France to tax flights from its airports, airline shares fall

New French airline ticket tax between 1.5 and 18 euros

PARIS: France will introduce a tax on airlines flying from its airports to help support the environment, the transport minister said yesterday, in a move expected to raise around 180 million euros ($202 million) from 2020.

Shares in airlines across Europe fell on the news, with Air France down 5.2%, Ryanair down 4.8%, easyJet down 4% and Lufthansa down nearly 3% at 1255 GMT.

However, activists said the new tax was unlikely to change consumer behaviour at the proposed levels and was low compared with other countries. Brussels-based NGO Transport and Environment (T&E) estimates airline taxes raise about 1 billion euros per year in Germany and more than 3 billion in Britain.

The new French tax will be 1.5 euros for flights within France or the European Union, 3 euros for economy flights out of the EU, 9 euros for intra-EU business class and up to 18 euros for business class tickets out of the EU. Transit flights will not be taxed.

"We have decided to put in place an eco-tax on all flights from France," Transport Minister Elisabeth Borne told a news conference, adding proceeds would be use to finance daily transport in France, notably local trains.

The French government also said that from 2020 it expected to raise 140 million euros from reducing tax benefits on diesel for trucks.

"The government is finally targeting tax breaks for the most polluting industries such as trucking and airlines, but these modest measures will not significantly reduce greenhouse gas emissions," said Climate Action Network's Lorelei Limousin.

Limousin said tax exemptions for jet plane kerosene fuel cost French taxpayers more than 3.7 billion euros per year.

But she welcomed the fact France was taking action at home, rather than waiting for an EU-wide initiative on airline tax.

France said last month it wanted the new European Commission to push for an end to global tax exemptions for jet fuel to reduce CO_2 emissions. It has also linked up with the Netherlands to try to convince fellow European nations to tax airline travel more.

Air France said the new tax would significantly hurt its competitiveness and represent an additional cost of over 60 million euros per year.

It said 50% of its flights were operated out of France, notably for its domestic network, where losses amounted to more than 180 million euros in 2018.

French President Emmanuel Macron's government has said it wants to put the environment at the centre of its policies, but late last year it abandoned an attempt to increase tax on diesel fuel following the "yellow vest" protest movement.

Andrew Murphy, air travel specialist at T&E, said the new policy was "a more equitable tax. Driving a car is often unavoidable, but frequent flyers tend to be wealthy urbanites," he said. — Reuters

Exhaustive argument: Airplanes produce more pollution per distance travelled than other forms of transportation. — AFP

IMF says Pakistan bailout sets ambitious fiscal targets

ISLAMABAD: The $6 billion loan package for Pakistan approved by the International Monetary Fund last week will require "very ambitious" fiscal measures and sustained commitment for the bailout to succeed, IMF officials said on Monday. The three-year agreement approved by the IMF board last week, Pakistan's 13th bailout since the late 1980s, has seen a sharp drop in the value of the rupee currency after the central bank agreed to a "flexible, market-determined exchange rate".

It also foresees structural economic reforms and a widening of the tax base to boost tax revenues that are currently estimated to account for less than 13 percent of gross domestic product (GDP) by 4-5 percentage points. With slowing growth, a budget deficit which has climbed to more than 7 percent of GDP and currency reserves of less than $8 billion, or enough to cover 1.7 months of imports, Pakistan has teetered on the edge of a debt and balance of payments crisis.

Ernesto Ramirez Rigo, the Fund's mission chief for Pakistan said the program targets were tough but Prime Minister Imran Khan's government, which came to power last year vowing not to turn to the IMF, was committed. "We certainly think that debt sustainability under the program will be assured," he told a conference call with reporters, adding that it would require "very ambitious" fiscal consolidation, mainly through improved revenue collection.

Pakistan has a notoriously narrow tax base, with less than 1 percent of its 208 million population filing income tax returns, a vast informal economy and several key sectors of the official economy largely exempt from tax. The IMF loan and the associated package of reforms that goes with it will unlock another $38 billion in loans from other international partners but commitment by Pakistani authorities in pushing through reform was essential, Ramirez Rigo said.

"Consistency and sustained implementation is key." The 2020 budget, passed last month, approved tax measures worth some 1.7 percent of GDP to help cut the deficit and Pakistan has promised a multiyear effort to overhaul its tax and budget system to put its public finances on a firmer footing.

A central part of the program will involve cleaning up accumulated debts in the power and gas sectors and in loss-making state enterprises including Pakistan International Airlines, Pakistan Steel Mills, and Pakistan Railways. Losses built up in the power sector now amount to the equivalent of 4 percent of GDP, posing a serious fiscal risk, while losses in the big three state enterprises amount to 2 percent of GDP, the IMF said in a report on the package.

The tough conditions of the package, which has already seen interest rates hiked by 150 basis points and which will see a raft of tax loopholes closed, has already drawn resentment among households facing inflation running at around 9 percent.

