

IMF HEAD PRESSES LAOS TO DEEPEN REFORMS

BANGKOK: Communist-ruled Laos must deepen reforms to maintain its rapid expansion, the IMF chief said yesterday at the end of a rare visit to one of the world's fastest growing economies.

Resource-rich Laos has an annual growth rate of around 7.4 percent, but gains have not been evenly distributed and poverty remains widespread among its 6.8 million people, the majority of whom work in agriculture. Much of the boom has been driven by huge foreign investment since Communist authorities began a very slight opening up of the economy.

China in particular has led that investment, capitalising on the landlocked country's mineral, forestry and water resources. In a statement issued after her

visit, the head of the International Monetary Fund Christine Lagarde stressed the need to focus on sustainable growth and bolster the country's fragile economy against shifts in the global market.

"Economic prospects for Lao PDR remain favourable," she said, referring to the People's Democratic Republic. "However, to safeguard macroeconomic stability during the transition out of low-income country status in the medium-term, it will be important to strengthen the economy's resilience to external shocks and put in place the conditions for sustainable growth."

Lagarde said key reforms should involve investing in education and raising living standards, crafting a more efficient public administration, accumulating



VIENTIANE: International Monetary Fund Managing Director Christine Lagarde (left) meets with the Bank of the Laos Governor Somphao Phaysith (R) in Vientiane yesterday. — AFP

international reserves and developing the financial system. The IMF head also urged the country's notoriously opaque leaders to put out "better quality and timely statistics".

Laos is tightly-controlled by its Communist leaders, who have barred a free press, clamped down on dissent and rarely disclose how their policies are crafted or implemented. Corruption is also widespread. The country has approached free trade and other liberal reforms much more cautiously than neighbouring Vietnam, a fellow Communist state that is far wealthier.

Many economists say recent growth in Laos has had much less of an impact on poverty reduction than in neighboring Cambodia and Vietnam. — AFP

CHINA CONSIDERS TAX ON CURRENCY TRADES: REPORT

LATEST VOLLEY AGAINST THOSE BETTING ON YUAN DEPRECIATION

BEIJING: China's central bank has drafted plans to impose a tax on currency trades, Bloomberg News reported yesterday, in what would be its latest volley against those betting on a depreciation of the yuan.

Chinese authorities have spent unprecedented sums to support the currency and stem capital flight since a surprise devaluation rattled investors last summer. The tax would be the most dramatic measure to date, although Bloomberg reported that the rules had yet to be approved and the level might initially be kept at zero as an experiment.

Dubbed a "Tobin tax" after Nobel economics prizewinner James Tobin, it would impose a small levy on foreign-exchange transactions. The aim would be to deter investors from seeking to profit on fluctuations in the currency. Analysts

said the move would reduce liquidity in the long term and possibly fuel short-term volatility as investors were forced to leave the market.

If implemented, the tax could also raise questions about plans for the yuan to join the International Monetary Fund's elite reserve currency basket, scheduled for October. "RMB as reserve currency RIP," George Magnus, associate at the University of Oxford China Centre, wrote on Twitter. "Not that it was likely anyway." "Tobin taxes" have been fiercely debated since they were first proposed, with Sweden adopting a financial transaction tax in the 1980s to boost government revenue, and then abolishing it after bond trading volumes collapsed.

Major banking hubs such as Britain and the US have previously opposed them for the damage they would cause the financial sector. The

idea of a Chinese Tobin tax was floated last year by the deputy chief of the central People's Bank of China in an article for China Finance magazine, in which he said it would help "contain the inflows and outflows of short-term speculative and arbitrage funds".

Chris Weston, chief market strategist at IG, said there was speculation that the central bank "is taking the fight to the speculative FX community", but that the Tobin tax would "not be taken kindly by the IMF" if adopted. "If Chinese officials broaden this to other markets, like swaps, then speculators may pile into proxy currencies" such as the Hong Kong dollar, he added. China's foreign-exchange reserves dropped to \$3.20 trillion at the end of February, the People's Bank of China reported last week-down more than \$300 billion in just four months. — AFP

SRI LANKA'S ECONOMY SLOWS AS TEA PARTY ENDS

COLOMBO: Sri Lanka's economic growth slowed slightly to 4.8 percent last year due to a fall in exports of its main commodity, tea, official figures showed yesterday. The figure marked only a marginal decline on 2014, but will add to concerns after international lenders and ratings agencies warned the country is heading for a debt crisis. Tea production dropped 2.6 percent during 2015 to about \$545 million, the Department of Census and Statistics said in a statement, while exports fell by nearly seven percent to 306 million kg (673 million pounds).

