

Insurers lose \$14b in WTC attack

AFP, Singapore

At least 14 billion dollars in losses have been accumulated by 55 leading insurers and reinsurers after the World Trade Center (WTC) disaster, Standard and Poor's (S and P) said Wednesday.

The global credit rating agency said this could rise significantly and lead to "what is likely to be the largest ever insured loss". Losses would have to rise to 50 billion dollars for the insurance system to be threatened, it added.

S and P said in a statement it was likely to put insurers and reinsurers on creditwatch with negative implications after the WTC's twin towers were demolished by terrorists who crashed two airliners into the New York landmark on September 11, leaving over 5,000 people dead or missing.

"Net aggregate insured losses of 14 billion dollars have been accumulated from 55 leading insurers and reinsurers, based both on confidential information provided to Standard and Poor's and publicly available information," it said.

"This figure is likely to rise significantly once better estimates become available," S and P added.

S and P earlier said once losses exceed 15 billion dollars, it would expect to see a "significant impact" on balance sheets of individual insurers.

New GP outlet at Tejgaon

GrameenPhone Limited has appointed Queen Traders Limited its outlet agent for Tejgaon area in the city, says a press release.

Queen Traders will start selling all GP products and pre-paid scratch cards from next month. It is hoped that both the existing and potential subscribers would be benefited from the opening of this new GP outlet.

Mahboob Hossain, Head of Distribution, Sales and Marketing Division of GrameenPhone, and SMMH Majumder, Managing Director of Queen Traders, signed an agreement to this effect on behalf of their respective organisations recently. Kafil HS Mueeed, Additional General Manager, Sales and Marketing Division of GrameenPhone, Rezaul Hossain, Deputy Manager, Distribution Department, Farzana Rahman, Officer-Dealers and Outlets, M. Ehsanul Haque, Officer-Dealers and Outlets of GrameenPhone, Alimuzzaman and Shah Abdul Hamid, Marketing Executives of Queen Traders, were present at the signing ceremony.

Lufthansa to postpone super jumbo order

AFP, Frankfurt

Lufthansa will postpone its planned order for 10 of Airbus's new A380 super jumbo aircraft in view of the current crisis in the airline sector sparked by the terrorist attacks in the US, the daily Frankfurter Allgemeine Zeitung reported Wednesday.

At the same time, the results of a new survey showed that a significant number of Germans are scared to fly at the moment, while industry experts warned that air fares could rise sharply as airlines seek to pass on the cost of increased insurance premiums and more stringent security measures to their customers.

Lufthansa's supervisory board was meeting later on Wednesday to discuss the financial consequences of the suicide plane attacks in the US last week which toppled the World Trade Center in New York and destroyed part of the Pentagon in Washington.

HK awards 3G licences to four firms

AFP, Hong Kong

The Hong Kong government on Wednesday said it would provisionally award four licences for third-generation (3G) mobile phone services at the minimum reserve price.

Information technology and broadcasting secretary Carrie Yau said the four successful bidders for the licences were Hong Kong CSL Ltd, Hutchison 3G Hong Kong Ltd, SmartOne 3G Ltd and SUNDAY 3G (Hong Kong) Ltd.

Hong Kong CSL is 60 per cent owned by Australia's Telstra Corp and 40 per cent by Pacific Century CyberWorks, Hutchison 3G is 25 per cent owned by NTT DoCoMo Inc. and 75 per cent by Hutchison Whampoa.

SEC fines SCL for trading without possessing shares

Move raises fresh controversy over netting, deals by FIIs

M SHAMSUR RAHMAN

The Securities and Exchange Commission (SEC) has fined brokerage house Securities Consultant Ltd (SCL) Tk one lakh for selling shares without physically possessing them.

The penalty was slapped despite SEC's knowledge that the brokerage house did not default in trade settlement as the shares were deposited before the settlement date.

The SEC said SCL on June 21, 2001 sold 3000 shares of Fu Wang Ceramics Industries Ltd on behalf of one of its clients without having shares in their possession.

"The broker also sold 9000 shares without having those in possession in violation of regulation 13 of Settlement of Stock Exchange Transactions Regulation, 1998," the SEC order said.

The regulation 13 of Settlement Regulation deals with short-selling prohibited in the country's bourses.

The regulation says, "Short selling in relation to a security means a sale of securities which a member does not either own in his own account or possess for the account of his client at the time of sale."

If the above regulation is true and applied to

stock brokers then analysts fear that all the stock brokers are violating the regulation and should have been penalised.

In both Dhaka and Chittagong stock exchanges, the brokers allow certain facilities like taking orders over telephone or e-mails where physical delivery of shares are done after sell-orders are confirmed.

"This is like a relationship that exists between a bank and its client," said a leading DSE stock-broker, adding that trading volume would come down if such facilities are not allowed. He also said that such facilities are allowed everywhere.

