

Business Today



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Lisa Grech

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World Business Highlights

U.S. Stocks Decline, Led by Banks, REITs on Growing Concern Over Defaults U.S. stocks fell for a fifth day, the longest losing streak since January, after Bank of America Corp. slashed its dividend to shore up capital and concern grew that real-estate companies will default on debt.

Iceland Seeks \$5.43 Billion Russian Loan, Takes Over Bank, Pegs Currency Iceland sought a 4 billion-euro (\$5.43 billion) loan from Russia, pegged the slumping krona to a basket of currencies and took control of its second-biggest bank to stem a collapse of the financial system.

AIG's Former CEOs Blame Each Other, Accounting Rule for Insurer's Downfall Three former American International Group Inc. chief executive officers deflected blame for the insurer's \$85 billion U.S. bailout, while a lawmaker said the firm blocked auditors from access to the unit that pushed it to the brink of collapse.

Massachusetts Postpones \$750 Million Note as Debt-Market Turmoil Persists Massachusetts scrapped a \$750 million offering of short-term notes for the second time in two weeks as turmoil in the credit markets undermined demand for debt issued to provide needed funds to state and local governments.

Spain Will Set Up \$68 Billion Fund to Buy Assets From Banks, Spur Lending Spain is setting up a fund of as much as 50 billion euros (\$68 billion) to buy bank assets, the first effort by a European country to emulate the U.S. rescue plan to shore up the financial system.

Hypo Real Estate Names Deutsche Bank's Wieandt to Replace Funke as Chief Hypo Real Estate Holding AG, the commercial property lender that needed a 50 billion-euro (\$68 billion) bailout, said Chief Executive Officer Georg Funke is stepping down, to be replaced by Deutsche Bank AG's Axel Wieandt.

McCain's Michigan Woes May Spread as Economy Pinches Working-Class Whites Kari Durell, a 38-year-old waitress, had her doubts about Barack Obama after reading wild Internet rumors that he trained with al-Qaeda terrorists as a child. She's voting for him anyway.

FTSE 100



Bank deposits guaranteed to €50,000 minimum

David Darmanin

As Malta's official position will be announced upon Finance Minister Tonio Fenech's return from Luxembourg, international reports can confirm that EU governments will be guaranteeing bank deposits up to €50,000 or €100,000, according to the affordability of the country in question.

At the EU Finance Ministers meeting held over the past four days, French Minister Christine Lagarde sought to persuade a blanket raise to €100,000 for all countries – a steep jump from the current minimum of €20,000. But smaller nations succeeded in getting the objective halved to €50,000, while other countries such as Spain and Austria have compromised to insure €100,000 as initially proposed.

The current financial turmoil across Europe has started to show

signs of fear among depositors, whose possible alienation from using banks could have very serious repercussions on European economy.

Although banks in Malta are not expected to be directly impacted by the current financial turmoil, fears rubbing off to local depositors may adversely affect banks' lending power, which is worked out on a percentage of the total amounts deposited. This move is aimed at regenerating depositor confidence.

Yesterday morning, before the decision was taken, this newspaper sought an update on the situation from a Finance Ministry Spokesperson, who replied saying: "The Minister is discussing precisely these issues at the Ecofin Council in Luxembourg. Hopefully concerted EU action/position will be agreed upon. We will update the press with what happens."



French Finance Minister Christine Lagarde sought to convince all 27 member states to raise bank deposit guarantees to €100,000 at the Ecofin Council in Luxembourg yesterday

Paying twice for electricity

Kurt Sansone

Government's new utility tariff structure with its intention to fully recover the costs incurred by Enemalta and Water Services Corporation means that consumers will be paying twice for the electricity consumed by reverse osmosis plants to produce water.

The KPMG report presented to the social partners states that the total cost to the WSC for the production of water is €50.8 million of which €10.7 million is the amount paid by the Corporation to Enemalta for its energy requirements.

This means that 21 per cent of the total cost of water Government wants to recoup from consumers is expenditure on electricity. This expenditure is already reflected

in the total cost of electricity production for Enemalta, which Government also wants to fully recoup from consumers.

If the utility tariffs are introduced as announced consumers would be shouldering the total cost to produce electricity, as reflected in Enemalta's bills, and pay again for the portion of electricity which is consumed by reverse osmosis plants, as reflected in WSC's bills.

The WSC pumps 20 million cubic metres of water into its network of which 57 per cent comes from reverse osmosis plants and the rest from underground sources.

Water produced by the energy hungry reverse osmosis plants costs €1.38 per cubic metre to produce while water extracted from the ground costs a meagre

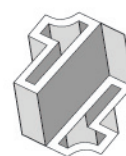
€0.34 per cubic metre.

The electricity bill for the WSC is €10.7 million of which the

overwhelming majority, €9.2 million is consumed by the reverse osmosis plants.

Markets

Security	Closing Prices in Euro		% Change from previous wk
	Tue 30-Sept-08	Tue 07-sept-08	
Bank of Valletta p.l.c.	4.000	3.900	-2.500%
HSBC Bank Malta p.l.c.	3.110	2.980	-4.180%
Lombard Bank p.l.c.	3.000	3.050	1.667%
Middlesea Insurance p.l.c.	2.950	2.949	-0.034%
Simonds Farsons Cisk p.l.c.	2.600	2.600	0.000%
GO p.l.c.	2.200	2.200	0.000%
International Hotel Investments p.l.c.	1.040	1.000	-3.846%
Plaza Centres p.l.c.	1.750	1.750	0.000%
Malta International Airport p.l.c.	2.999	2.930	-2.301%
GlobalCapital p.l.c.	2.200	2.200	0.000%
Datatrak Holdings p.l.c.	0.290	0.290	0.000%
San Tumas Shareholdings p.l.c.	2.650	3.000	13.208%
Medserv p.l.c.	3.997	3.997	0.000%
Grand Harbour Marina p.l.c.	2.200	2.200	0.000%
Crimsonwing p.l.c.	0.500	0.500	0.000%
MaltaPost p.l.c.	0.820	0.820	0.000%
RS2 Software p.l.c.	0.821	0.821	0.000%



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