

Business Today

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World Business Highlights

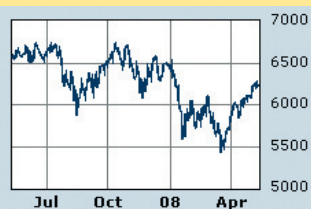
MBIA, Ambac Mortgage Losses Elevate Concerns on Top Ratings, Moody's Says MBIA Inc. and Ambac Financial Group Inc. had "meaningfully" higher losses on home-equity loans and collateralized debt obligations than anticipated, raising concern about their Aaa status, Moody's Investors Service said.

Bernanke Says Markets Remain Unsettled, Fed Is Ready to Increase Auctions Federal Reserve Chairman Ben S. Bernanke said financial markets remain unsettled and the central bank will increase its auctions of cash to banks as needed.

AIG May Raise More Than \$17 Billion in Stock, Debt Sales, Beating Its Goal American International Group Inc., the world's largest insurer by assets, is set to exceed plans by raising more than \$17 billion in stock and debt to bolster its balance sheet after two record quarterly losses.

Clear Channel Rises After CNBC Says Settlement Reached on Buyout Funding Clear Channel Communications Inc. rose as much as 5 percent in New York Stock Exchange trading after CNBC reported banks agreed to fund a buyout of the radio broadcaster for \$36 a share.

FTSE 100



Inside

Michael Falzon pledges to work on ST problem

Contender for Labour leader Michael Falzon promises supporters to work on ST situation if elected on June 5

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TV rights for Euro 2008: Negotiations in extra time

As the final rounds of Euro 2008 championships approach, UEFA informs that negotiations on TV rights in Malta are still inconclusive

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One EU, one market

This week's entries featured on Head of EC representation Joanna Drake's blog

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Stagflation

Mark Lamb describes the current economic situation as a stagnant one, while prices keep soaring. He adds that the situation of stagnation and inflation is a repeat story of what has already occurred in the 1970s

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Government analysing other areas for wind farms – Tonio Fenech

David Darmanin

Reacting to a 90-minute speech on "Healthy Enterprise and a Dynamic Economy", delivered by Minister for Finance Tonio Fenech at a business breakfast Friday, members of the business community brought up the issue of alternative energy, outlining that government's propositions to install an offshore wind-farm may after all result unpractical.

In August 2006, the government had issued a call for international interest for the development of deepwater wind farms in Maltese waters, despite the fact that this

type of technology was still at an experimental stage.

A spokesperson for the Prime Minister at the time had informed sister paper MaltaToday that the government had excluded less expensive land-based and near-shore wind farms, due to their visual impact.

Friday's event was meant to be one out of four consultation meetings with representatives of constituted bodies and the business community prior to this year's national budget. The fourth and last meeting is set to exclusively focus on renewable energy. ▶ page 3



Minister for Finance Tonio Fenech delivering his presentation

Economists differ on Social Pact

FOI's proposal "preposterous" – Edward Scicluna

Charlot Zahra

Senior economists approached by Business Today had different opinions on whether a social pact would be effective to improve the country's competitiveness, as suggested by Central Bank Governor Michael C Bonello last month at a business breakfast.

Economist Edward Scicluna, a former chairman of the MCESD, told this newspaper that a social pact was "desirable in any kind of economic situation. It is most desirable to have a formal agreement at the national level whereby the employers and the workers' representatives agree on the way forward.

"In particular to agree on how they can help in increasing productivity and competitiveness in the first place and how to distribute the rewards afterwards. That essentially is what a social pact is all about.

"In particularly difficult times the need for such a social pact becomes more acute. So any hint or nudge coming from any quarter is most understandable," Scicluna explained.

"However, having said that, we are here talking of relationships between

difficult partners: unions, employers and the Government. Just as with, say, married partners.

"It is of no use saying 'Married partners should express their love to one another in a tangible manner'. The answer varies according to the characters, their personality, disposition and circumstances at the time. It's the same with our social partners.

Scicluna said he agreed with Finance Minister Tonio Fenech that one should tread carefully in the light of what has happened in the recent past.

"Honestly I would rather see the two big unions making positive approaches to one another first, putting their federation on a sound footing.

"Only then should they approach the employers directly and, in a non-theatrical manner, sit down and draw out an agreement. From my experience I do not find the MCESD setting congenial to such an agreement. The dining-room of one of these protagonists would be more suitable.

As for the FOI's suggestion of getting the opposition party within the MCESD, Scicluna stated: "I just hope that it was not serious. It is most preposterous. The place of our representatives is in the House of Representatives. They have enough structures in there to bring them closer to one another." ▶ page 4

PM to control expenditure by monitoring public offices

In his opening speech at a seminar held on public internal financial control (PIFC) yesterday, Prime Minister Lawrence Gonzi gave out details on how government plans to strengthen transparency by creating control mechanisms at public offices.

Addressing senior managers working within the public sector, Gonzi said: "In the government programme announced at the opening of parliament last Saturday, we referred to the introduction

of new legislation, including the public administration act, the freedom of information act as well as the whistleblower's act."

He then proceeded to inform that the draft document on the public administration act highlights principles that are to be adopted throughout the public sector.

Adding that PIFC is based on three underlying principles, namely managerial accountability, internal auditing and the harmonisation of control practices ▶ page 6

As from this Wednesday the cover price for Business Today is €0.65.

Markets

Security	Closing Prices in Euro Tue 13-May-08	Closing Prices in MTL Tue 13-May-08	% Change from previous wk
Bank of Valletta p.l.c.	5.050	2.168	-3.052%
HSBC Bank Malta p.l.c.	4.150	1.782	-0.718%
Lombard Bank Malta p.l.c.	3.235	1.389	-0.431%
Middlesea Insurance p.l.c.	3.410	1.464	0.000%
Simonds Farsons Cisk p.l.c.	2.730	1.172	0.000%
GO p.l.c.	2.900	1.245	-3.172%
International Hotel Investments p.l.c.	1.070	0.459	0.943%
Plaza Centres p.l.c.	1.720	0.738	0.000%
Malta International Airport p.l.c.	3.350	1.438	0.000%
GlobalCapital p.l.c.	3.000	1.288	-5.542%
Datatrak Holdings p.l.c.	0.291	0.125	0.000%
San Tumas Shareholdings p.l.c.	2.562	1.100	0.000%
Medserv p.l.c.	4.044	1.736	0.000%
Grand Harbour Marina p.l.c.	2.050	0.880	-10.870%
Crimsonwing p.l.c.	0.540	0.232	-1.996%
MaltaPost p.l.c.	0.800	0.343	1.911%



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