"What should be ensured is that no trades remain unsettled as this would amount to price manipulation," he said.

Others say that by penalising the stock broker on the ground of not having shares in possession the SEC has set a precedence which would have destabilising impact on the market by affecting trade volume.

Besides, the SEC would now have to penalise all the brokers who deal with foreign share holders and those who trade in the shares of AIMS mutual fund. The shares of both the foreign investors and mutual funds are kept with a custodian bank and they are delivered after the sellers receive money or sell confirmation.

"Besides, the SEC is allowing netting settlement system under which a broker of an investor is allowed to trade and settle the net shares purchased or sold with the stock exchanges," said one DSE councillor.

Under the netting system, a number of investors sell in advance and buy back shares before the day's close of trading without physically depositing shares or money before selling or buying.

When asked, SEC Chairman Manir Uddin Ahmad said the commission penalised SCL under the Ordinance after being convinced that the brokerage house was involved in pulling down the market.

He also agreed that a large number of brokers would fall under the purview of the law under which the broker was slapped Tk one lakh fine.

"But we do not initiate proceedings unless we know for sure that such violations are aimed at with ill motives," Ahmad said.

Regarding sales by foreigners and the netting system, the SEC chairman said the foreign trades and netting are done under the existing arrangements and regulations.

Despite repeated attempts, SCL officials could not be reached for their comments.

Onion prices spiral in recent weeks

3.6 lakh tons to be imported

STAR BUSINESS REPORT

Prices of onion, both imported and locally produced, have shot up in city markets recently, according to a study by the Consumers Association of Bangladesh (CAB).

The prices of local and imported onions increased by Tk 10 - Tk 12 per kg in the last few weeks. Local onions are now selling at Tk 30-32 while imported ones at Tk 26-28 per Kg, the study said.

It observed that prices spiralled due to the government's negligence in price monitoring.

Referring to information provided by the Trading Corporation of Bangladesh (TCB), the study said the total demand for onion in the country was estimated to be around five lakh metric tonnes this year.

Out of this, only 1.40 lakh tones were produced in the country. The rest would be imported mainly from India to meet the demand.

The CAB blamed the TCB for sudden price hike as it was supposed to take initiative for import of onion much earlier to keep the prices stable.

According to the study, the average price of onion was Tk 20 in August while it increased to Tk 32 on September 1.

The CAB also suggested the government to take punitive actions against those traders who are boarding onions for extra profit.

Boeing plans to lay off 30,000 commercial airplane workers

AP, Seattle

Boeing Co. plans to lay off as many as 30,000 commercial airplane workers by the end of next year as a result of an expected slowdown in orders caused by last week's terrorist attacks, the company said.

"We profoundly regret that these actions will impact the lives of so many of our highly valued employees," Alan Mulally, president and CEO of Boeing Commercial Airplanes, said in a statement late Tuesday.

"However, it is critical that we take these necessary steps now to size the Commercial Airplanes business to support the difficult and uncertain environment faced by our airline customers," he said.

Roughly 93,000 people work for Boeing's commercial airline sector, much of which is centered around the company's former headquarters in Seattle.

"We're all very distressed by it," Washington state Gov Gary Locke said. "The repercussions of last week's terrorist activities are having far-reaching impacts, first to all the national airlines. They're laying off people, and they're not even sure they can take delivery of Boeing airplanes."

Locke said news of the Boeing layoffs illustrates how quickly the federal government must move to help the airline industry.

The White House and Congress are considering a federal aid package for the airline industry to help them recover from last week's attacks.

The Industry has asked for \$24 billion. The House floated a \$15 billion relief plan last Friday that could include \$2.5 billion in immediate grants and \$12.5 billion in loans and credits.

Though the White House and congressional leaders suggested a multibillion-dollar package was on the way, they weren't offering a final dollar figure or timetable for debate.

The Bush administration could propose an aid package next week, Transportation Secretary Norman Mineta said. The House may move forward this week, when it returns from a recess for the Jewish New Year holiday.

Boeing's stock has plunged since markets reopened this week. On Monday, the first regular day of trading the price fell \$7.66. The price was down \$2.66, to \$33.14, when trading closed Tuesday.

Major carriers had promised layoffs of at least 26,000 people a

number that could grow to 100,000. Many including American, Continental, Delta, Northwest and United, have also scaled back their schedules by about 20 per cent.

With such declines, analysts have said layoffs at Boeing may be an inevitable side effect as orders for commercial aircraft are certainly expected to drop.

"It looks like there are more innocent victims of the terrorist bombing," said Charles Boffording, executive director of SPEEA, Boeing's white collar engineering union.

But Boffording said he was still holding out hope that the industry would recover somewhat and the actual layoffs would not be as drastic as indicated.

