


INTERVIEW
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Alfred Sant

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Government satisfied with growth, economists wary



James Debono

Parliamentary Secretary Tonio Fenech yesterday alluded to a reform in the tax bands, saying that current rates of economic growth as well as the reduction of the deficit will enable government to be more flexible in its fiscal policy.

Talking to Business Today after the conclusion of the Ecofin meeting in Brussels, the parliamentary secretary also expressed his satisfaction that the European Commis-

sion has certified that Malta, unlike Portugal and Germany, has kept its deficit well on track to achieve the three per cent mark required by the Maastricht criteria.

Fenech was doubly satisfied since government's aim to reduce the deficit was achieved without sacrificing on economic growth.

He reiterated government's claim that the 2.5 per cent growth in Gross Domestic Product was a clear indication of an economic turnaround.

But the parliamentary secretary's optimism is not shared by economist Professor Edward Scicluna. The former MCESD chairman is far from convinced with the figures.

"The announced GDP figures challenge if not defy the universal laws of macro-economics," Scicluna told Business Today.

The same scepticism on an economic turnaround was expressed by MLP Deputy Leader Charles Mangion and AD spokesperson for finances Edward Fenech. ▶ page 7



Edward Scicluna: Figures defy laws of macro-economics

Tonio Fenech: We have a turnaround

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Euro adoption timescale is "premature" - Alfred Sant

Looking at statistics with a different pair of glasses, Labour leader Alfred Sant does not believe the country is experiencing an economic turnaround and questions the reliability of official statistics, which he claims do not tally with the prevailing feeling among business operators.

Interviewed for the first time in Business Today, Sant says government's timescale to adopt the

Euro on 1 January 2008 is premature.

"Before we achieve certain targets, especially healthy economic growth rates we would be putting the cart before the horse by introducing the Euro," Sant says.

But if the Labour Party is returned to government in 2008 after the Euro would have been introduced, do not expect any shock decisions. "If the Euro is

already in place then there isn't much to do," he says.

The Labour leader cautions against further erosion of Malta's competitiveness, a situation, he believes can occur if the Euro is introduced at a time when the economy is underperforming.

"If we have an economy that is on par with other EU countries, then it is alright to introduce the Euro now that we are members

of this bloc. But if our economy is underperforming and the national debt remains way above the EU average, the Euro can create problems," Sant says.

In the interview Sant also speaks about pension reform and his party's study of the issue which will deliver a set of proposals in two months' time.

And directly addressing the business community, Sant's mes-

sage is a simple one: Labour delivers.

"It is true that quite a number of businessmen are Nationalists but at the end of the day it is the country which counts and the balance sheet. And we are interested in their balance sheets because if they are good, they will employ people and the country will move ahead," Sant says.

Changes to Holiday Inn brief irk bidders



The Holiday Inn, previously an Air Malta asset, is to be sold by government

Karl Schembri

Government's changes to the Fort Cambridge development brief, to include the retention of Holiday Inn workers has angered bidders who have now been faced with an extended tendering period for the project.

Bidders who submitted their

plans according to the original brief say the new clauses "changed everything" as the consideration of employees would add new liabilities.

Yet according to a spokesperson for Investments Minister Austin Gatt, the "addenda to the Conditions and Extensions to the closing period for the

consideration of bids was, as far as we are aware, compliant with the conditions established in the original tender document".

The spokesperson admitted the original brief did not include the workers' clause, but said this was a mistake that went against government's policy. ▶ page 5

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