

# An unfaltering entrepreneurial spirit

Times may change, business may change – but the one constant in the world of business is the spirit of the entrepreneur. Here **Angelo Xuereb** speaks to DAVID LINDSAY about a number of projects past, present and future and gives his views on a range of subjects from the construction and tourism industries to the hurdles the entrepreneurial spirit is continuously facing

Having started off some 30 years ago with two employees and a Lm200 road contract, Angelo Xuereb, today one of Malta's foremost contractors and developers, ably embodies the entrepreneurial spirit so highly sought after in the business world.

Meeting Mr Xuereb at his office recently, I was greeted by his characteristic amicable manner and warm smile.

I first ask him about the near completion of his latest project, The Verdala Mansions development, which, due to one certain feature of the development, has been the subject of no small amount of controversy over the last few years.

Now that the exclusive residential development has become a tangible entity on the real estate market, I ask how sales are progressing and if he can gauge the level of market interest in the project.

"The last time we met we had spoken about the expectations of the project, but today we are seeing a tangible development with 30 apartments and four penthouses ready," Mr Xuereb explains. "Landscaping activities are underway and the project is turning out, I believe, even better than had been originally expected.

"At the outset we had intended the project for people seeking extraordinary lifestyles and we have done just that. Now, as the project's final phases are being reached, the finishings are being chosen we are only choosing the best quality products and this shows in the final product."

Sales to date have been "quite encouraging", with close to half the development's residences having been sold already, Mr Xuereb explains. He adds that the recent increase in sales was spurred by the fact that now prospective buyers are in a position to see a finished product, as opposed to viewing mere plans.

"The quality of the project has to be seen to be believed," Mr Xuereb comments, adding that the first tenants should begin moving in as early as January.

Interestingly, despite the fact that the Verdala Mansions project utilised no overseas marketing, there has been a large amount of interest from the foreign market, with about one third of all sales being derived from overseas.

Of course, it's very difficult to mention the Verdala Mansions project without also mentioning the proposed, adjacent golf course – a proposal that has become embroiled in controversy.

Xuereb explains that the issue has been placed on the backburner for the time being, while sales for the residential units themselves are given the primary importance.

He says, "We are selling the Verdala Mansions in their own right and we are not putting any conditions on the golf course. Of course, we are still very keen on the golf course and we have now finished all the requirements put forward by the Malta Environment and Planning Authority.

"Despite the opposition to this part of the development, I believe the golf course will enhance the entire area, not just the Verdala Mansions project, but the topog-



raphy of the golf course will also add to that of the whole Rabat area."

The last time we had spoken, he had just finished off the proposed course's 3,000 page Environmental Impact Assessment I ask how he views the results and the state of negotiations with farmers currently working the land.

"I'm happy with the results of the EIA as we've managed to create the right balance between environment and development. Of course, any kind of development will bear some kind of negative effect, you're changing things after all."

Two major bones of contention related to the golf course proposal has always been the conversion of the area's agricultural land into the golf course and in reaching agreements with the farmers currently working the land.

"I think we're also enhancing the agricultural sector. Instead of growing hay, as is done at present and which is very cheaply sold, what we intend to do is convert the agricultural area – about one third of the entire golf course area – into vineyards – giving the farmers the vines, the water irrigation and viticulture know-how as part of the compensation package. This is a high value added section of agriculture and it's also a guaranteed value.

"As things currently stand, the farmers are receiving some Lm30 per year for work carried out on 1,000 square meters – that's including all their expenses such as labour and seed. If these expenses are calculated, it turns out that they are actually making a loss. But

the farmers don't count their own labour as an expense – they only count the seed as expenses.

"There is a large demand for vineyards and grapes are currently being imported from European countries when Malta, given our climate and soil, should be exporting grapes. This particular area is special for growing grapes – its topography, orientation to the sun and the type of soil in the area is perfect for viticulture. In fact, I am told that the area was made up of vineyards during the times of the Knights of Malta.

Mr Xuereb explains he has, to date, signed agreements with 90 per cent of the farmers far, with the remaining 10 per cent still holding out. However, the agreements already signed have now elapsed and negotiations will most likely have to begin again.

I make reference to the fact that nothing has changed in this respect since we last spoke, which was over three years ago.

"I've been waiting nine years for permission to carry out a project like this which, when you think about it, the whole tourism industry stands to gain from. Of course the Verdala will benefit the most thanks to its proximity to the golf course, otherwise it would be a white elephant and I don't want to have any white elephants."

I ask what other projects he has underway at the moment and Mr Xuereb cites the Sea Passenger Terminal as a case in point. "I am one of the main shareholders in the Sea Passenger Terminal consortium, VISET, which is moving along very

nicely. In my opinion, once the development is completed, it will be the most appealing infrastructural project carried out on a national basis."

