

Another US airline may have to go bankrupt: Experts

'United Airlines very bleak compared to US Airways'

AFP, Washington

Speculation mounted Monday that United Airlines may be the next major US airline to seek bankruptcy protection, sending its share price into a dive.

As lawyers for US Airways, the seventh-largest carrier, appeared in bankruptcy court, aviation analysts warned that United, the second-biggest airline, may have to follow the same route.

But the outcome for United may be grimmer, they said.

United Airlines' shares plunged 90 cents, or 17.31 per cent, to 4.30 dollars in early afternoon trade.

"I think United is bleak. It is very bleak compared to US Airways, which is arguably reasonably optimistic," said Jon Ash, managing director at Global Aviation Associates.

US Airways, battered by the September 11 attacks, high costs

and a weak economy, was expected to emerge quickly from bankruptcy as a fitter company, they said.

But the prospects for United Airlines were clouded by its awkward business structure.

"The bottom line is that a year from now or longer, United may have to file for Chapter 11 (bankruptcy protection, which allows a company to continue operating while it restructures)," Ash said.

United Airlines' pilots owned 25 per cent of the company and other employees another 30 per cent, he said, inhibiting the airline's ability to take tough decisions such as axing staff or lowering pay.

"In effect the pilots have increased their income considerably on the one hand. On the other hand they basically are sitting on the board and having a significant influence on management decisions," Ash said.

"That is an inherent conflict and frankly I am not sure what the solution is."

Barbara Beyer, president of the Avmark aviation consultancy, said United Airlines was increasingly likely to file for Chapter 11 bankruptcy.

"They are not making a lot of headway with their unions. I think they are in a very vulnerable position," Beyer said.

Whether United Airlines emerged from any future bankruptcy filing was uncertain.

"I think it really depends on the management. It can go either way," Beyer said.

"I have seen people like Continental restructure and emerge immensely more successful than they were. I have also been through Eastern and Pan Am and any number of others."

Ash, of Global Aviation Associates, said bankruptcy might

provide a solution to United Airlines by wiping out the carrier's equity, erasing the pilots' stake.

The mere threat of such a move also might help to change the attitude of pilots, he said.

"Barring those things happening, the outlook at this point is challenging to say the least."

The climate for the US aviation industry was harsh, Ash said, with losses of about 4.5 billion dollars likely this year before a possible break-even next year.

"The bottom line is that profits have to be generated to rebuild the balance sheets," Ash said.

"That is difficult in this environment with a soft economy, with business fares basically out of line with demand and with a lot of alternatives out there now as a result of the Internet with respect to how you can acquire your travel," he added.

American Airlines to cut fleet, 7,000 jobs

AFP, New York

The world's biggest air carrier American Airlines said on Tuesday it plans to axe 7,000 jobs and reduce its fleet as part of a radical overhaul.

"American will reduce between now and March 2003 an estimated 7,000 jobs in order to realign its workforce with the planned fall capacity reductions, fleet simplification and hub restructurings," the company said in a statement.

Chairman and Chief Executive Officer Donald J. Carty said the overhaul was aimed at reducing costs by focusing on popular services.

He said the changes had been made necessary by a sluggish economy and changes in customer behaviour, an apparent reference to the September

11 terrorist attacks that prompted millions of frightened travellers to spurn air travel.

"We believe that our future lies in continuing to operate as the world's leading network carrier -- but we must get our costs down in order to

compete and must focus on the products our customers want and are willing to pay for," Carty said.

"Our decisions going forward will be framed around those objectives and geared toward positioning American to succeed and be profitable," Carty said.

Under the plan, American intends to reduce capacity by nine per cent by November compared with mid-2002 and will speed up the withdrawal of its nine TWA 767-300 aircraft to November 2002.

It would also improve the efficiency of scheduling at its largest hub airport at Dallas/Forth Worth from November 1.

The carrier also said it would defer 35 aircraft deliveries in 2002 and withdraw its 74-jet Fokker 100 fleet, furthering a simplification drive that had previously cut fleet types from 14 to seven.

"Once fully implemented the initiatives announced today coupled with those already implemented will result in structural annual operating savings of more than 1.1 billion dollars, independent of capacity reductions," the statement said.

NYSE mulling removal of US Airways shares

AFP, New York

The New York Stock Exchange said Monday it was considering removing US Airways' shares from the market after the carrier filed for Chapter 11 bankruptcy protection.

US Airways shares were prevented from trading during a review of its status, the exchange said in a statement.