The declines were offset by services, which grew 56.6 percent, and industrial output, which expanded by 26.2 percent. Last week the government announced a series of emergency tax increases to combat a debt crisis that has forced it to seek a bailout from the International Monetary Fund. Prime Minister Ranil Wickremesinghe has put on hold for one year plans to lower corporate taxes, and has revived a capital gains tax abolished in 1987.

The moves are aimed at repairing the economy, battered by mounting debt repayments that led ratings agency Fitch to downgrade Sri Lanka's credit rating last month. In a special statement to parliament, Wickremesinghe blamed the previous government for allowing debt to spiral, saying his ministers had uncovered \$7 billion in loans unaccounted for in the national budget. However, the current administration embarked on a spending spree after taking power in January 2015 to deliver on election promises of higher wages and lower prices, increasing the deficit and sparking concern over the balance of payments.

Last month Sri Lanka received pledges of over \$2 billion in loans and equity from the Asian Development Bank over three years. It is in bailout talks with the IMF, although the sum it is seeking has not been disclosed. — AFP



SYDNEY: A bride gets ready for a photo-shoot at Sydney harbor yesterday. According to a report Australia's economy grew by a stronger-than-expected 0.6 percent in October to December, supported by government and consumer spending, to take the annual rate of expansion to 3.0 percent. — AFP

AUSTRALIA MULLS TAX INCENTIVES TO ENCOURAGE STARTUP INVESTMENT

SYDNEY: Australia's Prime Minister Malcolm Turnbull said yesterday his government will this week introduce legislation to stimulate greater investment in startups - as Australia looks to transition its economy away from a slowing mining sector.

Australia has proposed amended tax laws that would allow retail investors a 20 percent income tax rebate, capped at \$200,000 per year on any startup investments, while a 10 percent tax rebate for venture capital investors in established start-ups wishing to expand will also be permitted.

Turnbull said the legislation will be introduced as early as Wednesday. The new tax laws are a key element of Australia's plan to encourage greater risk-taking to ease the pain of a economic transition amid an end to the investment phase of a lucrative mining boom that sustained its economy for more than a decade. "We have been from an economy that was fired up by the mining construction boom... but inevitably it was going to tail off so what comes next? What comes next is innovation," Turnbull told reporters in Canberra. — Reuters

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KUWAIT: Abdulmohsen Abdulaziz Al Babbain Co, the exclusive agent of Nissan in the state of Kuwait launched the exceptional 'March Campaign' in cooperation with Nissan Japan, which is considered the best chance to buy one of the Nissan vehicles for prices that are offered for the first time.

The campaign is only valid for the month of March only, Nissan Al Babbain is welcoming its clients in AlRai and Ahmadi showrooms, to give them the opportunity to buy a vehicle of Nissan's big family of vehicles that includes all the categories and meets all tastes, for unprecedented discounts supported by the factory.

Through this promotion, the Company aims to present a gift for its clients on the beginning of summer, by giving them the privilege of sitting behind the wheel of one of Nissan vehicles that are known for its elegant design, great power, dependance, safety and security for unbeatable prices. This campaign includes all of the Nissan

Sentra, Nissan Altima, Nissan Juke, Nissan X-TRAIL, Nissan Pathfinder, and Nissan Patrol vehicles. Through these promotions, the Company aims to strengthen the trust of clients in the brand and to maintain its leading position in the local and regional automotive market. It's also keen to systematically keep in contact with them, which is best expressed in the after sales service, especially that Nissan Al Babbain, which is one of best known companies in Kuwait and the region, believes that its role is not limited to car sales only thus it goes beyond it as part of its goal of providing all kinds of comfort for its clients.

No doubts that the 'March Campaign' will prove the fact that the promotions of Nissan Al Babbain always gained the satisfaction and trust of the clients due to its credibility and its fitting to the needs of consumers in Kuwait and the GCC countries according to certified studies and surveys.

