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Md Hossain Patowary, a director of Bangladesh Rural Electrification Board (BREB), and Abed Ahmed Khan, executive vice president of Al-Arafah Islami Bank, attend a deal signing ceremony at BREB's head office in Dhaka. The electrification board will collect electricity bills through agent banking outlets of the bank.

EU, Japan schedule summit to strike trade deal

AFP, *Brussels*

The European Union and Japan will hold a summit Thursday in hopes of sealing broad agreement on a massive trade deal after four years of tough negotiations.

The landmark deal would mark a big victory for free trade just days before a G20 summit in Germany in which US President Donald Trump is expected to defend his "America First" protectionist stance.

The hastily-planned Brussels meeting will be attended by Tusk, EU Commission chief Jean-Claude Juncker and Japanese Prime Minister Shinzo Abe and follows weeks of intense negotiations in Tokyo.

The EU and Japanese economies combined account for a colossal 28 percent of global output. "EU-Japan Summit on Thursday. Ambitious free and fair trade deal in the making," European Council President Donald Tusk tweeted.

"At the summit, leaders are expected to announce a political agreement on the EU-Japan free trade agreement and the EU-Japan strategic partnership agreement," a statement said separately. At this stage, the EU and Japan are expected to reach only a "political agreement" on the trade deal, that would still cover some of the accord's toughest aspects.

A complete deal would be formally signed later in the year, according to EU plans.

Premier Abe in Tokyo said that the deal was not done and sent Japan's Foreign Minister Fumio Kishida to Brussels for talks on Wednesday to iron out final differences.

"While staying mindful of the sensitive areas for both sides, I will do everything until the final moment to achieve the best outcome for our national interest," Kishida said before his departure to Europe.

At the heart of the accord is an agreement for the EU to open its market to the world-leading Japanese auto industry, with Tokyo in return scrapping barriers to EU farming products.

Left untouched would be the controversial investment courts that have stoked opposition to trade deals in the EU nations, including Germany and France. The deal could be seen as a provocation to Trump who pulled the United States out of the 12-nation Trans-Pacific Partnership this year, in favour of striking country-to-country bilateral deals.

"Clearly, when the US steps back from its historic free trade stance, it creates an opportunity for others," said Fredrik Erixon, economist and Director of the European Centre for International Political Economy.

"Japan had been holding back on the trade deal with the EU because of the ongoing TPP discussion," he added.

EU Trade Commissioner Cecilia Malmstroem and Agriculture Commissioner Phil Hogan visited Tokyo last week for two days of urgent talks with Japanese officials.

In Tokyo, Malmstroem said the package would "tear down almost all customs duties between us that are worth a lot of money, billions actually".

EU exports to Japan overall "could be boosted by one third" and a deal would send a "strong signal to the rest of the world that the EU and Japan believe in free trade," she said.

Tariffs on European cheese have been a key sticking point in the talks.

Brussels wants Japan to eliminate its 30 percent tariffs on some EU-made cheese, while Tokyo wants duties cut on cars which it exports to the 28-member bloc.

Qatar plans to boost gas output capacity amid Gulf rift

REUTERS, *Doha*

Qatar Petroleum plans to boost gas production from its giant North Field, which it shares with Iran, by 20 percent after new gas development, QP's chief executive said on Tuesday, despite sanctions imposed on the Gulf Arab state by its neighbours.

Qatar in April lifted a self-imposed ban on development of the North Field, the world's biggest natural gas field, and announced a new project to develop its southern section, increasing output in five to seven years.

That new project will raise Qatar's total liquefied natural gas (LNG) production capacity by 30 percent to 100 million tonnes from 77 million tonnes per year, Qatar Petroleum's CEO Saad al-Kaabi told a news conference in Doha.

Global LNG demand was 265 million tonnes in 2016, according to Royal Dutch Shell's annual LNG outlook.

"After further assessment, we have decided that the best way to develop this huge project is by dedicating it to the production and export of liquefied natural gas," Kaabi said.