"The trading halt will continue as the NYSE completes its evaluation of the continued listing status of the securities," it said.

"Upon completion of its evaluation, the exchange will either suspend the securities from trading or resume trading and continue to monitor events at the company."

If the exchange decided to suspend trade in US Airways' shares, it would apply to the Securities and Exchange Commission to delist the issues, it said.

Pakistan okays \$150m for PIA fleet modernisation

AFP, Karachi

Pakistan's finance minister has approved a 150-million-dollar financial package to enable the national carrier to modernize its fleet, the state-run news agency reported Monday.

"This package was approved at a

high-level meeting held in Islamabad under the chairmanship of Finance Minister Shaukat Aziz," Pakistan International Airlines (PIA) spokesman Imran Garzezi told the Associated Press of Pakistan (APP).

The spokesman said the meeting -- also attended by senior mili-

tary officers and defence officials -- also heard of long-term plans for the national carrier.

An eight-year plan includes the gradual replacement of old aircraft and efficiency measures to increase PIA's profitability.

The meeting was told that PIA would acquire five Boeing 747-300's from Hong Kong's Cathay Pacific which are already being leased to PIA, and purchase another from an as yet undisclosed seller.

The deal is expected to be finalized by the aircraft acquisition committee of PIA's board of directors within the next few days.

The business plan, Garzezi said, aimed to ensure greater profitability and debt reduction without securing further government financial assistance.

The meeting heard that PIA earned a profit of approximately 6.5 million dollars during second half of 2001 and around 1.6 million dollars during the period from January to August 2002.



PHOTO: GOUTAMATI KNITWEARS

Goutamati Knitweaves Ltd, an export-oriented garment company, has opened a new floor with the financial assistance of the First Security Bank. Managing Director of the bank Sarwar Zaman Khan inaugurated the floor at BSCIC Estate in Narayanganj on Saturday.

CURRENCY

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

TT/OD	BC	Currency	Buy		
			TT Clean	OD Sight Doc	OD Transfer
58.5500	58.5800	USD	57.8050	57.6352	57.5662
58.2104	58.2402	EUR	55.7067	55.5431	55.4766
90.5476	90.5940	GBP	87.6324	87.3750	87.2704
32.1498	32.1663	AUD	30.7869	30.6965	30.6598
0.4960	0.4963	JPY	0.4834	0.4819	0.4814
39.5929	39.6132	CHF	38.3246	38.2120	38.1663
6.2453	6.2485	SEK	6.0643	6.0465	6.0393
37.4289	37.4481	CAD	36.5438	36.4365	36.3929
7.5141	7.5180	HKD	7.4043	7.3825	7.3737
33.4533	33.4705	SGD	32.7470	32.6508	32.6117
16.0724	16.0806	AED	15.6120	15.5661	15.5475
15.7376	15.7456	SAR	15.2923	15.2474	15.2292

Exchange rates of some currencies against US dollar						
Indian rupee	Pak rupee	Lankan rupee	Thai baht	Nor kroner	NZ dollar	AUD
48.59	59.525	96.23	42.185	7.6185	0.4653	0.54085

The local interbank foreign exchange market was active Tuesday. Demand for dollar was steady. Demand for BDT for overnight borrowing at call was steady. The call money rate ranged between 5.00 and 5.50 per cent for the day.

In the international market, dollar was on a downward rally vs euro and yen a day ahead of the Federal Reserve's policy meeting, under pressure from sagging Wall Street stocks and fading hopes of US interest rate cut. US equity market closed down following the news that US Airways Group Inc. filed for bankruptcy protection. Many also hesitated to take new positions as they waited for the outcome of the US Federal Open Market Committee's decision on rates. Sterling was little changed against the euro and the dollar after news that Britain's underlying inflation rate jumped by more than expected in July.

At 1600 hours, Euro traded at 0.9790/95 against dollar, pound sterling at 1.5316/18 and yen traded at 118.92/98 against US dollar.

SHIPPING

Chittagong port

Berth position and performance of vessels as on 13.8.2002.

