity in the runup to the June 23 referendum there on whether to stay or go. She said the regional and world economy will be better off if Britain remains in the EU. — AFP

TOP EUROPEAN COUNTRIES CALL TO END SHELL COMPANY SECRECY

WASHINGTON: Europe's five leading economies called Thursday for a crackdown on tax havens, urging the G20 powers to end the secrecy of shell companies that enables tax evasion and money laundering.

In the strongest reaction yet to the leaked "Panama Papers," the finance ministers of Britain, France, Germany, Italy and Spain also proposed a blacklist of havens like Panama if they do not share corporate registry data. "The recent extensive leaks from Panama show the critical importance of the fight against tax evasion, aggressive tax planning and money laundering," the five EU ministers said in a statement.

The proposal was made as the Spring Meetings of the World Bank and International Monetary Fund kicked off in Washington, with fighting tax evasion among issues under discussion to help countries strengthen finances and boost growth. World Bank President Jim Yong Kim said the illicit financial activities enabled by tax havens undermined the fight against poverty.

"When taxes are evaded, when state assets are taken and put into these havens, all of these things can have a tremendous negative effect on our mission to end poverty and boost prosperity," he said.

Pressure on Panama

In a letter to the G20 leading economies, meeting simultaneously in Washington, the five EU finance ministers proposed establishing transnational registries that would identify the beneficial owners of companies, trusts, foundations and other entities that had been able to hide from tax administrators and law enforcement.

That would extend the steps already taken under the 2014 "Common Reporting Standard" (CRS) agreement on sharing information about assets and accounts of signatories' nationals.

Corrupt officials and criminals still can exploit cracks and loopholes to hide illicit financial activities despite that pact, the ministers said. "The current events show that identifying the ultimate beneficial owner behind corporate structures is key to fighting tax evasion, money laundering and illicit finance effectively," German Finance Minister Wolfgang Schaeuble said in a news conference.

The move was a reaction to the leak of thousands of documents on anonymously-owned shell companies from Mossack Fonseca, a Panamanian law firm that specialized in setting up such firms.

The trove showed the use of shell companies by prominent politicians including close associates of Russian President Vladimir Putin, family members of Chinese leaders, British Premier David Cameron, and the leaders of Iceland and Argentina.

The leak placed Panama in the spotlight as one of the leading havens that have not joined the CRS agreement on sharing information on bank accounts and other assets.

The five threatened to create a blacklist of countries which do not cooperate on sharing data. "We want to have lists which make it possible to place sanctions on countries which don't respect the rules," French Finance Minister Michel Sapin said.

Under pressure, Panama said Thursday it was ready to begin working together with the CRS system.

"Panama's path to financial transparency is irreversible," Vice President Isabel de Saint Malo de Alvarado said in a statement. "We are fully and immediately committed to the implementation of bilateral automatic exchange of information consistent with the goals of the Common Reporting Standards." But the Oxfam anti-poverty group, which released Thursday a paper showing how top US corporations have socked away \$1.4 trillion in profits in tax havens, said the European proposals are still too weak. — AFP

US BUSINESS LOBBY SAYS CHINA'S POLICIES CONFLICT WITH REFORM GOALS

BEIJING: China's national security regulations and industrial policies are at odds with its reform goals, a US business lobby said yesterday, urging Beijing to rein in protectionism and keep the country competitive in the global economy.

The American Chamber of Commerce in China said in its annual China business climate paper that such policies had "led to doubt about the government's intentions to reform and open the economy".

"Our members implore the government to move forward in developing an environment that encourages fair and market-based innovation," chamber chairman James Zimmerman said in the paper. China has repeatedly vowed to open its market more widely to foreign investment, though business groups complain progress has been slow.

Beijing has also put forward so-called Internet Plus and Made in China 2025 strategies, which aim to make Chinese firms world technology leaders and call for progressive increases in domestic components in priority industries such as robotics. Those policies, concerns over antitrust investigations and a series of new and draft security laws and regulations have heightened fears of protectionism.

"If you really do have policies that are going to favour the (domestic) champions at the risk of shutting people out of the market, that's discrimination," Zimmerman told reporters at a briefing on the paper. Zimmerman also said internet restrictions were hampering business and that free flow of information was critical to China's effort to promote innovation. — Reuters



WASHINGTON: Mozambique Minister of Economy and Finance Adriano Afonso Maleiane, right, hands the microphone to Save the Children International CEO Helle Thorning-Schmidt at the Early Childhood Development: A Smart Beginning for Economies on the Rise panel discussion during the World Bank/IMF Spring Meetings on Thursday. — AP