"We have decided that the best option would be to double the size of the project to 4 billion cubic feet of gas per day... This project will strengthen our position as the world's largest LNG producer and exporter."

QP will need to build new LNG trains to meet the expansion in capacity, Kaabi said.

"We will be looking for international partners to join us," he said, declining to say when a tender would be issued.

The announcement comes a day after France's Total signed an agreement with Iran to develop its part of the shared offshore gas field that Tehran calls South Pars.

Kaabi said there is no cooperation with Iran on any project in the North Field, but the countries have a joint committee that meets every year to discuss development of the field.

"We know what they [the Iranians] are doing and they know what we are doing," he said.

Iran, which suffers severe domestic gas shortages, has made a rapid rise in production from South Pars a top priority.

The deal on Monday with Total is to develop its South Pars Phase 11 project, the first major Western energy investment in the country since the lifting of sanctions.

Gulf Opec member Qatar, a future World Cup host with a population of 2.7 million, faces sanctions by Saudi Arabia, the United Arab Emirates, Egypt and Bahrain who have severed diplomatic and transport ties with Doha, accusing it of supporting terrorism. Qatar denies the accusation.

The four Arab states meet on Wednesday to discuss how to end the crisis or impose further sanctions on Qatar, which could include asking trade partners to pick a side in the Gulf rift.

Kaabi said the company's operations would not be affected by the crisis.

"Qatar Petroleum will continue working...If some companies decide they don't want to work with QP that's their choice. We will find other foreign companies to work with," he said.

REUTERS

Saad al-Kaabi, chief executive of Qatar Petroleum, gestures as he speaks to reporters in Doha, Qatar.

Indian cinemas shut in tax protest

AFP, *New Delhi*

More than 1,000 cinemas in the Indian state of Tamil Nadu have closed in protest at a hike in taxes after the government introduced a nationwide levy.

Movie theatres in the southern state darkened their screens from Monday, saying a state tax of 30 percent on tickets on top of the new national tax of 28 percent will deter cinema-goers and encourage piracy.

The government introduced a new goods and service tax (GST) on Saturday in India's biggest-ever fiscal reform. It intends to replace more than a dozen national and state levies with a single unified tax code.

But as part of negotiations to get states to accept the GST, the government agreed some could impose additional local levies.

Tamil Nadu has targeted cinema tickets. "The tax rate on tickets is 58 percent, the highest in the country," Tamil Nadu Theatre Owners and Distributors Association President Abhirami Ramanathan told AFP.

"It is a burden on movie-goers and defeats the objective of the new tax regime," he said.

Ramanathan added that the taxes would encourage people to illegally download films.

The association accepts the new GST but says cinemas cannot afford the state duty as well.

The Tamil film industry is India's second biggest after Mumbai-based Bollywood, and the state accounts for a huge chunk of the $2.1 billion annual box office earnings across the country.

Tamil film industry representatives say the taxes could affect the livelihoods of nearly one million people.

China's top steel province to cut capacity to make way for new one

REUTERS, *Beijing*

China's Hebei province will slash 11.48 million tonnes in outdated steelmaking capacity to accommodate the expansion of a new plant, part of efforts by the country's top steel-producing region to rein in surplus production.

China, the world's biggest steel producer, has been shutting outdated steel plants but also keeping any expansion under control to help tackle a years-long glut.

Authorities closed more than 600 steel mills producing low-grade construction steel during the first half of the year, cutting capacity by about 120 million tonnes, the state-owned China Economic Daily reported earlier on Tuesday. Last month, China said it has reduced its total steel production capacity by 42.4 million tonnes as of end-May, meeting 85 percent of its full-year target.

In Hebei, the combined reduction in steelmaking capacity at nine mills of more than 11 million tonnes was meant to make way for the expansion of a plant by Shougang Jintang Iron and Steel Co, according to a document published on the Hebei government's website this week.

Black gold: Tax hike under GST could boost illegal bullion, jewellery sales

REUTERS/FILE

A salesperson arranges jewellery inside a showroom in Mumbai.