Berth No.	Name of vessels	Cargo	L Port call	Local agent	Date of arrival	Leaving	Import disc
J/1	Ocean Pride	GI/Maize	Yang	PSAL	31/7	15/8	1654
J/2	Virginia	GI	Sing	Prog	10/8	16/8	2554
J/4	Feng	GI (Y Pe)	Rouen	Mutual	26/7	18/8	2447
J/5	Pacific Emerald	GI (Copra)	Sing	Allseas	24/7	14/8	96
J/6	Amalia	GI (St SC)	A Von	RSA	2/8	14/8	1575
J/7	Mergui	Rice (P)	Kaki	Mutual	30/7	15/8	1275
J/8	Al Muztuba	Rice (P)	Kaki	CLA	8/8	16/8	1130
J/9	Oriental Queen	C Clink	Sing	Unique	25/6	17/8	1635
J/11	Banglar Shikha	Cont	Sing	BSC	12/8	15/8	111/116
J/12	Qc Pintail	Cont	P Kel	QCSL	11/8	13/8	100/x
J/13	Orient Patriot	Cont	P Kel	PSSL	8/8	14/8	---
CCT/1	Xpress Resolve	Cont	Col	Everbest	10/8	13/8	2/x
CCT/2	Mardios	Cont	P Kel	RSL	9/8	14/8	---
CCT/3	Banga Birol	Cont	Sing	BDSHIP	10/8	13/8	153/x
CCJ	CS Vallant	C Clink	Tarj	BSL	11/8	16/8	---
RM/9	Banglar Kallol	Repair	Yang	BSC	13/6	15/8	---
RM/10	Banglar Jyoti	Repair	-	BSC	R/A	14/8	---

Vessels due at outer anchorage

Name of vessels	Date of arrival	L Port call	Local agent	Cargo	Loading port
Banglar Robi	13/8	Sing	BSC	Cont	Sing
Pearl of Ajman	14/8	Kochi	Uniship	C Clink	-
Sushma	14/8	Indo	NWSL	CClink	-
Amarta Jaya-1	14/8	Kaki	ASA	Rice (P)	-
Bi Ryu Gang	14/8	Kaki	Litmond	Rice (P)	-
Ks Glory	15/8	Koshi	ASLL	C Clink	-
Orient Freedom	14/8	P Kel	PSSL	Cont	Sing
Ken Pleiades	15/8	Sin	Rainbow	Y Peas/Whea	-
Brisa Azul	15/8	Yang	Everett	GI (St C)	-
Banga Barta	15/8	Sing	Bdship	Cont	P Kel
Kota Naga	15/8	Sing	Pil(BD)	Cont	Mong
Phumy	15/8	-	PSSL	Cont	Sing
Walter	15/8	Sing	OTBL	Demolition	-
Kuo Hung No. 808	15/8	Sing	OTBL	Demolition	-
Jasmin	16/8	Goa	Royal	GI (Col)	-
Shun Cheng	16/8	Yang	Everett	GI (St C)	-
Pioneer Runner	16/8	P Kel	JF	Vahi	-
Pacific Spirit	16/8	Sing	ASA	Paper Rolls	-
Banga Biraj	17/8	-	Bdship	Cont	Sing
Jaami	17/8	-	Everest	Cont	Col
Banglar Moni	18/8	Sing	BSC	Cont	Sing
Xpress Manaslu	18/8	P Kel	RSL	Cont	Sing
Kota Chaya	18/8	Sing	Pil (BD)	Cont	Sing
Diamond Star	17/8	Sing	Everett	GI (St Coll)	-
QC Dignity	19/8	P Kel	QCSL	Cont	Sing
QC Lark	20/8	P Kel	QCSL	Cont	P Kel
Kota Singa	20/8	Sing	Pil (BD)	Cont	Sing
Jaya Mars	20/8	Sing	RSL	Cont	Sing
Banga Lanka	20/8	-	Baridhi	Cont	Col
Bang Bijoy	20/8	-	Bdship	Cont	Sing
Jin Cheng	22/8	-	Bdship	GI	-
QC Teal	24/8	P Kel	QCSL	Cont	-
Pac Princes	15/8	Vanc	Litmond	GI (Y Peas)	-

Tanker due

Argosea	13/8	Rast	Unique	Crude Oil
Dai Long	13/8	Sing	ECSL	HSD/MS

Vessels at Kutubdia

Name of vessels	Cargo	Last Port call	Local agent	Date of arrival
Banglar Mookh	GI (Hr C)	Pipa	Bsc	10/8
Banga Bonik (Cont)	Sing	P Kel	Bdship	12/8
Eagle Strength (Cont)	Cont	Sing	Nol	12/8
Asimoni (Cont)	Cont	Sing	Seabome	12/8
Banga Barta (Cont)	Cont	Col	Baridhi	12/8

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

STOCK