

US airlines see bankruptcies, mass job losses in Iraq war

AFP, Washington

A war with Iraq would likely slam US airlines with four billion dollars in losses, 70,000 job cuts, bankruptcies and liquidations, the industry warned Tuesday.

"The economic risks go far beyond the airline industry -- the stakes for the entire US economy are extremely high," said Air Transport Association (ATA) president and chief executive James May.

The ATA report, "Airlines In Crisis: the perfect economic storm," coincides with union warnings that the world's biggest carrier, American Airlines, is scrambling to avoid bankruptcy.

American Airlines' parent AMR's shares slumped 82 cents, or 34.02 per cent, to 1.59 dollars amid reports it was looking for financing in case of a Chapter 11 bankruptcy, under which a firm may restructure.

The second-largest US carrier, United Airlines, has operated under bankruptcy protection since December 9. It asked a court Tuesday for another six months to

work out its reorganization.

US Airways, which fell into the arms of the bankruptcy court in August last year, is fighting to emerge by the end of this month.

War in Iraq threatens to punch a gaping hole in the finances of US airlines, already battered by the aftermath of the September 11, 2001 attacks, said the ATA, which represents the big US airlines.

The ATA report outlined three scenarios assuming a 90-day war.

-- The most likely outcome would mean 2003 airline losses of 10.7 billion dollars, four billion dollars more than a no-war scenario. Airlines would cut 2,200 daily flights, and axe 70,000 jobs.

"At these loss levels, sequential airline bankruptcies are inevitable," the report said.

-- The worst scenario, war plus a terrorist attack, envisaged losses of 13 billion dollars, a reduction of 3,800 daily flights and the elimination of an extra 98,000 jobs.

In this case, "a total industry collapse is virtually certain."

-- A repeat of the 1990-91 Gulf War would lead to 7.6 billion dol-

lars in losses, and 31,000 job cuts.

"Nationalization of the industry as a result of wholesale airline bankruptcies is conceivable," the report warned.

Without government action, the outlook for the airline industry was bleak, Maysaid.

The ATA report urged the government to lower the burden on the airline industry, estimating that measures taken since September 11, 2000 had pushed up costs by four billion dollars.

The airline tax bill was 76 per cent higher than in 1992, it said.

Massive damage to commercial aviation would ripple across the economy, cutting services to smaller and medium-sized communities, and pushing up unemployment, the report forecast.

The tourism and hospitality industries risked losing nearly four jobs for every airline employee forced into the unemployment line, the ATA report said.

"To try to meet the economic reality of the past two years, carriers are cutting tens of billions of dollars in expenses, have laid off

100,000 employees and have taken several hundred aircraft out of service," Maysaid.

"The nations air carriers will continue to do all we can, but we fear that the consequences of this war will be severe."

Going into the first Gulf War, the airline industry had been strong, with large cash reserves and net profits from 1984 through 1989 of 3.9 billion dollars, the ATA said.

But US airlines said that in the last Gulf War they lost more than 13 billion dollars, eliminated 25,000 jobs and seven large and medium-sized airlines were forced into bankruptcy -- four of which liquidated.

The state of the industry now was more severe.

Since the September 11, 2001 attacks, airlines had lost 18 billion dollars and, even without hostilities in Iraq, 2003 losses of 6.7 billion dollars were expected.

February 2003 aviation fuel prices reached 1.20 dollars per gallon, up 108 per cent over the previous year. Cash reserves were nearly exhausted and carriers had almost no ability to borrow.

India rolls back budgetary hike in fertiliser prices

THE STATESMAN/ANN, New Delhi

Faced with political pressure, Indian Finance Minister Jaswant Singh yesterday fully rolled back the budgetary hike in fertiliser prices.

As an additional step, he also announced a 1 per cent interest cut on fresh Central loans to states and 2 to 3 per cent interest cut on agricultural credit.

The fertiliser price rollback will cost the exchequer Rs 700 crore.

The Budget had effected a Rs 12 subsidy cut for urea and a Rs 10 subsidy cut for chemical fertilisers per 50 kg bag.

The total fertiliser subsidy will now be Rs 13,420 crore, up from Rs 12,720 crore. The minister's statement in the Lok Sabha, made while winding up the reply to the general discussion on the Budget, was

greeted with a thumping of desks and cheers from both the Treasury and Opposition benches.

