

Business Today

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Liz Barbaro Sant

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World Business Highlights

U.S. Stocks Fall After Goldman Says Banks May Have to Raise More Capital
U.S. stocks fell for the first time in four days as Goldman Sachs Group Inc. predicted banks will have to raise \$65 billion in new capital to cover losses and housing starts and industrial production trailed forecasts.

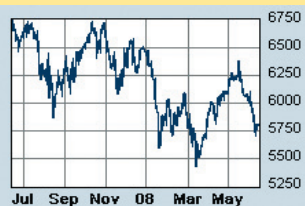
Goldman Earnings Beat Estimates on Gains in Commodities, Prime Brokerage
Goldman Sachs Group Inc., the world's biggest securities firm, surpassed analysts' estimates as gains in prime brokerage, asset management and commodities buoyed second-quarter profit.

U.S. Housing Slumps, Producer Prices Rise, Sending Signals of Stagflation
The U.S. economy may be suffering from its first bout of stagflation since the start of this decade, reports on housing, prices and manufacturing indicated.

Kuwait Joins Saudi Arabia in Saying Oil Is Too High, Should Be Near \$100
Kuwait followed Saudi Arabia in saying crude oil prices are too high as evidence mounts that energy costs are restraining growth and accelerating inflation.

JPMorgan, Morgan Keegan, 10 Others Sued Over Jefferson County Debt Crisis
JPMorgan Chase & Co., Morgan Keegan & Co. and 10 other banks, advisers and insurers were sued by a Jefferson County, Alabama, man who claims their work on county bond transactions saddled residents with soaring sewer bills.

FTSE 100



Inside

Inflation still above the 4 per cent mark during May

In May the Harmonised Index of Consumer Prices (HICP) increased to 108.00 from 107.24 in April, an increase of 0.7 per cent over the previous month, the latest inflation figures issued by the National Statistics Office (NSO) on Monday showed

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Phase One of SmartCity Launched

Speech by Prime Minister Lawrence Gonzi on the occasion of the launch of Phase One of SmartCity Malta last Saturday

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Bitten by the tiger

The Republic of Ireland's decision to reject the Lisbon treaty has thrown a spanner into the works of the European Union which officially needs the agreement of all 27 EU member states for it to be ratified

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Open-air tables clamp-down: De Marco will accept no abuse

MHRA calls on government for rationalisation

David Darmanin

A number of operators of catering establishments on Sliema front were up in arms last week after the police entered their establishments to physically remove tables and chairs that were placed outside without the necessary permit cover.

While some operators argued that such enforcement should not

have taken place at a time when high season is round the corner, Parliamentary Secretary for Tourism Mario De Marco stuck to his guns, insisting: "everyone should recognise that there is a process to go through and conditions to abide by, for the sake of law and order and of course fair play."

A number of caterers claim they have breached the limit covered by their permit because neighbouring competitors have done so irregularly, but without anyone ever stopping them. If competitors are not stopped, one complained, why should others

limit themselves in the face of competition?

Others argue that allocations for outside seating are often insufficient, as placing a table for six patrons horizontally could also prove difficult. Some also claim that patrons would at times join tables together, thus trespassing the limit covered by the permit without the license holder's direct intervention.

Such enforcement comes at a time when bars and cafes would have already predicted their summer sales and invested accordingly. "Now we will probably have to sack staff," one

of the aggrieved operators lamented.

De Marco however, disagrees with this line of reasoning outright, as it is "based on sanctioning a state of illegality. If one had to take this argument across the board it means that government should not take action for instance against a person who illegally occupies a factory and starts operating it, or against a hotelier who illegally occupies public land, or against a person who starts operating an unlicensed casino, or an unlicensed restaurant at that, simply because they are employing people. ▶ page 3

Shipyards to shed more workers

Government sets to announce plans soon

Charlot Zahra

Prime Minister Lawrence Gonzi said that Malta Shipyards Limited (MSL) will go to have through another restructuring phase and shed further from its current workforce of 1,700 in order to prepare for partial or total privatisation of the company once the transitional period for State Aid for MSL expires at the end of this year.

Asked during an interview with *diver.com* Editor Vanessa Macdonald, what will happen to the shipyards after the December 2008 date, and whether the order books were full after that date, when the subsidies run out, Gonzi warned: "The problem with the Drydocks is that with the present rate of efficiency and productivity, any order that comes in result in a loss to the Drydocks."

The Prime Minister contended that that it was "not an issue of an order book; on the contrary, there are demands for work at the Drydocks which are unlimited.

"However, the Drydocks still needs to go through another phase of restructuring, and it needs to reduce the numbers it has there. We have these plans, we will publish these plans in the coming days," Gonzi revealed.

Government's plans for the Drydocks "will include as well the possibility for asking for interest in privatisation of parts of the Malta Drydocks or all of it.

We'll see; when the time comes, we'll announce our plans," he explained.

When Macdonald responded that Gonzi's statement on the order books in January being full was "really optimistic" about the Drydocks' future, or otherwise Government would be facing huge penalties from the EU, Gonzi retorted:

"No penalties, absolutely no penalties; the only problem that we have is that according to the restructuring programme that we signed with the European Commission, the Government cannot continue to underwrite losses that are registered by the Drydocks.

"Of course, at this point in time, we are discussing with the European Commission on ways and means of how we can identify solutions that will give us a way forward with respect to the Drydocks that will make it even more interesting for foreign investors," Gonzi said.

The Prime Minister's statements on a new early retirement scheme at the MSL were in stark contrast to the Malta Shipyards' replies to the questions about the same issue a last week.

Asked by this newspaper about whether the MSL was thinking of offering early retirement schemes to its employees, the contents of these schemes, and the time-frame for their launch, a spokesperson for the shipyards said:

"Regarding your questions, the management of Malta Shipyards is not planning to offer early retirement schemes to any of its employees'.



Malta Shipyards claim there are no plans to offer early retirement schemes. The PM begs to differ.



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Markets

| Security | Closing Prices in Euro Tue 17-June-08 | Closing Prices in MTL Tue 17-June-08 | % Change from previous wk |
|--|--|---|------------------------------|
| Bank of Valletta p.l.c. | 4.850 | 2.082 | 3.412% |
| HSBC Bank Malta p.l.c. | 3.580 | 1.537 | -1.918% |
| Lombard Bank Malta p.l.c. | 3.070 | 1.318 | 0.000% |
| Middlesea Insurance p.l.c. | 3.410 | 1.464 | 0.000% |
| Simonds Farsons Cisk p.l.c. | 2.710 | 1.163 | -0.733% |
| GO p.l.c. | 2.650 | 1.138 | 0.000% |
| International Hotel Investments p.l.c. | 1.045 | 0.449 | -2.336% |
| Plaza Centres p.l.c. | 1.725 | 0.741 | 1.471% |
| Malta International Airport p.l.c. | 3.120 | 1.339 | 0.000% |
| GlobalCapital p.l.c. | 2.700 | 1.159 | 0.000% |
| 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. | 3.990 | 1.713 | -1.335% |
| Grand Harbour Marina p.l.c. | 2.050 | 0.880 | 0.000% |
| Crimsonwing p.l.c. | 0.540 | 0.232 | 8.000% |
| MaltaPost p.l.c. | 0.800 | 0.343 | 1.911% |