REUTERS, *Mumbai*

A hike in taxes on gold sales in India could stoke under-the-counter buying and drive up appetite for precious metal smuggled into the country, where millions of people store big chunks of their wealth in bullion and jewellery.

As part of a new nationwide sales tax regime that kicked in on July 1, the Goods and Services Tax (GST) on gold has jumped to 3 percent from 1.2 percent previously, with traders and buyers saying the move will likely force more transactions into the black market.

"Three percent is too much. I preferred to buy without receipts. The jeweller did not have any problem," said a middle-aged buyer, who declined to be identified after making purchases on Monday at the country's biggest bullion market, Zaveri Bazaar in Mumbai.

Smaller shops could be more inclined to sell without receipts, potentially hitting sales at big jewellers that keep to the rules, said Harshad Ajmera, the proprietor of JJ Gold House, a wholesaler in the eastern Indian city Kolkata.

"Just to save 1 percent, some customers were earlier buying gold without receipts. Now many more will be tempted to make unofficial purchases from small jewellers," Ajmera said.

The tax hike could also encourage more smuggling into the world's second biggest gold consumer, which buys almost all its bullion abroad.

Gold smuggling has been rife since India raised import duties on the metal to 10 percent in a series of hikes to August 2013, looking to curb demand to narrow a gaping current account deficit.

The World Gold Council estimates smuggling networks imported up to 120 tonnes of gold into India in 2016.

"The GST rate has increased the incentive to bring in smuggled gold. The government should reduce import duty and make smuggling unviable," said Aditya Pethe, a director at Waman Hari Pethe Jewellers in Mumbai.

The country's legal imports typically stand at around 800 tonnes a year, with the metal used in everything from investment to religious donations and wedding gifts.

"A lower import duty would increase legal imports and ultimately legal sales. Tax revenue would go up instead of going down," said Daman Prakash Rathod, director at wholesaler MNC Bullion in the southern city of Chennai.

Mobile operators adopt UN's sustainability goals

ASIA NEWS NETWORK

The mobile industry has adopted the United Nations' Sustainable Development Goals (SDG) as it aims to reach 2 billion people currently without access to mobile phones. Sunil Bharti Mittal, chairman of GSMA, an association of 800 mobile operators around the world, told Mobile World Congress Shanghai participants that the United Nations is "so excited" by the mobile industry delivering the varieties on the 17 SDG.

UN recognises that the goal targets set by 2030 would not be realised without support of the mobile industry, he said. For many, it is "not mobile first but mobile only" as the services can fill in gaps where hard infrastructures are not readily in place, said Mittal.

Mats Granryd, director-general of GSMA, disclosed that 16 mobile operators around the world have come together to use "Big Data" for social goods. They will use the data to address unresolved global major challenges.

Mittal's Bharti mobile, one of India's largest, as well as hardware makers such as Huawei showed samples of services reaching remote areas in terms of m-banking and smart water management to ease leakages.

GSMA has also launched the first Chinese-language version of its SDG in Action app, which aims to raise awareness of the UN's Sustainable Development Goals designed to end extreme poverty and inequality, and limit global climate change by 2030.

SDG in Action is an augmented reality game available for iOS and Android smartphones, which encourages attendees to collect SDG 'goals' from various targets situated throughout the venue halls and so learn more about the UN programme.

Australia holds interest rates as economy remains soft

AFP, *Sydney*

Australia's central bank held interest rates at a record low Tuesday as the economy endures a soft patch while wage growth stutters, shunning indications of a move to tighter monetary policy elsewhere.

The Reserve Bank of Australia has sat on the sidelines since August, having cut borrowing costs 300 basis points since November 2011 to support the economy as an unprecedented mining investment boom ends.

"The board judged that holding the stance of monetary policy unchanged at this meeting would be consistent with sustainable growth in the economy and achieving the inflation target over time," RBA governor Philip Lowe said in a statement.

The RBA's neutral stance disappointed analysts, who had tipped a more hawkish outlook in line with other recent statements from central banks in Canada and Britain. The Australian dollar slipped almost half a US cent to US$0.7638.