But Mr Jaswant Singh looked visibly upset when he made the announcement.

While the BJP and allies praised the move and tried to take credit for it, the Congress said the retention of the diesel cess will have a cascading effect that could undo the gains of today's rollback.

Coming in the wake of reports that Mr Singh was adamant on not joining the ranks of "rollback ministers", the announcement came with a touch of drama.

"This morning I met the Prime Minister and asked what I should do as it is being projected that I am the one standing in the way. He told me that I should ask my Brahma (inner self). Fine, if all of you are for withdrawing the hike, then why shouldn't I do it?" he said.

CURRENCY

Following is yesterday's foreign exchange rate statement by Standard Chartered Bank

Selling	Currency	Buying
TT/OD	BC	TT Clean
58.8500	58.9000 USD	57.9000
65.4000	65.4556 EUR	63.3889
95.2487	95.3297 GBP	92.2926
36.2222	36.2530 AUD	34.4505
0.5072	0.5077 JPY	0.4907
44.5631	44.6009 CHF	43.2057
6.9943	7.0002 SEK	6.8647
40.1926	40.2267 CAD	39.0241
7.5536	7.5600 HKD	7.4167
33.9506	33.9795 SGD	33.1160
16.1454	16.1591 AED	15.6486
15.8199	15.8333 SAR	15.3175

Exchange rates of some currencies against US dollar

Indian Rupee	Pak Rupee	Lankan Rupee	Thai Baht	Norwegian Kroner	NZ Dollar	Malaysian Ringgit
47.645	57.675	96.925	42.530	7.1755	0.5548	3.80

Local Interbank FX Trading:

The local interbank foreign exchange market was active Wednesday. Dollar continued to weaken against Bangladeshi taka as call rates stayed high due to a liquidity shortfall in the money market.

Local Money Market: Demand for call money was high. At the close, call rates ranged between 8.00 and 15.00 per cent compared with the same previously.

International Market: The dollar was above this week's four-year lows on the euro and Swiss franc as markets waited

to see whether the UN Security Council would come into a compromise to disarm Iraq or Washington would act alone. The greenback was also supported against the yen on wariness about intervention after Tokyo stock market's tumble to a 20-year low. The market is trying to stabilise itself after fair amount of position squaring. US stock futures were pointing to a positive start on Wall Street.

At 1600 hour on Wednesday, euro was at 1.1022/77, GBP at 1.6116/21 and yen at 117.28/31 against the dollar.

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PHOTO: CITY BANK

Participants of an orientation course for newly recruited assistant cash officers of The City Bank Limited pose with Abbas Uddin Ahmed, managing director, and AHM Nazmul Quadir, deputy managing director of the bank, at the certificate awarding ceremony of the course at City Bank Training Institute in Dhaka on Sunday.

OPEC leaves output quotas unchanged

AFP, Vienna

OPEC, facing uncertainty over the situation in Iraq, volatile oil markets and a seasonal demand decrease in the second quarter, decided Tuesday to maintain production quotas at current levels, OPEC ministers said.

Saudi Oil Minister Ali al-Nuaimi, whose country is the main producer in the Organization of Petroleum Exporting Countries, said that despite the decision to hold output quotas in place: "We remain committed to supply the market when needed."

"There is no shortage of oil right now," he added.

Iranian Oil Minister Bijan Namdar Zangeneh said that traditionally it would be necessary to cut production as demand decreased in the second quarter with warmer weather in the northern hemisphere.