This is another project of huge potential, I comment that he has something of a knack for the larger, potential-laden projects.

"The problem is that if an entrepreneur has a vision," he comments, "he has to be prepared to come across any number of obstacles. It's in the human nature to object to any change. Later on those who had opposed adapt to and even welcome the change once it's in place, but the initial reaction is invariably one of objection.

"The Sea Passenger Terminal will be another change – a change from public sector to private sector – and it had taken us three years to negotiate with government to sign the contract, although it was a government tender.

"Another proposal I had come up with, and one that will see the light of day soon, was that of cable cars linking the Sea Passenger Terminal to central Valletta and a planned car park in Floriana. Again, we thought the reaction would be a slap on the back and a "well done, go ahead and do it". However, you always find objections and we did once again in this case.

"At the terminal itself there will be a lot going on and it will be an attraction for tourists. Cruise liner tourists will be able to come off ship and be taken them directly to Valletta by cable car, avoiding the stairs and the exorbitant amounts taxis are charging from just the ter-

minal to central Valletta.

"Of course, you don't make much money from the actual operations of the cable cars, but rather from the business that they will generate and a good deal of extra business is expected to be generated for Valletta.

"The part of Valletta where the Sea Passenger Terminal is located is, at the moment, grossly neglected. In Malta we still don't have a proper family centre, which is what we envisage for the area. We have a centre for youths, Paceville, but no family center. The Sea Passenger Terminal will be an area where one can take the family. There will be dining, entertainment, things for the children to do and a complete family centre."

Mr Xuereb adds that the Terminal's main area – including Pinto Stores and the marina – is expected to be completed by 2005, while other phases will be finished in a staggered fashion after the main bulk of the development is complete.

The lack of skilled labourers is a major problem facing the construction industry, Mr Xuereb explains. Inroads have been made with the Employment and Training Corporation and recent meetings with the ETC are beginning to show "light at the end of the tunnel".

Mr Xuereb comment, "We would always prefer to employ Maltese, as this limits communication problems since some of the foreigners working in the sector speak English and some don't.

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# Tourism industry suffering in certain localities

"Also, being Maltese, of course I prefer to employ locals but unfortunately the Maltese also resist training. They just don't want to have anything to do with the construction industry, the main reason being that our standard of living is always improving and as such, no one likes to say their children work in construction due to the stigma that has been built around the sector."

"However, the hardships of the construction industry have been greatly reduced, especially in concrete sector, where machines have gone a long way toward reducing

on a lot of the more gruelling tasks.

"The stone sector, unfortunately, hasn't invested in new machinery like the concrete industry so of constructing with stone blocks is still very hard work with the heavy blocks that need to be carried."

"In fact, being a representative of the BICC council, I am promoting the idea of reducing the size of stone slabs to about 20 kilos, which is manageable, whereas at the moment the standard weight is at 70 kilos."

"With 20 kilos slabs and a standardised size and weight, you will be able to buy palettes of stone

just as you buy palettes of tiles or bricks - nicely dressed and intact. With the way in which stone is being handled today, there is a lot of wastage and damage."

So what does Mr Xuereb see in the short term for himself and AX Holdings?

"We are always an enterprising company and we are always coming up with something new," Xuereb comments with a smile.

However, he is reluctant to give any indication of what his next brainchild might be. He explains, "Unless you have the permits in hand for something new, it is use-

less talking about the project. What I've learned is that you put out an application for a project and it takes so long that you lose credibility."

"So it's better to first get the permit and then announce the project."

"However, one new project that we do have the permit for and are about to embark on is the extension of the Victoria Hotel, which will see the number of rooms at the hotel being doubled."

Does this show you have confidence in the local tourism industry, I ask?

"In the Victoria, yes. If it had to be somewhere else, I'd be more cautious. The Victoria is in the centre of Sliema, it's accessible to the beach and shopping areas. Also, it's a hotel for corporate business and it is ideally located for that."

"Bugibba and Qawra, on the other hand, are not doing as well, due to the extent of competition in the sector in the Sliema and St Julian's area. Of course, with the ensuing drop in prices, people go for the best areas at the best prices. At the moment there are a huge number of beds, and people tend to go for the best quality and location."

## Germany agrees to help relieve Iraqi debt

US special envoy James A. Baker III won German and French agreement Tuesday to work for Iraqi debt relief, overcoming serious misgivings in Berlin about the U.S. exclusion of German firms from Iraqi reconstruction.

"Germany and the United States, like France, are ready not only for debt restructuring but also for substantial debt forgiveness toward Iraq," German Chancellor Gerhard Schroeder's spokesman Bela Anda said in a statement.

