

Business Today

WEDNESDAY 04 June 2008 - ISSUE NO. 538



Interview:
Kevin De Cesare

Page 10

**Not much hope for European
City Guide scam victims**

Page 3

**GDP eases slightly to 3.7 per cent
during fourth quarter of 2007**

Page 5

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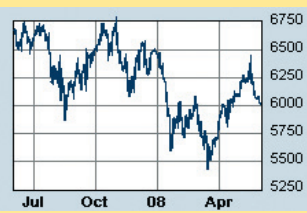
World Business Highlights

Stocks in U.S. Retreat, Led by Financial Companies; Lehman Shares Tumble
U.S. stocks dropped for a second day as growing speculation Lehman Brothers Holdings Inc. will be forced to raise more capital led a slump in financial shares and helped erase earlier gains spurred by increased factory orders.

Bernanke Signals Rates on Hold, Says Policy Makers 'Attentive' to Dollar
Federal Reserve Chairman Ben S. Bernanke signaled he's done cutting interest rates for now and raised his biggest concerns yet about the inflationary effects of the dollar's 16 percent drop in the past year against the euro.

Dollar Rebounds After Bernanke's Currency Comments; Crude Oil, Gold Drop
The dollar rose to a two-week high against the euro and increased versus the yen as Federal Reserve Chairman Ben S. Bernanke said the central bank is "attentive" to the implications of the U.S. currency's decline.

FTSE 100



Inside

Air Malta raises fuel surcharge tariff as from 1 July

Air Malta will be raising its fuel surcharge tariff from €2 to €5 for each leg of its flights in view of the ever increasing rise in the price of crude oil, which last month touched the \$135 per barrel.

Page 3

Malta discusses bilateral agreement with Russia

Answering a question asked by Labour MP Leo Brincat in Parliament, last week Deputy Prime Minister and Minister for Foreign Affairs Tonio Borg revealed government plans for a bilateral agreement with Russia expected to levy double taxation, among others.

Page 4

€3.1m in aid for redundant staff in Malta and Portugal

The European Commission recently made payments totalling €3.1 million to the Portuguese and Maltese authorities from the European Globalisation adjustment Fund (EGF).

Page 4

Fenech, Commission disagree on departure tax notification

Charlot Zahra

As Finance Minister Tonio Fenech defends the decision to remove the departure tax not earlier than November this year, by the time this newspaper went to print, the EU commission was not informed of any such developments.

Asked by this newspaper about why the removal of this tax is being left until after the holiday season, a spokesperson for Fenech said: "The electoral promise by the Nationalist

Party was to remove the tax during the new legislature - something which it is actually doing in the first few months.

"There are a number of reasons why this cannot be done before. It needs to go to Parliament and this takes at least a month. Also the tax change is being made in the period new offers and prices for the season come into place - without complicating the situation for operators in the sector.

"This change is being done within the annual parameters of the normal

budget process," the Ministry spokesperson contended.

Asked whether the Maltese Government had informed the European Commission about its decision, the Ministry spokesperson said: "The European Commission has been formally notified of our intentions."

However, asked about the matter, a spokesperson for the European Commission told Business Today: "So far, the European Commission has not received from the Maltese authorities

formal notification of adoption of any new legislation on this issue."

On 27 June 2007, the Commission had taken a decision to take the case before the European Court of Justice in Luxembourg for violation of the EU Treaty.

However, in November 2007 the Commission decided to freeze this decision "because the Maltese authorities claimed that the new legislation would be imminent," the Commission spokesperson told Business Today. ▶ page 5

De Cesare speaks out in favour of golf course development

Further to his appointment as President of the Malta Hotels and Restaurants Association (MHRA) last week, leisure industry tycoon Kevin De Cesare is adamant on pushing government to decide on the prospective development of golf courses.

In his first interview since his new appointment, featured on today's edition of Business Today (see pages 10 and 11), De Cesare emphasised: "Both parties have agreed on golf courses being needed and, as much as I am aware of environmentalists being against it, I think golf courses are very important for tourism," while also recommending government to take a decision "now that this (discussion on golf courses) has been going on for 14 years."

Explaining why he feels Malta is in dire need of such development, De Cesare said: "The Marsa golf course is completely full and high-spending tourists wanting to come to Malta to play golf are finding it impossible to find availability to play. If you fly over specifically to play golf you can't have just one course. You will need at least two or possibly three courses."

On the idea of the development of stand-alone golf courses, whereon other than the course per se, no other commercial development takes place on the land, he said: "I don't agree with allowing huge development to take place on golf courses but I also think you can't have a course without some development - it just wouldn't be commercially viable. I don't believe such courses are at all possible - and this is not necessarily the MHRA's opinion but my personal one."

On second thoughts, De Cesare noted that stand-alones may after all prove feasible if government invests directly into their development, allowing the private sector to rent out the land at a justified yearly rate.

"I would ask government to invest in the development of golf courses itself, in order not to create over-development, and then get the private sector involved in its running. In that case the government could rent out the course to interested parties at say Lm50,000 or Lm100,000 per year, and everyone is happy," he commented.

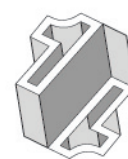
Asked about his plans on dealing with the environmental lobby, he said: "I've always found it very difficult to look at golf courses as environmentally ugly. Have you ever passed a golf course and thought of it being ugly? On the contrary, I would say how lovely it looks because of its lush green grass..."

"If the government accepts setting up a golf course in a specific area with a simple club house and no other development on it, that in itself would be a guarantee that the area will not be over-developed, and hopefully that would create a compromise with environmentalists.

"I think there is space in Pembroke and Bahar iċ-Ċagħaq. There was Magħtab mentioned too but now there are other plans for the area. There were also applications for Rabat, and I'm not referring to Verdala. They were also trying to set one up in Gozo. What I'm saying is... let's start with one golf course and we'll see how it goes. Pembroke is a good site - it's not like too many people go there for recreation anyway."



Ta' Cenc in Gozo: one of the areas considered for the development of a golf course



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Markets

Security	Closing Prices in Euro Tue 03-June-08	Closing Prices in MTL Tue 03-June-08	% Change from previous wk
Bank of Valletta p.l.c.	4.700	2.018	-3.093%
HSBC Bank Malta p.l.c.	3.800	1.631	2.151%
Lombard Bank Malta p.l.c.	3.000	1.288	-3.846%
Middlesea Insurance p.l.c.	3.410	1.464	-0.583%
Simonds Farsons Cisk p.l.c.	2.710	1.163	0.000%
GO p.l.c.	2.700	1.159	-3.537%
International Hotel Investments p.l.c.	1.073	0.461	-0.464%
Plaza Centres p.l.c.	1.725	0.741	0.291%
Malta International Airport p.l.c.	3.120	1.339	0.322%
GlobalCapital p.l.c.	2.850	1.224	-5.000%
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	0.000%
Crimsonwing p.l.c.	0.500	0.215	-5.660%
MaltaPost p.l.c.	0.751	0.322	-2.468%