



INTERVIEW
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GRTU accuses government of handing Freeport an Lm800,000 'present'

James Debono

Costs at the Freeport are only expected to decrease by five per cent despite the elimination of an artificial charge previously imposed by the now defunct Cargo Handling Company Ltd.

The charges formerly imposed by the GWU's company will now end up in the Malta Freeport operators' coffers.

The GWU-owned company was only responsible for cargo handling operations at the Grand Harbour but used to exact a charge at the Freeport despite not doing any work there.

Valletta Gateway Terminals, the new company which has taken over from the GWU-owned Cargo Handling Ltd at the Valletta harbour, will not be imposing any charges at the Freeport.

Yet the Freeport will still charge importers and exporters the same fees as before, except for a five per cent reduction.

According to Malta Maritime Authority Chairman Marc



Freeport will now get fees that were previously paid to Cargo Handling Co. Ltd.

Bonello the Freeport operators will only be paid for what is due to them.

But according to GRTU Director General Vince Farrugia the Freeport operators will be

making an extra Lm800,000 a year.

The GRTU Director General contended that nobody had ever told the business community that they will have to shoulder "an Lm

800,000 present to the Freeport operators."

"Why was all this kept hushed?" asked Farrugia yesterday as confusion over port charges continued. ▶ page 5

Industry still disappointed at pace of reform

James Debono

As cargo haulers yesterday brought the Freeport to a complete standstill by stopping the entry and release of containers, the Federation of Industry warned that the GRTU's actions could have serious consequences on the economy.

The situation at the ports over the past three days since the new tariffs were announced late last week has been one of confusion, with the GRTU claiming higher costs and government insisting that charges are going down.

But speaking to Business Today, the president of the Federation of Industry said he was still disappointed by the pace of reform.

FOI President Adrian Bajada could not hide his disappointment that after 10 years clamouring for port reform, his organisation has ended up seeking assurances that costs will not increase.

"Instead of talking about a substantial decrease in costs, we have ended up asking for assurances that costs will not be increased."

Bajada said that the MMA and the various operators at the port have assured him that costs will not increase.

In a press release issued yesterday, the FOI reiterated it had assurances by Minister Censu Galea that a reduction in costs will take place even if temporarily charges will remain at the same levels as those imposed before 1 July. ▶ page 5

Interest rates unchanged

The Central Bank of Malta yesterday left the central intervention rate unchanged at 3.5 per cent saying it was too early for a full assessment to be made of the impact of the May increase in the Bank's central intervention rate.

The decision was taken by the Governor at the end of the Monetary Policy Advisory Council meeting held yesterday morning.

The Governor said that after last month's decision higher interest rates payable on term deposits have attracted a significant inflow of funds.

The May decision had also led to an initial widening of the interest rate differential in favour of the Maltese lira, which was a contributory factor in the small rise in the Bank's external reserves in June.

Air Malta slammed for gratuitous bias on low-cost

Matthew Vella

A report aimed at dissuading the introduction of low-cost carrier giants Ryanair and easyJet, commissioned by national airline Air Malta has unsurprisingly earned rebuke for its negative portrayal of the advent of LCCs to Malta.

Revealed exclusively by sister newspaper MaltaToday last Sunday, Air Malta's confidential report is claiming a 50 per cent increase in visitors in one year was a "high risk" strategy for a small destination like Malta, fearing domination by LCCs, tour opera-

tors pulling out of the market, and a revenue loss of Lm23.6 million for Air Malta if Ryanair and easyJet achieve a traffic of 1,540,000 passengers.

George Schembri, chief executive of the Malta Hotels and Restaurants Association, said the MHRA's task force on LCCs found the report to be "exclusively based on details provided solely by Air Malta and the government, without any prior consultation with MHRA, Malta International Airport, easyJet or Ryanair."

The MHRA has also prepared its own report on ▶ page 3

Fenech still confident despite Commission's forecast

James Debono

Parliamentary Secretary Tonio Fenech insists that the European Commission's spring assessment that the deficit next year will be above the three per cent benchmark is just a forecast which can be disproved by actual figures.

The Commission's forecast came in the wake of government's drive to cut down the deficit to below three per cent of GDP in a bid to meet the Maastricht criteria for Euro adoption.

Fenech does not question the criteria used by the Commission, which excludes one-off incomes, to determine its forecast but sticks to the targets set in Malta's convergence plan.

"This is just a forecast by the Commission based on common rules used for all member states. But that does not mean that our figures are not correct. In the end it will all boil down to the actual figures," parliamentary secretary Tonio Fenech told Business Today. ▶ page 5

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