SHIPPING

Chittagong port

Berthing position and performance of vessels as on 12/3/2003

Berth No	Name of vessels	Cargo	L Port call	Local agent	Date of arrival	Leaving	Import disc
J/1	Banglar Maya	Wheat	K Dia	Litmond	R/A	18/3	X
J/3	Banglar Doot	Wheat	K Dia	Litmond	R/A	15/3	970
J/4	Banglar Gourab	GI	Yang	Royal	5/3	15/3	2101
J/5	Pinya	Rice (P)	Yang	Mutual	7/3	17/3	449
J/6	Assels Victory	Rice	Visa	Uniship	9/3	18/3	213
J/7	Banglar Mamata	GI	Yang	Royal	24/2	11/3	828
J/8	DS Pioneer	C.Clink	Lumut	Move	9/3	18/3	500
J/9	Yong Jiang	GI	Inch	Bdship	6/3	13/3	2270
J/10	Alethini	GI	Vanc	Litmond	19/2	15/3	1850
J/11	Banga Biraj	Cont	P Kel	Bdship	11/3	13/3	113/142
J/12	Banga Bori	Cont	P Kel	Bdship	R/A	12/3	55/55
J/13	QC Honour	Cont	P Kel	QCSL	9/3	13/3	417/76
CCT/1	New Sea Star	Cont	P Kel	QCSL	9/3	12/3	13/X
CCT/2	Eagle Strength	cont	Sing	Nol	9/3	14/3	326/X
CCT/3	Mardios	Cont	P Kel	RSL	8/3	12/3	328/658
RM/14	Katerina-K	Idle	Kaki	Able	24/2	14/3	
RM/15	Banglar Moni	Repair	Sing	BSC	27/2	16/3	
GSJ	Ocean Pride	GI	Yang	PSAL	11/2	-	1561
TSP	Pearl of Aman	R Phos	Egyp	Seacast	23/2	14/3	
RM/4	Trompeteros	CDSO	Durb	Pol	6/3	16/3	
RM/5	Duke	Gas Oil	RUMA	Atlantic	4/3	14/3	
DD	Banga Borat	Repair	P Kel	Bdship	R/A	18/3	
RM/9	Banglar Kakoli	Repair	Sing	BSC	21/1	16/3	
RM/10	Banga Lanka	Repair	Col	Baridhi	18/2	20/3	
SM/10	Dredger Gemini	--	Chand	Kama	--	28/3	

(Re. Export Cargo: 499)

Vessels due at outer anchorage

Name of vessels	Date of arrival	L Port call	Local agent	Cargo	Loading port
Orient Vision	12/3	Hald	PSSL		Cont
Bosowa	12/3	Tut	Mutual		Sugar
Marlis-T	12/3	Said	PSL		Mop in Bulk
Marine Chemist	11/3	-	RSSHIP		For Demolition
Patriarch	12/3	Sing	MBL		Urea
QC Dignity	13/3	P Kel	QCSL		Cont
QC Lark	13/3	P Kel	QCSL		P Kel
Kota Berjaya	13/3	Sing	Pil		Cont
Tropical Star	13/3	Tanj	ASLL		Clink
Le Chang Ling	13/3	Tanj	BSL		Clink
Santa Barbara	14/3	Kant	Uniship		Clink
Maritime Master	14/3	-	USL		R Seed (Bulk)
Banga Bodor	14/3	P Kel	Bdship		Cont
Banga Bonik	14/3	Col	Baridhi		Cont
Xpress Manaslu	15/3	P Kel	RSL		Cont
Jaami	14/3	-	Everbest		Cont
Eastern Victory	14/3	Oita	Litmond		GI
Kota Berjaya	15/3	Sing	Pil (BD)		Cont
Banga Biral	16/3	-	Bdship		Cont
Orient Freedom	15/3	P Kel	PSSL		Cont
Asian Leader	16/3	Sin	JF		Vehi
Haneburg	15/3	Sing	Pil (BD)		Cont
Asimont	16/3	-	Seabone		cont
Capricorn Ace	16/3	Sin	Everett		Vehi
QC Teal	18/3	P Kel	QCSL		Cont
Kota Cahaya	19/3	Sing	Pil (BD)		Cont
Feng Shun Shan	19/3	-	BdShip		GI
Bnaga Bijoy	19/3	-	Baridhi		Cont
Ana	20/3	-	PSSL		Cont
Banga Borak	21/3	-	Bdship		Cont
Kota Singa	21/3	Sing	Pil(BD)		Cont
Handi Srishti	21/3	Jaka	RSA		GI
Tanker due					
OceanMarlin	13/3	Sing	MSTPL		Hsd/Up-1
Eagle Ariss	13/3	Sing	MSTPL		Sko/MS/Up-1

The above is shipping position and performance of vessels of Chittagong Port as per berthing sheet of CPA supplied by HRC Group, Dhaka.

STOCK