TANZANIA'S FEMALE ENGINEERS STRIVE TO BREAK MALE DOMINANCE

DAR ES SALAAM: Shouting above the din of a concrete mixer, 25-year-old civil engineer Angela James says she is unfazed about being the only woman technician working at a busy construction site in the Tanzanian capital. "I am a trained civil engineer, so you should expect to see me working in the field," she said. "It doesn't matter who I'm working with, as long as my job is done perfectly."

The graduate engineer from the University of Dar es Salaam has over the past two years been gaining practical experience as she works towards her final professional qualification.

"Some people don't believe that a woman can work in this field, but I have proved them wrong,"

she said. Dressed in a shiny yellow safety jacket and a hard hat, James mingles with the casual labourers while giving instructions on the construction of the wedge-shaped, five-storey building that will house offices and apartments in the Dar es Salaam suburb. "I have to ensure that all the technical standards are met. There's no margin of error," she told the Thomson Reuters Foundation. James is one of almost 300 female trainees participating in the women-only Structured Engineers Apprenticeship Program (SEAP) which aims to equip them with knowledge and experience to become professional engineers in a male dominated field.

Although the first female engineers in Tanzania

graduated in 1976, official statistics show that by 2009 only four percent of all registered engineers in the east African country were women. But under the SEAP program, implemented by the Engineering Registration Board, Tanzania's professional body, with funding from the Norwegian government, the number of female engineers in Tanzania has more than doubled since 2010, said ERB officials.

INSPIRATION

Few girls complete secondary education in Tanzania due to widespread poverty and the perception among parents that girls should carry out domestic duties. If they are in school, girls have received little encouragement to pursue mathematics and science subjects, often considered the domain of male students.

According to Zuhura Said of Temesa - the government agency dealing with electrical, engineering and mechanical services - more women engineers would inspire young girls to study mathematics and sciences and take up the profession themselves. "Female trainees will become mentors for young engineers and some of them will take leadership positions," she said.

Over five years, the Norwegian government has provided 13.9 million Norwegian crowns (\$1.65 million) in funds to support trainee female engineers, mostly in the form of a monthly living allowance and training for mentors. "This programme ... aims to bring gender balance in professional training and to empower women engineers to manage their responsibilities," said Monica Balaad, a consultant at the Norwegian Embassy in Dar es Salaam. Benedict Mukama, ERB's Assistant Registrar, said the programme had enrolled 291 women, of whom 143 have already been registered as professional engineers. The trainees who have received Norwegian funding had a completion rate of 86 percent, compared to 20 percent for the candidates who had to pay their own way, ERB data shows. — Reuters

AVON TO CUT 2,500 JOBS, MOVE HQ TO BRITAIN

NEW YORK: Struggling cosmetics company Avon Products, Inc said yesterday it was eliminating 2,500 jobs and moving its headquarters to Great Britain, its latest restructuring after selling off its North American business.

The changes were expected to cost \$60 million before taxes in mostly employee-related charges in the first quarter of 2016, but headcount reduction will result in \$30 million in savings this year, the company said in a statement. Savings were expected to reach up to \$70 million in 2017. Avon has "significant commercial operations" in Great Britain and the move would happen "over time," the statement said, without giving a specific timeline. "With the recent completion of the sale of the North American business, our commercial operations are now fully outside of the United States, allowing us to dramatically rethink our operating model," Avon CEO Sheri McCoy said in the statement.

The company will maintain two facilities in New York state, continue to be incorporated in New York and trade on the New York Stock Exchange. Shares of Avon (AVP) were up two percent in after-market trading. As of late last year, Avon employed 28,300 people outside of North America. In December, hedge fund Cerberus Capital Management bought a 16.6 percent stake in Avon and 80.1 percent of its North American business, in a deal worth \$605 million.

Avon products are sold door-to-door through 6 million independent representatives in about 70 countries. The company has struggled amid competition from online and traditional retailers, as well as niche brands. Avon's departure comes as other corporations leave the US for more tax-friendly bases, a trend dubbed "tax inversion" that President Barack Obama has condemned as "unpatriotic." — AFP

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