



# More US Firms Evading Taxes

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Incredibly, notes Citizens for Tax Justice, an advocacy group in Washington, these countries were found to have accounted for 43 percent of the \$940 billion of overseas profits reported by US multinational corporations, despite having made just seven percent of their foreign investments in those same countries.

On the other hand, the five countries where US corporations do much of their overseas business (the United Kingdom, Germany, etc.) were reported to tax authorities as having accounted for just 14 percent of overseas profits.

Obviously, they aren't making their money in these countries—their economies are nowhere near large enough, Robert S. McIntyre, the director of Citizens for Tax Justice (CTJ), told IPS. He points out, for instance, that US multinationals' reported profits in Bermuda amounted to 1,000 percent of the island's economic output.

"This is just more significant proof that we have a really serious problem, both in the United States and in Western Europe, McIntyre said, noting that the trend has almost certainly continued, if not increased, since 2008."

## Food From the Hungry

A December report by Global Financial Integrity, a Washington watchdog, found that the developing world lost nearly a trillion dollars in 2010 due to tax evasion, corruption and other financial crimes.

That figure is 10 times larger than the \$88 billion provided as development assistance to developing countries that year—and, the researchers warned, this figure was almost certainly an underestimate.

Whether you're a big, developed country like the United States or a smaller developing country in Africa, McIntyre said, if you can't get tax money out of the businesses operating in your territory, how are you going to pay for infrastructure, health, education and all of the other things you need to maintain and grow an economy?

Last month, Oxfam International, a humanitarian aid organization, called for global policymakers to close off loopholes that have allowed for the recent increase in tax evasion. The group was sug-



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gesting that just a quarter of the revenue that could accrue from taxing misreported profits would be able to lay the foundation for ending global hunger.

Governments should agree to end global hunger by 2025 and an end to tax havens, which could help pay for this and much more.

"Tax-dodging effectively takes food from hungry mouths," Stephen Hale, advocacy head for Oxfam, said in a statement.

The group offers an estimate of \$32 trillion currently sitting in tax havens around the world, and notes that taxes on this lump sum could raise nearly \$190 billion a year. On the contrary, Oxfam states, "Just \$50.2 billion a year is estimated to be the level of additional investment needed, combined with other policy measures, to end global hunger."

## Dutch Funnel

While the United States' ability to impose taxes is supposed to span worldwide, that system includes a significant exception, in that foreign profits are not taxed until companies bring their earnings back into the country.

On the ground, the result has been more and more companies looking to keep their profits overseas—or claiming that the money was made in countries that have either strict privacy regulations or lax reporting requirements.

Due to legalities and bilateral treaties, the Netherlands has become a significant transit point for unreported earnings for companies across the world.

According to recent estimates, the Netherlands is allowing some \$13 trillion to funnel through its financial system en route to classic tax havens such as the

## Cayman Islands

Particularly given the current fiscal crunch in Europe, such figures have caught the attention of EU policymakers; in December, the European Commission warned that tax avoidance was costing the regional bloc €1 trillion every year.

The EU is currently trying to put in place a system that would divide up corporate profits among member states before it could, say, end up in the Netherlands and then leave the continent.

The Dutch legislature took up the issue in what appears to be a broad-based attempt to tweak the country's laws. Also, UK Prime Minister David Cameron stated that, when his country takes over the rotating presidency of the Group of 8 (G8) rich countries this year, corporate tax evasion will be one of his central priorities.

# India Plans to Raise \$1 Trillion in Investment

India's finance minister will present a belt-tightening budget this week in an attempt to win back investor confidence, steering clear of populist measures even though polls loom, analysts said.

Investors have increasingly been giving a wide berth to Asia's third-largest economy—deterred by corruption scandals, suffocating red tape, high inflation, sharply slowing growth and unraveling public finances.

Now Finance Minister P. Chidambaram, who is presenting his last full budget before Indian voters head to the polls early next year, must persuade markets that the government is serious about nursing the economy back to health, AFP reported.

The budget for the financial year to March was expected to be unveiled on Thursday, likely be "a triumph of prudence over populism," said Credit Suisse economist Robert Prior-Wandersforde.

"Chidambaram has already made some austerity



moves, cutting spending by 9 percent this year, and a 10-percent cut is expected for next year in the budget," said Deepak Lalwani, the head of investment consultancy La-

leap in London.

India's budget is probably going to be the most austere one in many years—deep cuts across departments are on the cards, Lalwani said.

Chidambaram assured global investors on an overseas roadshow last month that the left-leaning Congress party-led government would present a responsible budget.

He has called the government's fiscal deficit targets of 5.3 percent of gross domestic product for this financial year and 4.8 percent next year "red lines" that cannot be breached.

India must put its financial house in order to avoid a credit ratings downgrade that would deter vital investment needed to upgrade its dilapidated infrastructure from roads to ports, analysts say.

A downgrade would take India to "junk" status—a severe embarrassment for a country aspiring to become a global economic power and further damage economic recovery prospects, said Lalwani.

## Singapore's Manufacturing Declines

Singapore's industrial production unexpectedly declined in January, as demand for electronics and pharmaceuticals faltered.

Manufacturing fell 0.4 percent from a year earlier after a revised 1.3 percent gain in December, the Economic Development Board said in a report.

The median of 16 economists surveyed by Bloomberg News was for a 5.2 percent increase.

Singapore's export-dependent economy has been constrained by an uneven global recovery that's seen Europe struggle to exit its worst recession in four years and a manufacturing slowdown in China dampening optimism its rebound is gaining traction.