"I believe this has got to be a worst-case scenario," he said.

Mark Blondin, president of the Aerospace Machinists Industrial District Lodge 751, which represents many factory workers, called on Americans to help the economy by getting back on airplanes.

"Air travel is a way of life in this country, and citizens need to continue flying," he said in a statement. "It has probably never been safer to fly in the US."



PHOTO: GP

Mahboob Hossain, Head of Distribution, Sales and Marketing Division of GrameenPhone, and SMMH Majumder, Managing Director of Queen Traders Limited, sign an agreement on behalf of their respective sides recently. Under the agreement, Queen Traders has been appointed GP outlet agent for Tejgaon area in the city.

Demolished firms try to learn to live again

AFP, New York

It will be a long haul to recovery for the firms that lost everything in last week's World Trade Center disaster, and whose traumatised staff will have to learn to cope with the daily challenges of work life again.

"Nobody has any experience with this degree of trauma," explained New York business psychoanalyst Kerry Sulkowicz.

"The consequences of this will not just been felt over the next week or two. We are talking about months."

Hundreds of firms, many of them in the financial sector, had offices either in the 110-storey twin towers that dominated the Manhattan skyline or in neighbouring buildings that were partially or completely destroyed when two hijacked passenger jets slammed into the Trade Center on September 11.

A total of 5,422 people are still registered missing one week after

the disaster. On Tuesday New York officials said only 218 bodies had been pulled from the wreckage, and only 152 of those had been identified.

Some, like the British-based firm of Cantor Fitzgerald, paid an overwhelming human price.

The firm lost 700 of its 1,000 employees -- every single person who was in the firm's offices on the 101st to 105th floors of the north tower when one of the kamikaze planes blast a blazing hole through the building beneath their feet.

And on Tuesday city mayor Rudy Giuliani warned that chances were minute of finding anyone else alive in the smoking debris.

"We will still conduct operations as a rescue operation," he said at a news conference. "But we have to prepare people for the overwhelming reality that the chances of recovering people alive are very, very small."

Even where staff managed to

escape the fiery buildings, coping with traumatised workers will be as essential for surviving companies as finding new premises and computer equipment, or piecing together lost accounting records.

"Some people have survivor's guilt," said Sulkowicz, who works with Wall Street's financial firms as well as private clients.

"Others will experience personality changes -- a greater incidence of anxiety symptom, depression, irritability, anger, a lower frustration tolerance."

These emotions could push employees into taking excessive risks or showing other forms of self-destructive behaviour. It could also render them incapable of taking risks altogether, hindering the company's ability to make important strategic moves, she said.

Some survivors are also likely to suffer physical traumas, such as insomnia, and develop a dependency on alcohol or tranquilisers.

Global airlines keep wary eye on India market as conflict looms

AFP, New Delhi

Global airlines flying to and from India were Wednesday warily watching escalating tensions in the South Asia region, as two major US carriers announced cutbacks in operations here following last week's terrorist attacks.

US-based United Airlines, which is the world's second largest airline, announced it was discontinuing its 14 flights a week to India -- one of the largest frequencies in the market.

"As United cuts capacity and services in order to respond to the new business and security environments that follow last week's attacks, the India service is being discontinued," the airline said in a statement.

United Airlines said the move was part of a 20 per cent cutback in global capacity announced after three passenger planes slammed into the World Trade Centre in New York and the Pentagon in Washington "on September 11."

India officials are closely monitoring the situation in the South Asia market amid concerns at the impact of a possible US military strike against Afghanistan, where the prime suspect in last week's attacks, Osama bin Laden, is believed to be in hiding.

Northwest Airlines has cancelled all its seven flights to and from New Delhi, but will maintain another seven flights from Bombay.

"The cancellation is temporary for a period of may be two or three weeks. Meanwhile, our alliance partner KLM will continue with its flights to Amsterdam from India as per schedule," an airline spokesman said.

Northwest cancelled its flights from New Delhi to Amsterdam since Tuesday.

Industry officials said they were not immediately anticipating a fall in traffic loads either way on the sector as many people wanted to get back to their respective homes in view of the tense global situation.

"At this stage, we don't envisage Delhi-London being affected," said Paul Smitton, country manager India, of Virgin Atlantic, which operates a two flights per week to and from India.

A British Airways spokeswoman said the airline had decided to maintain all 19 flights to India, but added flights had been cancelled between Britain and Pakistan.

Industry representatives said passenger loads were bound to decline in the coming two to three weeks, and could collapse entirely if a conflict broke out in the region.

"The impact is already being felt," said Subhash Goyal, president of the Confederation of Tourism Professionals of India.

"There have been mass cancellations for October from tour operators based in US and Europe. Nearly, 70 per cent of the group bookings for October have been cancelled and 20-30 per cent of individual leisure travellers have also cancelled their visits."