

Business Today



WEDNESDAY 18 February 2009 - ISSUE NO. 570

Interview:
Tonio Fenech

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Fenech unruffled by economic crisis



While local industry players' concern augments in the face of an economic crisis spread across the euro area, Finance Minister Tonio Fenech insists that "there is no doom and gloom - just a little bit of pressure".

In an exclusive interview featured on pages 8 and 9 of this edition, Fenech said: "There is no crisis - but a challenge in manufacturing and tourism."

Downplaying the effects of the international economic situation on

Malta, Fenech said there was already a tall order on his ministry's agenda, "and of course this crisis added a pinch to it."

The Finance Ministry is now looking at 1,200 being put on a four-day week roster, 450 people being laid off at STMicroelectronics and an over all crash in export figures. Asked how it is possible that he is not worried in the face of such facts, Fenech answered: "I appreciate the fact that some people are anxious. I fully understand this,

because these people are passing through tough times at first hand. But one must also appreciate that although government can support the industry, it cannot stop it from facing such problems."

Asked for his reactions to the criticism of appearing silent to a situation that is worrying hundreds of families and most industry players based in Malta, Fenech said: "My role is not to play the prima donna. We are working hard, although we

are not very public about it. You just need to look at situations abroad to see what the repercussions of alarming the public could be. Look at Obama - as soon as he said that the situation is likely to take a worse shape - the markets responded with an immediate negative trend. We need to emerge, not promote fear. I don't want to be a cowboy. My intention is to remain grounded."

See full interview on pages 8 and 9

EU to consider Excessive Deficit Procedure against Malta

Charlot Zahra

The European Commission (EC) will this morning examine Malta's budget deficit and decide whether to issue an Excessive Deficit Procedure (EDP) against Malta for violating the rules of the Stability and Growth Pact.

Under the provisions of the Stability and Growth Pact, Member States have to respect two criteria: a deficit-to-GDP ratio of 3 per cent and a debt-to-GDP ratio of 60 per cent.

In 2008, according to the European Commission's interim forecasts, Malta's deficit-to-GDP rate shot to 4.6 per cent, well above the 3 per cent limit set out in the Euro zone convergence criteria.

At the same time, Malta's debt-to-GDP ratio for 2008 was revised upwards from 60.0 per cent to 62.9 per cent, exceeding the threshold set out by the Stability and Growth Pact.

For 2009, Malta's debt-to-GDP ratio was also being revised upwards, from 57.2 per cent to 61.9 per cent, also in excess of the 60 per cent threshold.

If a Member State exceeds the deficit ceiling, ▶ page 5

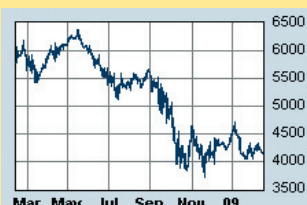
World Business Highlights

R. Allen Stanford Accused by SEC of 'Massive, Ongoing Fraud' Over Returns U.S. regulators accused R. Allen Stanford of running a "massive, ongoing fraud" while selling about \$8 billion in certificates of deposit through Antigua-based Stanford International Bank Ltd.

Stocks Drop Around Globe, Led by Banks, as Euro Declines, Treasuries Rise Stocks slumped from Tokyo to London and New York as growing signs of a deepening recession sent the MSCI World Index lower for a sixth day. Gold climbed to a seven-month high, while Treasuries gained.

Two-Year U.S. Swap Spread Surges as Stocks Fall on Bank-Downgrade Concern The spread between the rate to exchange floating for fixed interest payments and Treasury yields over two years widened to the most in over a month on concern banks may face credit-rating reductions and demand for U.S. government debt as a haven increased.

FTSE 100



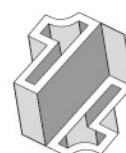
California to terminate 20,000 jobs



California Governor Arnold Schwarzenegger talks to reporters after a frustrating holiday weekend that failed to yield the one vote needed to end California's budget stalemate, the state started layoff proceedings yesterday for 20,000 government workers. In addition to the layoffs, the state also plans to halt all remaining public works projects, potentially putting thousands of construction workers out of jobs.

Markets

Security	Closing Prices in Euro Tue 10-Feb-09	Closing Prices in Euro Tue 17-Feb-09	% Change from previous wk
Bank of Valletta p.l.c.	2.460	2.300	-6.504%
HSBC Bank Malta p.l.c.	2.500	2.400	-4.000%
Lombard Bank p.l.c.	2.550	2.600	1.961%
Middlesea Insurance p.l.c.	2.580	2.580	0.000%
Simonds Farsons Cisk p.l.c.	1.901	1.900	-0.053%
GO p.l.c.	1.700	1.700	0.000%
IHp.l.c.	0.850	0.850	0.000%
Plaza Centres p.l.c.	1.600	1.680	5.000%
FIMBank p.l.c. (US\$)	\$1,500	\$1,495	-0.333%
Malta International Airport p.l.c.	2.499	2.429	-2.801%
GlobalCapital p.l.c.	1.991	1.991	0.000%
Datatrak Holdings p.l.c.	0.190	0.190	0.000%
San Tumas Shareholdings p.l.c.	3.200	3.200	0.000%
Medserv p.l.c.	3.997	3.997	0.000%
Grand Harbour Marina p.l.c.	1.980	1.980	0.000%
6pm Holdings p.l.c. (GBP)	£0.700	£0.700	0.000%
Crimsonwing p.l.c.	0.497	0.497	0.000%
MaltaPost p.l.c.	0.820	0.790	-3.659%
RS2 Software p.l.c.	0.799	0.789	-1.252%



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