Ramirez Rigo said there was a risk that the difficulties of implementing some of the policies in the package were "more complicated than we have assumed" and that there would be problems in building consensus behind the reforms. He also said any sharp rise in oil prices could unbalance the reform drive given Pakistan's heavy dependence on imported energy. — Reuters

Japan, S Korea raise the stakes in dispute over forced labor

TOKYO/SEOUL: Japan and South Korea raised the stakes yesterday in a diplomatic dispute that threatens to disrupt global supplies of smartphones and chips, with South Korea denouncing Japanese reports that it had transferred a key chemical to North Korea. At the root of the dispute between the US allies is compensation for South Koreans forced to work for Japanese firms during World War Two.

It worsened last week when Japan said it would tighten curbs on exports of three materials crucial for advanced consumer electronics because trust with South Korea had been broken over the forced labor dispute. The restrictions on exports of the material to South Korea could hit tech giants, such as Samsung Electronics and SK Hynix, which supply chips to the likes of Apple and Huawei.

It also underscores Japan's grip on a vital link in the global supply chain that Prime Minister Shinzo Abe's government is using as leverage days before a parliamentary election.

In some of the sharpest comments yet, South Korean Industry Minister Sung Yun-mo urged Japan to "stop making groundless claims immediately", an apparent response to a Japanese media report last week. Media quoted an unidentified senior member of Abe's ruling Liberal Democratic Party (LDP) as saying some hydrogen fluoride exported to South Korea had ultimately been shipped to North Korea.

Hydrogen fluoride, a chemical covered by the Japanese export curbs, can be used in chemical weapons. Japan has said it has seen "inappropriate instances" of South Korea's export controls, but has not elaborated.

Asked about countermeasures, Sung said South Korea was reviewing "every possible plan", but gave no details. The neighbors plan to hold talks on Friday, he added.

Bitter history

The dispute stems from Japan's frustration over what it sees as South Korea's failure to act in response to a ruling by one of its courts last October ordering Japan's Nippon Steel to compensate former forced laborers. Japan says the issue of forced labor was fully settled in 1965 when the neighbors restored diplomatic ties.

The neighbors share a bitter history dating to Japan's colonization of the Korean peninsula from 1910 to 1945, which saw forced use of labor by Japanese companies and the use of comfort women, a Japanese euphemism for girls and women, many of them Korean, forced to work in its wartime brothels.

Politicians from both sides have at times over the years factored the lingering ill-will into their calculations. The export curbs come weeks ahead of a July 21 upper house election that Abe's Liberal Democratic Party (LDP) and its junior partner are expected to win with a solid majority.

"Unfortunately, the election is coming," said one person familiar with the Japanese government's thinking. "The LDP will do anything to solidify their support base."

Lee Young-chae, a professor at Keisen University in Tokyo, also said politics seemed to be a factor. "One issue that could lead to an election win seems to be rallying Abe's conservatives and consolidating swing voters by showing an anti-South Korea, a tough stance toward South Korea," Lee said. "And it seems to be working."

'White list

Japan yesterday raised the possibility of more measures against South Korea. "Whether Japan implements additional measures depends on South Korea's response," Industry Minister Hiroshige Seko told a news conference.

Japan was "not thinking at all" of withdrawing the curbs, which did not violate World Trade Organization rules, he said. South Korea, meanwhile, would raise the issue at a meeting of WTO member nations yesterday and with US officials in Washington, South Korean officials said.

President Moon Jae-in has said South Korea could not rule out countermeasures for damage to its firms. He is due to meet executives from top conglomerates today. Japan threatened last week to drop South Korea from a "white list" of countries with minimum trade restrictions, hitting supplies of a wider range of items used in weapons production. Japan's halt of preferential treatment for the three materials used in consumer electronics forces exporters to seek permission for each individual shipment to South Korea, which takes about 90 days. — Reuters

Indian tycoon Adani rejects Australian mine criticism

NEW DELHI: Indian billionaire Gautam Adani rejected criticism over the environmental impact of a huge coal mine planned by his company in Australia, saying renewables can't meet all his country's energy needs.

Conservationists have condemned the Adani plan, saying it will contribute to global warming, threaten local vulnerable species, and impact the already-damaged Great Barrier Reef.

Adani aims to import tens of millions of tons of coal annually from the Carmichael mine in Queensland to power India's booming but energy-starved economy. "Renewable energy is good for the nation, but it can't meet our baseload power needs," Adani told Bloomberg News in an interview published yesterday. The project, fiercely debated for almost a decade, comes as investors and even energy companies are moving away from fossil fuels amid concern about climate change.