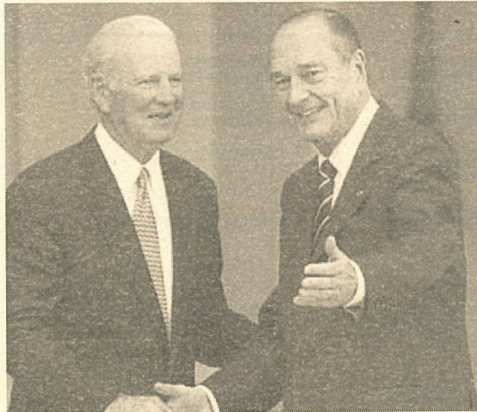
The German statement indicated that the United States also was prepared to relieve some Iraq debt. However, statements from the White House earlier were non-

committal.

"That process is just beginning. We are looking at restructuring and reducing the debt," White House spokesman Scott McClellan told reporters in Washington. "We will keep you posted as we move forward."

Despite responding to Washington's call for debt relief, Schroeder expressed misgivings about the Pentagon's exclusion of German companies from Iraqi reconstruction contracts.

"Germany's position on the awarding of reconstruction contracts in Iraq was clearly expressed in the talks," Anda said.



US special envoy James A. Baker III, left, smiles with French President Jacques Chirac after their meeting at the Elysee Palace in Paris yesterday. Baker arrived in Paris yesterday, kicking off a European mission to win support for Iraq

## Bush signs first national anti-spam bill into law

President Bush signed the first national anti-spam bill into law yesterday, outlawing some of the most annoying forms of junk e-mail and setting jail time and multimillion dollar fines for violators.

The law also lays the groundwork for a "Do Not Spam" registry similar to the "Do Not Call" anti-telemarketing list that went into effect earlier this year.

Bush's signing marks the final legislative step in a six-year struggle to curb the unsolicited commercial offers that threaten to overwhelm the e-mail system.

But the law is unlikely to provide much of a Christmas present, at

least this year.

Experts say it will not immediately stop the torrent of unwanted e-mails touting unbelievably low mortgage rates, get-rich-quick-schemes and sexual enhancement offers that now account for more than half of all e-mail traffic.

Sceptics say it will only encourage businesses to send out more unwanted e-mail, as the new law allows marketers to send messages to anyone with an e-mail address as long as they identify themselves clearly and honor consumer requests to leave them alone.

Interest rates applicable as at  
**16.12.2003**

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FOREIGN CURRENCY ACCOUNTS

Currency	Sterling Pound GBP	U.S. Dollar USD	Euro EUR	Australian Dollar AUD	Canadian Dollar CAD
SAVINGS ACCOUNTS (% UPTO)					
% Interest Rates per annum	2.250	0.250	0.750	3.500	1.500
Compounded % Annual Rate *	2.269	0.250	0.752	3.546	1.508
TERM DEPOSITS (% PER ANNUM)					
3 Month	2.875	0.250	1.125	4.375	2.000
6 Month	3.125	0.250	1.125	4.500	2.125
1 Year	3.500	0.375	1.375	4.750	2.250

\* Highest Interest Rates Payable • Interest on Savings Accounts is paid QUARTERLY  
 • Term Deposits: Minimum Lm500 or equivalent • Interest Rate varies according to balance in account  
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1 MONTH	2.075%	2.400%	2.500%
3 MONTHS	2.400%	2.550%	2.550%
6 MONTHS	2.500%	2.650%	2.650%
1 YEAR	2.700%	2.800%	2.800%
2 YEARS	2.800%	2.900%	2.900%
3 YEARS	3.000%	3.100%	3.100%
4 YEARS	3.000%	3.100%	3.100%
5 YEARS	3.100%	3.150%	3.150%
SENIOR CITIZENS <small>1 year term</small>	2.700%	2.800%	2.800%

SAVINGS	EASY SAVE	RESERVE CHEQUE	HOMELINK SAVINGS	SAVINGS PLAN	TEENSAVER
0.750%	1.000%	1.000%*	2.625%	2.375%	2.800%*

BOV NOTICE ACCOUNTS<sup>§</sup>

30-Day Notice - 1.375% 60-Day Notice - 1.625% 90-Day Notice - 2.125%

Minimum balances: • 1 month - Lm2,500 • 3 months to 5 years - Lm100 • 'Senior Citizens' - Lm2,000  
 \* Balances over Lm50,000 attract an interest rate of 1.125%  
 Rates of interest for term deposit accounts with amounts over Lm100,000 are available on demand.  
 + Additional 0.175% added if upon maturity all funds from a YSA account are deposited into a BOV TeenSaver account.  
 § Minimum balance - Lm100; Minimum withdrawal - Lm100; Withdrawal without notice subject to a penalty.

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