The island shipped fewer electronics in January, even as exporters from Thailand to Taiwan reported stronger demand for such items.

"We expect industrial production to underperform in the near term," Chester Liaw, an economist at Forecast Pte in Singapore, said before the report.

Many other Asian economies are direct competitors for Singapore's electronics industry and it will take some time for the city's manufacturers to shift from producing computer processors to mobile phones, which are in greater demand.

Singapore's biomedical industry overtook electronics last year as the biggest contributor to manufacturing, making up 25.5 percent compared to the other cluster's 25 percent.

Data for overseas shipments and industrial production in Singapore for January and February may be distorted by the Chinese New Year holidays.

## Australia Lacking Engineers, Accountants

Engineers, IT professionals, corporate services managers and accountants continue to be in short supply across Australia, research shows.

The Clarus Skills Index for December also shows an ongoing shortfall of company secretaries, auditors, and advertising and sales managers, AAP reported.

Overall, there was a skilled labor surplus of 27,800 across the 20 occupations examined.

This was up from a 19,500 surplus in the September quarter and was mainly due to seasonal factors.

The index showed that skills gap closed across the board, indicating that workers were moving from oversupplied occupations to those that are undersupplied.

Clarius Group chief executive, Kym Quirk, said that as the economy transitions from growth led by the mining sector to growth from the non-mining sector, movement across occupations and industries was likely to increase.

She said economic indicators show that consumer confidence had reached a two-year high and with US employment figures improving and growth in China stabilizing there should be more job opportunities opening up in Australia as the year progresses.

"Sentiment plays a strong part in hiring decisions," she said.

Post GFC, world macro events led to depressed local sentiment but positive economic signals are now reversing poor business sentiment and this should lead to increased hiring activity.

## News in Brief

### Iran Ranks 4th in Power Generation

Iran stands at 4th place among power-generating countries, Iranian Energy Minister Majid Namjou said on Tuesday after inaugurating a gas power plant in the southern city of Shiraz. Iran will rank 4th among power-generating states after the capacity of Hafez Shiraz gas power plant is added to the country's power grid, Namjou said during a ceremony held to mark the inauguration of the power plant, FNA wrote.



He also said that Iran has the most expanded electricity ties with regional states and the rate of electricity exchanges between Iran and the countries of the region has reached 10 million kw/h.

Namjou said that at present, 20 countries are using Iran's power supplies.

Iran hiked electricity generation by 5.84 percent since the beginning of the current Iranian year (started March 20, 2012).

Iran's electricity production topped 200 billion kilowatts per hour since the start of the current Iranian year.

The bulk of production in the period shows an increase of 5.84 percent compared to the figure in the preceding period.

### Major Iran Railroad Project With Foreign Finance

Economy Desk

A foreign company has agreed to implement the Mashhad-Bojnourd-Gorgan railroad project, said North Khorasan province's governor general.

Mahmoud Ahmadi Bighash added that the initial agreement has been signed between the foreign company and the Ministry of Roads and Urban Construction.

"The company implements the railroad project in cooperation with Astan-e Qods Razavi," he said, adding that the Ministry of Roads and Urban Construction started the first phase, including the Bojnourd-Mashhad railroad project at a cost of 200 billion rials.

"Bank Mellī has guaranteed the project's finance upon the proposal of President Mahmoud Ahmadinejad and the notification of First Vice President Mohammad Reza Rahimi."

Bighash noted that by using foreign finance, the project will be implemented in a shorter time.

"The construction of Mashhad-Bojnourd-Gorgan railroad will lead to an economic overhaul in the region, particularly in North Khorasan province," he said.

### Luggage Trade Via Astar Grows

Translated by Katayoun Dashti

Luggage trade grew by 33 percent during the past 11 months of the current Iranian year (started March 20, 2012), said the head of Astar Customs Department.

Jahangir Bakhschi told IRNA that close to 15,000 tons of commodities worth \$36 million were exported from Astar.

He called foodstuff, garments, plastic products and farming crops as major items exported via Astar Customs Department to Azerbaijan.

Commenting on the visit of 528,000 travelers via Astar Customs Department in the past 11 months, he said the number of travelers has decreased by 5 percent.

Bakhschi put the revenue of Astar Customs Department at \$73.7 billion, adding that it has grown by 12 percent compared with the corresponding figure of last year.

Astar Customs Department operates as an entity in import and export affairs, temporary entrance and exit, cooperative of border dwellers, domestic and international transit, the TIR Carnet (a customs transit document used to prove the existence of the international guarantee for duties and taxes for the goods transported), cabotage and parcel post.

Astar border city, with a population of 85,000, is located in the northwest Gilan province. Located near Iran's border with Azerbaijan, it is considered Iran's third most busy border. Annually, nearly one million domestic and foreign visitors cross this border.

### Major Currencies

Currency	To USD	Currency	To USD
Turkish Lira	0.5536	Chinese Yuan	0.1605
Euro	1.3061	UAE Dirham	0.2722
British Pound	1.5112	Kuwait Dinar	3.5360
Australian Dollar	1.0223	Iraqi Dinar	0.00086
Japanese 100 Yen	1.088	Saudi Riyal	0.2666

### Major Commodities

Crude oil	\$92.67	Silver	\$29.22
Gold	\$1,611.10	Platinum	\$1,617.00
Copper	\$7,865.00	Wheat	\$713.00