The vast open cut mine is slated to produce up to 60 million tons of coal a year. Coupled with the construction of a railway link, it could open up a swathe of north-eastern Australia to further exploitation and new mining projects. Adani, who started as a Mumbai diamond trader, also rejected claims that his multi-billion-dollar investment will be unprofitable because of the mine's poor-quality coal and low prices. "If the project wasn't viable, we wouldn't have pursued it," he told Bloomberg. — AFP

EXCHANGE RATES

AL-MUZAINI EXCHANGE CO.

EUROPEAN & AMERICAN COUNTRIES	
US Dollar Transfer	304.550
Euro	345.990
Sterling Pound	383.580
Canadian dollar	234.000
Turkish lira	53.430
Swiss Franc	309.500
US Dollar Buying	297.200
ASIAN COUNTRIES	
Japanese Yen	2.812
Indian Rupees	4.435
Pakistani Rupees	1.967
Srilankan Rupees	1.724
Nepali Rupees	2.772
Singapore Dollar	224.760
Hongkong Dollar	39.117
Bangladesh Taka	3.590
Philippine Peso	5.935
Thai Baht	9.980
Malaysian ringgit	77.890
GCC COUNTRIES	
Saudi Riyal	81.268
Qatari Riyal	83.702
Omani Riyal	791.553
Bahraini Dinar	809.220
UAE Dirham	82.972
ARAB COUNTRIES	
Egyptian Pound - Cash	21.750
Egyptian Pound - Transfer	18.340
Yemen Riyal/for 1000	1.223
Tunisian Dinar	109.160
Jordanian Dinar	430.310
Lebanese Lira/for 1000	0.203
Syrian Lira	0.000
Morocco Dirham	32.399

DOLLARCO EXCHANGE CO. LTD

Rate for Transfer	Selling Rate
US Dollar	303.640
Canadian Dollar	231.025
Sterling Pound	386.455
Euro	346.375
Swiss Frank	298.070
Bahrain Dinar	807.490
UAE Dirhams	83.070
Qatari Riyals	84.310
Saudi Riyals	81.865
Jordanian Dinar	429.550
Egyptian Pound	18.210
Sri Lankan Rupees	1.719
Indian Rupees	4.379
Pakistani Rupees	1.933
Bangladesh Taka	3.596
Philippines Pesso	5.904
Cyprus pound	18.065
Japanese Yen	3.825
Syrian Pound	1.590
Nepalese Rupees	2.739
Malaysian Ringgit	74.225
Chinese Yuan Renminbi	44.515
Thai Bhat	10.825
Turkish Lira	52.785
Singapore dollars	222.971

BAHRAIN EXCHANGE COMPANY WLL

CURRENCY	BUY	SELL
	Europe	
British Pound	0.374254	0.388154
Czech Korune	0.005378	0.014676
Danish Krone	0.041710	0.046710
Euro	0. 334193	0.347893
Georgian Lari	0.132109	0.132109
Hungarian	0.000963	0.001153
Norwegian Krone	0.031277	0.036477
Romanian Leu	0.055363	0.072213
Russian ruble	0.004762	0.004762
Slovakia	0.009106	0.019106
Swedish Krona	0.028226	0.033226
Swiss Franc	0.300873	0.311873
	Australasia	
Australian Dollar	0.204391	0.216391
New Zealand Dollar	0.196848	0.205348
	America	
Canadian Dollar	0.227436	0.236436
US Dollars	0.300450	0.305750
US Dollars Mint	0.300950	0.305750
	Asia	
Bangladesh Taka	0.003009	0.003810
Chinese Yuan	0.042729	0.046229
Hong Kong Dollar	0.036973	0.039723
Indian Rupee	0.003859	0.004631
Indonesian Rupiah	0.000017	0.000023
Japanese Yen	0.002725	0.002905
Korean Won	0.000248	0.000263
Malaysian Ringgit	0.070110	0.076110
Nepalese Rupee	0.002679	0.003019
Pakistan Rupee	0.001371	0.002141
Philippine Peso	0.005869	0.006169
Singapore Dollar	0.218271	0.228271
Sri Lankan Rupee	0.001353	0.001933
Taiwan	0.009642	0.009822
Thai Baht	0.009566	0.010116
Vietnamese Dong	0.00013	0.00013
	Arab	
Bahraini Dinar	0.801674	0.809732
Egyptian Pound	0.018646	0.022006
Iranian Riyal	0.000084	0.000086
Iraqi Dinar	0.000210	0.000270
Jordanian Dinar	0.424644	0.433644
Kuwaiti Dinar	1.000000	1.000000
Lebanese Pound	0.000151	0.000251
Moroccan Dirhams	0.021390	0.045390
Omani Riyal	0.785909	0.793808
Qatar Riyal	0.082996	0.083830
Saudi Riyal	0.080127	0.081427
Syrian Pound	0.001291	0.001511
Tunisian Dinar	0.102178	0.110178
Turkish Lira	0.046779	0.056624
UAE Dirhams	0.082286	0.083111
Yemeni Riyal	0.000990	0.001070